THIS INDEPENDENT ADVICE CIRCULAR ("IAC") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS IAC IN CONJUNCTION WITH THE CIRCULAR DATED 17 FEBRUARY 2015 IN RELATION TO THE PROPOSALS (AS DEFINED HEREIN) ISSUED BY QUILL CAPITA TRUST WHICH HAS BEEN DESPATCHED TO YOU.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. If you have sold or transferred all of your units in QCT, you should at once hand this IAC to the purchaser or the transferee.

Pursuant to Paragraph 16.5 (vi) of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010, the Securities Commission Malaysia ("SC") has granted its consent to the contents of this IAC. However, such consent will not be taken to imply that the SC agrees with the views and recommendations contained in this IAC. It merely means that this IAC has complied with the disclosure requirements of the Code. The SC takes no responsibility for the contents of this IAC, makes no representations as to the accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising or in reliance upon the whole or any part of the contents of this IAC.

QUILL CAPITA TRUST

(established in Malaysia under the Deed of Trust 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 Quill Capita Management Sdn Bhd, a company incorporated in Malaysia under the Companies Act, 1965 and Maybank Trustees Berhad, a company incorporated in Malaysia under the Companies Ordinances, 1940 to 1946)

INDEPENDENT ADVICE IN RELATION TO THE PROPOSED EXEMPTION FOR MRCB SENTRAL PROPERTIES SDN BHD, A WHOLLY-OWNED SUBSIDIARY COMPANY OF MALAYSIAN RESOURCES CORPORATION BERHAD, MALAYSIAN RESOURCES CORPORATION BERHAD AND THE PERSONS ACTING IN CONCERT WITH MRCB SENTRAL PROPERTIES SDN BHD AND/OR MALAYSIAN RESOURCES CORPORATION BERHAD, NAMELY QUILL ESTATES SDN BHD, QUILL LAND SDN BHD, QUILL PROPERTIES SDN BHD, DATO' DR. LOW MOI ING, J.P. AND DATO' MICHAEL ONG LENG CHUN FROM THE OBLIGATION TO UNDERTAKE A MANDATORY OFFER FOR ALL THE REMAINING UNITS IN QUILL CAPITA TRUST NOT ALREADY HELD BY THEM ARISING FROM THE COMPLETION OF THE PROPOSED ACQUISITION BY MAYBANK TRUSTEES BERHAD, ACTING SOLELY IN THE CAPACITY AS TRUSTEE FOR AND ON BEHALF OF QUILL CAPITA TRUST, OF ALL THAT PARCEL OF LAND TOGETHER WITH THE DECK STRUCTURE, INCLUDING THE ROAD(S) CONSTRUCTED ON PART OF THE DECK, HELD UNDER GRN 46222, LOT 73, SEKSYEN 0070, BANDAR KUALA LUMPUR, DISTRICT OF KUALA LUMPUR, FEDERAL TERRITORY OF KUALA LUMPUR, 5 BLOCKS OF 4 TO 7 STOREY COMMERCIAL BUILDING, A MULTI-PURPOSE HALL AND 2 LEVELS OF CAR PARK AND ALL SUCH PLANT AND EQUIPMENT, FIXTURES AND FITTINGS (EXCLUDING THE 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) ATTACHED TO THE LAND AND/OR PLATINUM SENTRAL, COLLECTIVELY FROM MRCB SENTRAL PROPERTIES SDN BHD FOR A PURCHASE CONSIDERATION OF RM740,000,000 PURSUANT TO PARAGRAPH 16.1 OF PRACTICE NOTE 9 OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010 ("PROPOSED EXEMPTION")**

Independent Adviser

INVESTMENT BANK BERHAD *(20657-W)*

This Independent Advice Circular is dated 25 February 2015

DEFINITIONS

In this Independent Advice Circular and the accompanying appendices, the following abbreviations shall have the following meanings unless otherwise stated:-

AFFO	:	Adjusted fund from operations
β	:	Beta
Board	:	Board of directors of QCM
Bursa Securities	:	Bursa Malaysia Securities Berhad
CCSB	:	Coast Capital Sdn Bhd
CCT	:	CapitaCommercial Trust
Circular	:	Circular to the Unitholders dated 17 February 2015 in relation to the Proposals
Code	:	Malaysian Code on Take-overs and Mergers, 2010
Comparable REITs	:	REITs listed on Bursa Securities which had been adopted by KAF Investment as comparable REITs of QCT for the purpose of this IAC
Conditional Period	:	The period for the fulfilment of all the conditions precedent of the SPA as set out in Section 2.2(v) of the Circular
Consideration Unit(s)	:	New Unit(s) to be issued as part satisfaction of the Purchase Consideration pursuant to the Proposed Acquisition
CRPL	:	CapitaLand RECM Pte Ltd
Deed	:	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 QCM and the Trustee
Disposal by CCSB	:	Proposed disposal of 20% equity interest in QCM by CCSB to GJSB
DPU	:	Distribution per Unit
Existing Funding Proposal	:	The existing proposed mode of satisfaction of the Purchase Consideration, which is via the issuance of 206,250,000 Consideration Units at the Issue Price, and cash proceeds of RM476,000,000 raised through the Proposed Placement and borrowings
Extended Conditional Period	:	The extended period mutually agreed by the Trustee, acting solely in the capacity as trustee for and on behalf of QCT and MSP via a supplemental letter dated 8 October 2014, for the fulfilment of all the conditions precedent of the SPA, thereby amending the last day of the Conditional Period from 9 October 2014 to 9 January 2015

DEFINITIONS

FFO	:	Funds from operations
FPE	:	Financial period ended
FYE	:	Financial year(s) ended or ending, as the case may be
GJSB	:	Global Jejaka Sdn Bhd
Government	:	Government of Malaysia
HLIB	:	Hong Leong Investment Bank Berhad
HOA	:	Heads of agreement dated 29 January 2014 entered into between the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, and MSP in relation to the Proposed Acquisition
IAC	:	Independent Advice Circular dated 25 February 2015 from KAF Investment to the non-interested Unitholders in relation to the Proposed Exemption
Illustrative Issue Price	:	Issue price of RM1.07 per Placement Unit, representing a discount of approximately 3.06% to the five-day VWAMP of the Units of RM1.1038 up to the Last Trading Date. The issue price was strictly for illustrative purposes only and was arrived at after taking into consideration, among others, the Unit prices as traded on Bursa Securities of between RM1.00 and RM1.21 for the period from the date of the HOA up to the Last Trading Date
Independent Adviser or KAF	:	KAF Investment Bank Berhad, the independent adviser for the Proposed Exemption
Interested Directors	:	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
Issue Price	:	Issue price of RM1.28 per Consideration Unit
K_d	:	Cost of debt
K_e	:	Required equity rate of return
Land	:	All that parcel of land together with the deck structure, including the road(s) constructed on part of the deck, held under GRN 46222, Lot 73, Seksyen 0070, Bandar Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur
Last Trading Date	:	9 April 2014, being the market day immediately preceding the signing of the SPA

DEFINITIONS

LPD	:	23 February 2015, being the latest practicable date which is not more than seven days before the date of this IAC
Management Fee	:	The base fee not exceeding 0.4% per annum of the gross asset value of QCT and the performance fee equivalent to a rate of 3% of the net investment income of QCT, before payment of such management fee, in relation to any financial year
Maximum Scenario	:	Represents a scenario where 85,000,000 Placement Units are issued at the Illustrative Issue Price
Meeting	:	Unitholders' meeting of QCT
Minimum Scenario	:	Represents a scenario where 55,000,000 Placement Units are issued at the Illustrative Issue Price
MRCB	:	Malaysian Resources Corporation Berhad
MRCB Share(s)	:	Ordinary share(s) of RM1.00 each in MRCB
MSP	:	MRCB Sentral Properties Sdn Bhd, a wholly-owned subsidiary company of MRCB
MSP Share(s)	:	Ordinary share(s) of RM1.00 each in MSP
NAV	:	Net asset value
NLA	:	Net lettable area
Notes	:	7-year Guaranteed commercial paper and medium term note that were issued by MSP under the commercial paper and medium term note programme of up to RM400,000,000 in nominal value, which is guaranteed by Danajamin Nasional Berhad under the financial guarantee insurance policy issued pursuant to the facility for the issuance of financial guarantee insurance policies. Further details are as set out in Section 2.1 of the Circular
P/FFO	:	Price-to-FFO
P/NAV	:	Price-to-NAV
PAC Group	:	MSP, MRCB and the persons acting in concert with MSP and/or MRCB, namely the Quill Group, Dato' Michael Ong Leng Chun and Dato' Dr Low Moi Ing, J.P.
PBO	:	Purpose-built offices
PE	:	Price-to-earnings
Placement Unit(s)	:	New Unit(s) to be issued pursuant to the Proposed Placement

DEFINITIONS

Platinum Sentral	:	5 blocks of 4 to 7 storey commercial building, a multi-purpose hall and 2 levels of car park
Property	:	The Land, Platinum Sentral and all such plant and equipment, fixtures and fittings (excluding the 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) attached to the Land and/or Platinum Sentral, collectively
Proposals	:	The Proposed Acquisition, Proposed Exemption, Proposed Placement, Proposed Authority, Proposed Increase in Fund Size, Proposed Change of Name and Proposed Amendments, collectively
Proposed Acquisition	:	Proposed acquisition by the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, of the Property from MSP for a purchase consideration of RM740,000,000
Proposed Amendments	:	Proposed amendments to certain clauses in the Deed to:- (i) allow the Manager to be paid either in the form of new Units, cash or combination thereof, for its Management Fee; and (ii) give effect to the Proposed Change of Name
Proposed Authority	:	Proposed authority to allot and issue up to 18.619,000 new Units for the purpose of the payment of Management Fee to the Manager in the form of new Units
Proposed Change of Name	:	Proposed change of name from “Quill Capita Trust” to “MRCB-Quill REIT”
Proposed Exemption	:	Proposed exemption for the PAC Group from the obligation to undertake a mandatory offer for all the remaining Units not already held by them arising from the completion of the Proposed Acquisition pursuant to Paragraph 16.1 of Practice Note 9 of the Code
Proposed Increase in Fund Size	:	Proposed increase in the existing approved fund size of QCT from 390,131,000 Units up to a maximum of 700,000,000 Units
Proposed Placement	:	Proposed placement of between 55,000,000 new Units and 85,000,000 new Units by way of bookbuilding at an issue price to be determined later
Proposed Shares Disposals	:	Proposed disposals contemplated under SSA I and SSA II, collectively
psf	:	Per square foot

DEFINITIONS

Purchase Consideration	:	The total purchase price for the Proposed Acquisition amounting to RM740,000,000
QCM or Manager	:	Quill Capita Management Sdn Bhd, the management company of QCT
QCM Share(s)	:	Ordinary share(s) of RM1.00 each in QCM
QCT	:	Quill Capita Trust
QESB	:	Quill Estates Sdn Bhd
QESB Share(s)	:	Ordinary shares(s) of RM1.00 each in QESB
QLSB	:	Quill Land Sdn Bhd
QLSB Share(s)	:	Ordinary share(s) of RM1.00 each in QLSB
QPSB	:	Quill Properties Sdn Bhd
QPSB Share(s)	:	Ordinary share(s) of RM1.00 each in QPSB
QRHSB	:	Quill Resources Holding Sdn Bhd, a shareholder with 30% equity interest in QCM as at the LPD
Quill Group	:	Comprising QESB, QLSB and QPSB
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 Notes and to obtain a full discharge of the charge created over the Property in favour of Danajamin Nasional Berhad
REIT(s)	:	Real estate investment trust(s)
REIT Guidelines	:	Guidelines on Real Estate Investment Trusts issued by the SC on 21 August 2008 (and updated on 28 December 2012), as amended from time to time
Right of First Refusal	:	The right of first refusal to purchase any office buildings (being buildings where no less than 75% of the NLA is to be used as offices and no more than 25% is to be used as retail outlets where goods and/or services are offered for sale to the public) 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
R_f	:	Risk free rate

DEFINITIONS

R_m	:	Expected equity market return of the FTSE Bursa Malaysia Top 100 Index
RM and sen	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission Malaysia
SPA	:	Conditional sale and purchase agreement dated 10 April 2014 entered into between the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, and MSP (as supplemented by the supplemental letters dated 8 October 2014 and 8 January 2015) in relation to the Proposed Acquisition
sq ft	:	Square foot/feet
sq m	:	Square metres
SSA I	:	Share sale agreement dated 10 April 2014 entered into between CRPL and MRCB in respect of the disposal by CRPL of its entire 400,000 ordinary shares of RM1.00 each representing 40% equity interest in QCM to MRCB for a cash consideration of RM5,739,352
SSA II	:	Share sale agreement dated 10 April 2014 entered into between CCSB, QRHSB and MRCB in respect of the disposal by CCSB of a total of 100,000 ordinary shares of RM1.00 each representing 10% equity interest in QCM for a cash consideration of:- (i) RM1,291,354.20, in respect of the disposal of 90,000 ordinary shares of RM1.00 each representing 9% equity interest in QCM to QRHSB; and (ii) RM143,483.80, in respect of the disposal of 10,000 ordinary shares of RM1.00 each representing 1% equity interest in QCM to MRCB
Trustee	:	Maybank Trustees Berhad, the trustee for QCT
Unit(s)	:	Undivided interest in QCT as constituted by the Deed
Unitholder(s)	:	Holder(s) of the Units
Valuation Report	:	Valuation report dated 10 April 2014 in relation to the valuation of the Property
Valuer or WTW	:	C H Williams Talhar & Wong Sdn Bhd
VWAMP	:	Volume-weighted average market prices
WACC	:	Weighted average cost of capital

DEFINITIONS

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

All references to "you" in this IAC are to each Unitholder.

All references to "we" and "our" in this IAC are to the Independent Adviser.

Any reference to any enactment or guideline in this IAC is a reference to that enactment or guideline as amended or re-enacted from time to time.

Any reference to time of day in this IAC is a reference to Malaysian time, unless otherwise stated.

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INDEPENDENT ADVICE CIRCULAR TO THE NON-INTERESTED UNITHOLDERS IN RELATION TO THE PROPOSED EXEMPTION

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EXECUTIVE SUMMARY

We have prepared this IAC to provide the non-interested Unitholders an independent evaluation of the Proposed Exemption and to express our recommendation thereon. This Executive Summary is only intended to be and represents only a brief summary of this IAC, highlighting the salient information on the Proposed Exemption. We advise you to read both this IAC together with the Circular and its enclosed appendices for any other relevant information. Non-interested Unitholders should consider carefully the recommendation herein before voting on the ordinary resolution relating to the Proposed Exemption to be tabled at the forthcoming Meeting.

1. INTRODUCTION

On 29 January 2014, HLIB announced, on behalf of the Board, that the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, entered into the HOA with MSP on even date for the Proposed Acquisition for a purchase consideration of RM750,000,000 which shall be satisfied via cash payment of RM486,000,000 and the issuance of 200,000,000 Consideration Units at an issue price of RM1.32 per Consideration Unit.

On 10 April 2014, HLIB announced, on behalf of the Board, that the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, had on even date entered into the SPA with MSP for the Proposed Acquisition for a purchase consideration of RM750,000,000 which shall be satisfied via cash payment of RM486,000,000 and the issuance of 206,250,000 Consideration Units at Issue Price.

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

(i) Proposed Placement;

(ii) Proposed Authority;

(iii) Proposed Increase in Fund Size; and

(iv) Proposed Change of Name.

On 9 September 2014, HLIB announced, on behalf of the Board, that QCM had been notified by the Valuer that it had revised the market value of the Property from RM750,000,000 to RM740,000,000 pursuant to comments by the SC. The downward adjustment of the market value represents approximately 1.33% of the initial market value. Arising from the aforesaid revision, the purchase consideration for the Property shall be adjusted to RM740,000,000 in accordance with terms of the SPA, and the difference of RM10,000,000 will be adjusted from the cash portion of the Purchase Consideration.

On 8 October 2014, HLIB announced, on behalf of the Board, that the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, and MSP had via a supplemental letter dated 8 October 2014, mutually agreed to extend the Conditional Period by a period of three

EXECUTIVE SUMMARY

months, thereby amending the last day of the Conditional Period from 9 October 2014 to 9 January 2015, to fulfil all the conditions precedent in the SPA.

On 15 October 2014, HLIB announced, on behalf of the Board, that the SC had, via its letter dated 14 October 2014, approved the following:-

(i) the increase in approved fund size of QCT by up to 309,869,000 new Units from 390,131,000 Units to a maximum of 700,000,000 Units for the following purposes:-

(a) the Proposed Acquisition to be partly satisfied by 206,250,000 Consideration Units;

(b) the Proposed Placement to partly finance the cash portion for the Proposed Acquisition; and

(c) the Proposed Authority;

(ii) the listing of and quotation for the new Units on the Main Market of Bursa Securities;

(iii) valuation of the Property to be acquired by QCT valued at RM740,000,000;

(iv) exemption from Paragraph 3.04 (b) of the REIT Guidelines in relation to the requirement of a management company being a subsidiary of companies as prescribed under the said paragraph; and

(v) exemption from Paragraphs 14.04 (a)(i), (ii) and (iii) of the REIT Guidelines in relation to obtaining unitholders' approval on the precise terms and conditions of an issue of units.

The SC had also, via its letter dated 1 July 2014, granted QCM an exemption from submitting a declaration to enter a private caveat under paragraph 1(c) of Schedule D-Appendix I(a) of the REIT Guidelines.

On 8 January 2015, HLIB announced, on behalf of the Board, that the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, and MSP had, via a second supplemental letter dated 8 January 2015, mutually agreed to further extend the Conditional Period by a period of three months, thereby amending the last day of the Extended Conditional Period from 9 January 2015 to 9 April 2015, to enable the parties to fulfil all the conditions precedent in the SPA.

On 16 February 2015, HLIB announced, on behalf of the Board, that Bursa Securities had, via its letter dated 16 February 2015, approved the listing of and quotation for:-

(i) 206,250,000 new Units to be issued pursuant to the Proposed Acquisition;

(ii) up to 85,000,000 new Units to be issued pursuant to the Proposed Placement; and

(iii) up to 18,619,000 new Units to be issued pursuant to the Proposed Authority.

The Trustee had, on 22 September 2014, appointed KAF Investment to act as the Independent Adviser to provide its opinion and recommendation to the non-interested Unitholders in relation to the Proposed Exemption.

KAF Investment had, on 23 September 2014, declared to the SC of its independence and eligibility to act as the Independent Adviser in relation to the Proposed Exemption.

The SC had, on 24 February 2015, given its consent for the contents and despatch of this IAC. **The consent of the SC for the contents and despatch of this IAC is not to be taken or be implied that the SC concurs with the views and recommendation of KAF Investment as contained herein but merely that this IAC has complied with all the relevant disclosure requirements pursuant to the Code and the SC's Guidelines on Contents of Applications Relating to Take-overs and Mergers.**

2. DETAILS OF THE PROPOSED EXEMPTION

On 11 July 2014, HLIB announced, on behalf of the Board, that QCM had been notified by QRHSB that QRHSB, together with the Quill Group, had on 18 June 2014 submitted an application to seek a ruling from the SC that MRCB, MSP, QRHSB and the Quill Group are not regarded as persons acting in concert in relation to QCT pursuant to the Proposals. The SC had, via its letter dated 10 July 2014, declined the proposed ruling.

As at the LPD, MSP and MRCB do not hold any Units, while the Quill Group, Dato' Michael Ong Leng Chun and Dato' Dr Low Moi Ing, J.P. (being persons acting in concert with MSP) collectively hold 117,145,000 Units representing 30.0% unitholdings in QCT. Upon completion of the Proposed Acquisition and Proposed Placement, the collective unitholdings of the PAC Group will increase to 323,395,000 Units representing 47.5% (under the Maximum Scenario) and 49.6% (under the Minimum Scenario) of the total Units. Accordingly, in view of the above decision by the SC, the PAC Group will collectively trigger a mandatory offer obligation under the Code.

As it is not the intention of the PAC Group to undertake a mandatory offer, the PAC Group proposes to seek an exemption from the obligation to extend the said mandatory offer pursuant to Paragraph 16.1 of Practice Note 9 of the Code.

The Proposed Exemption is subject to the approval from the SC and non-interested Unitholders. The application to the SC in respect of the Proposed Exemption will be made after the approval of non-interested Unitholders at the Meeting is obtained. In the event that the PAC Group does not succeed in obtaining the approval from the SC and non-interested Unitholders for the Proposed Exemption, the Proposed Acquisition and Proposed Placement will not be implemented as they are conditional upon the Proposed Exemption.

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Pursuant to Paragraph 16.9 of Practice Note 9 of the Code, the approval by the SC for the Proposed Exemption, if granted, will be invalidated if the PAC Group has triggered a disqualifying transaction. For the purpose of the Proposed Exemption, a "disqualifying transaction" refers to a purchase of voting Units or voting rights in QCT by the PAC Group subsequent to negotiation, discussion, understanding or agreement with the directors of the Manager in relation to the issuance of Consideration Units and before the completion of the Proposed Acquisition where the Proposed Exemption is sought and approved.

It is important to note that the Proposed Exemption, if approved, will allow the PAC Group to collectively hold up to 49.6% and 47.5% of the total Units under the Minimum Scenario and Maximum Scenario respectively upon completion of the Proposed Shares Disposals, Disposal by CCSB, Proposed Acquisition and Proposed Placement without having to extend a mandatory take-over offer for the remaining Units not already held by them.

3. EVALUATION OF THE PROPOSED EXEMPTION

Our evaluation of the Proposed Exemption was based on parameters as guided by Practice Note 15 of the Code. In accordance with Paragraph 3.8 of Practice Note 15 of the Code, a holistic approach should be taken in assessing whether the Proposed Exemption is fair and reasonable and whether non-interested Unitholders should vote for or against the Proposed Exemption. As the Proposed Acquisition and Proposed Placement are conditional upon the Proposed Exemption, evaluations of the Proposed Acquisition and Proposed Placement are necessary to provide the non-interested Unitholders with a holistic view of the Proposed Exemption. Therefore, our opinion on the fairness and reasonableness of the Proposed Exemption is rendered on a holistic basis.

In our evaluation of the Proposed Exemption, we have taken into consideration the following factors in forming our opinion:-

(i) Rationale for the Proposed Acquisition, Proposed Placement and Proposed Exemption;

(ii) Financial evaluation of the Proposed Acquisition;

(iii) Evaluation of the Proposed Placement;

(iv) Salient terms of the SPA;

(v) Overview and prospects of the Malaysian economy, overview and prospects of the industries QCT operates in, prospects of the Property and prospects of QCT;

(vi) Financial effects of the Proposals, which include, among others, the Proposed Acquisition, the Proposed Placement and the Proposed Exemption;

(vii) Risk factors;

EXECUTIVE SUMMARY

(viii) Other considerations; and

(ix) Implications arising from the voting outcome of the Proposed Exemption.

3.1 Rationale for the Proposed Acquisition, Proposed Placement and Proposed Exemption

3.1.1 Rationale for the Proposed Acquisition

We note that the Proposed Acquisition will provide Unitholders with the following key benefits:-

(i) The Proposed Acquisition will strengthen QCT's position among the REITs in Malaysia in terms of total asset size;

(ii) The addition of the Property will add greater geographical and income diversification to QCT's existing portfolio;

(iii) The Property fits well into QCT's clientele's requirements and will enhance QCT's portfolio profile; and

(iv) Potential acquisition opportunities through the Right of First Refusal to be granted by the shareholders of QCM.

We are of the opinion that the rationale for the Proposed Acquisition is favourable to the non-interested Unitholders in view of the abovementioned benefits.

Please refer to Section 6.1 of this IAC for further details.

3.1.2 Rationale for the Proposed Placement

We note that the Proposed Placement will enable QCT to raise the required funds expeditiously to partially finance the Purchase Consideration for the Proposed Acquisition. Further, the increase in the number of Units in circulation as a result of the Proposed Placement is expected to improve the trading liquidity of the Units.

We are of the opinion that the rationale for the Proposed Placement is favourable to the non-interested Unitholders in view of the abovementioned benefits.

Please refer to Section 6.2 of this IAC for further details.

3.1.3 Rationale for the Proposed Exemption

We are of the opinion that the rationale for the Proposed Exemption is justifiable as it is not the intention of the PAC Group to undertake a mandatory offer for all the remaining Units not already held by them arising from the completion of the Proposed Acquisition.

EXECUTIVE SUMMARY

The Proposed Acquisition and Proposed Placement are conditional upon the Proposed Exemption. As such, without the Proposed Exemption, the Proposed Acquisition and Proposed Placement will not be implemented.

Please refer to Section 6.3 of this IAC for further details.

3.2 Financial evaluation of the Proposed Acquisition

3.2.1 Evaluation of the Purchase Consideration

(i) The Valuer had adopted the Investment Method of Valuation as the principal valuation methodology for the valuation of the Property in view of the fact that the Property is an income generating property;

(ii) Under the Investment Method of Valuation, a term capitalisation rate of 5.75% and a reversionary capitalisation rate of 6.25% was used to capitalise the net property income of the Property to arrive at a market value of RM740,000,000;

(iii) The market value of the Property of RM744,000,000 derived under the Comparison Method of Valuation was used to cross-check against the market value of the Property derived under the Investment Method of Valuation and the differences in market values of the Property derived from these two methodologies are acceptable; and

(iv) The Purchase Consideration is justifiable as it was arrived at based on the market value of the Property of RM740,000,000 based on the Investment Method of Valuation as appraised by the Valuer.

Please refer to Section 7.1 of this IAC for further details.

3.2.2 Evaluation of the Issue Price

(i) Historical traded prices of Units

The Issue Price represents a premium of 16.36% over the closing market price of Units on the Last Trading Date and a premium ranging from RM0.1389 (12.17%) to RM0.2017 (18.71%) over the five-day, one-month, three-month, six-month and one-year VWAMPs of Units up to and including the Last Trading Date.

The Issue Price also represents a premium of RM0.0200 (1.59%) over the closing market price of the Units on LPD of RM1.2600 and a premium of RM0.0458 (3.71%) over the five-day VWAMP of the Units up to and including the LPD of RM1.2342. Over the past twelve months up to and including the LPD, the Units have consistently traded below the Issue Price for most of the period prior to the LPD with the lowest and highest closing prices of Units being RM1.01 and RM1.29 respectively.

The issuance of Consideration Units at a premium over the historical traded prices of

EXECUTIVE SUMMARY

Units is beneficial to the non-interested Unitholders as lesser number of new Units would be issued, consequently reducing the dilution of Unitholders' interest in QCT.

Please refer to Section 7.2.1 of this IAC for further details.

(ii) Historical traded P/NAV multiples, PE multiples and historical distribution yields of the Units

We have compared:-

(a) the implied multiples of the Issue Price based on the audited financial statements of QCT for FYE 31 December 2013 and the audited financial statements of QCT for FYE 31 December 2014 against the historical traded multiples of Units for the past twelve months up to and including the Last Trading Date and for the past twelve months up to and including the LPD; and

(b) the implied distribution yield of the Issue Price based on the audited financial statements of QCT for FYE 31 December 2013 and the audited financial statements of QCT for FYE 31 December 2014 against the historical distribution yields of Units for the past twelve months up to and including the Last Trading Date and for the past twelve months up to and including the LPD,

which are as shown in the tables below.

For the past twelve months up to and including the Last Trading Date	**(1) P/NAV multiples** **times**	**(2) (3) PE multiples** **times**	**(4) Distribution yields** **%**
Highest	0.94	12.77	8.30
Lowest	0.74	10.74	6.70
Average	0.87	11.74	7.16
Implied multiples/implied distribution yield of the Issue Price (5)	0.97	14.46	6.55
Implied multiples/implied distribution yield of the Issue Price (6)	0.95	14.61	6.55

Notes:-

(1) The highest, lowest and average P/NAV multiples of Units for the past twelve months up to and including the Last Trading Date have been calculated by dividing the closing Unit price with the latest quarterly NAV per Unit prior to the Last Trading Date as obtained from Bloomberg.

(2) The highest, lowest and average PE multiples of Units for the past twelve months up to and including the Last Trading Date have been calculated by dividing the closing Unit price with earnings per Unit of the latest four quarters prior to the Last Trading Date as obtained from Bloomberg.

(3) Based on realised earnings per Unit.

(4) The highest, lowest and average distribution yields of Units for the past twelve months up to and including the Last Trading Date have been calculated by dividing the DPU of the latest four quarters prior to the Last Trading Date with the closing Unit price as obtained from Bloomberg.

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(5) *Based on the audited financial statements of QCT for FYE 31 December 2013.*
(6) *Based on the audited financial statements of QCT for FYE 31 December 2014.*

(Source: Bloomberg, the Annual Reports of QCT for FYE 31 December 2013 and FYE 31 December 2014)

For the past twelve months up to and including the LPD	(1) P/NAV multiples times	(2) (3) PE multiples times	(4) Distribution yields %
Highest	0.93	12.98	8.30
Lowest	0.74	10.74	6.50
Average	0.85	12.21	7.25
Implied multiples/implied distribution yield of the Issue Price (5)	0.97	14.46	6.55
Implied multiples/implied distribution yield of the Issue Price (6)	0.95	14.61	6.55

Notes:-
(1) *The highest, lowest and average P/NAV multiples of Units for the past twelve months up to and including the LPD have been calculated by dividing the closing Unit price with the latest quarterly NAV per Unit prior to the LPD as obtained from Bloomberg.*
(2) *The highest, lowest and average PE multiples of Units for the past twelve months up to and including the LPD have been calculated by dividing the closing Unit price with earnings per Unit of the latest four quarters prior to the LPD as obtained from Bloomberg.*
(3) *Based on realised earnings per Unit.*
(4) *The highest, lowest and average distribution yields of Units for the past twelve months up to and including the LPD have been calculated by dividing the DPU of the latest four quarters prior to the LPD with the closing Unit price as obtained from Bloomberg.*
(5) *Based on the audited financial statements of QCT for FYE 31 December 2013.*
(6) *Based on the audited financial statements of QCT for FYE 31 December 2014.*

(Source: Bloomberg, the Annual Reports of QCT for FYE 31 December 2013 and FYE 31 December 2014)

Based on the tables above, we note that:-

(a) Both the implied P/NAV multiple of the Issue Price based on the audited financial statements of QCT for FYE 31 December 2013 of 0.97 time and the implied P/NAV multiple of the Issue Price based on the audited financial statements of QCT for FYE 31 December 2014 of 0.95 time are above the range of historical traded P/NAV multiples of Units for the past twelve months up to and including the Last Trading Date and for the past twelve months up to and including the LPD;

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(b) Both the implied PE multiple of the Issue Price based on the audited financial statements of QCT for FYE 31 December 2013 of 14.46 times and the implied PE multiple of the Issue Price based on the audited financial statements of QCT for FYE 31 December 2014 of 14.61 times are above the range of historical traded PE multiples of Units for the past twelve months up to and including the Last Trading Date and for the past twelve months up to and including the LPD; and

(c) Both the implied distribution yields of Issue Price based on the audited financial statements of QCT for FYE 31 December 2013 and audited financial statements of QCT for FYE 31 December 2014 of 6.55% are below the range of historical distribution yields of Units for the past twelve months up to and including the Last Trading Date and are within the range and below the simple average historical distribution yield of Units for the past twelve months up to and including the LPD.

Premised on the above, based on the historical traded P/NAV multiples, historical traded PE multiples and historical distribution yields of Units, the Issue Price is high and this is favourable to the non-interested Unitholders as lesser number of new Units would be issued, consequently reducing the dilution of Unitholders' interest in QCT.

Please refer to Section 7.2.2 of this IAC for further details.

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(iii) Comparable REITs analysis

We have compared the implied multiples/adjusted multiples and implied distribution yield of the Issue Price based on the audited financial statements of QCT for FYE 31 December 2013 and the audited financial statements of QCT for FYE 31 December 2014 against the multiples/adjusted multiples and distribution yields of the Comparable REITs, which are as set out below.

(a) Comparison of the implied multiples/adjusted multiples and implied distribution yield of the Issue Price based on the audited financial statements of QCT for FYE 31 December 2013 against the multiples/adjusted multiples and distribution yields of the Comparable REITs

Comparable REITs	FYE	(1) (2) Adjusted P/NAV multiples times	(1) (2) Adjusted PE multiples times	(2) (3) P/FFO multiples times	(2) Implied distribution yields
AmFirst REIT	31 March 2014	0.83	13.38	10.72	7.46%
UOA REIT	31 December 2013	0.94	13.42	12.87	7.57%
Tower REIT	31 December 2013	0.78	12.69	12.19	7.54%
Highest		0.94	13.42	12.87	7.57%
Lowest		0.78	12.69	10.72	7.46%
Average		0.85	13.16	11.93	7.52%
QCT	31 December 2013	0.97	14.66	13.62	6.55%

Notes:-

(1) The income net of tax and NAV have been normalised after taking into account the reversal of one-off incomes/expenses such as net fair value gain on investment properties, valuation fees, net changes on financial liabilities measured at amortised cost and changes in fair value of derivatives.

(2) Based on the Issue Price and the closing market prices of Comparable REITs as of the Last Trading Date and the audited financial statements of QCT and the Comparable REITs for their respective FYE.

(3) P/FFO multiple is a valuation methodology which compares a REIT's unit price against its FFO. FFO is derived after taking into account the reversal of depreciation, amortisation, deferred tax

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expenses and gain/loss on disposal of property, whichever applicable, from the income net of tax of QCT and the Comparable REITs.

(Source: Bloomberg, Annual Report of QCT for the FYE 31 December 2013 and Annual Reports of the Comparable REITs for their respective FYE)

From the table above, we note that:-

(I) The implied adjusted P/NAV multiple of the Issue Price of 0.97 time based on the audited financial statements of QCT for FYE 31 December 2013 is above the range of adjusted P/NAV multiples of the Comparable REITs;

(II) The implied adjusted PE multiple of the Issue Price of 14.66 times based on the audited financial statements of QCT for FYE 31 December 2013 is above the range of adjusted PE multiples of the Comparable REITs;

(III) The implied P/FFO multiple of the Issue Price of 13.62 times based on the audited financial statements of QCT for FYE 31 December 2013 is above the range of P/FFO multiples of the Comparable REITs; and

(IV) The implied distribution yield of the Issue Price of 6.55% is below the range of distribution yields of the Comparable REITs.

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(b) Comparison of the implied multiples/adjusted multiples and implied distribution yield of the Issue Price based on the audited financial statements of QCT for FYE 31 December 2014 against the multiples/adjusted multiples and distribution yields of the Comparable REITs

Comparable REITs	FYE	(1) (2) Adjusted P/NAV multiples times	(1) (2) Adjusted PE multiples times	(2) (3) P/FFO multiples times	(2) Implied distribution yields
AmFirst REIT	31 March 2014	0.81	13.04	10.45	7.66%
UOA REIT	31 December 2014	1.04	13.42	13.01	7.05%
Tower REIT	31 December 2014	0.69	16.42	7.19	5.62%
Highest		1.04	16.42	13.01	7.66%
Lowest		0.69	13.04	7.19	5.62%
Average		0.85	14.30	10.22	6.78%
QCT	31 December 2014	0.93	14.62	12.39	6.55%

Notes:-

(1) The income net of tax and NAV have been normalised after taking into account the reversal of one-off incomes/expenses such as net fair value gain on investment properties, valuation fees, net changes on financial liabilities measured at amortised cost and changes in fair value of derivatives.

(2) Based on the Issue Price and the closing market price of Comparable REITs as of the LPD and the latest available financial statements of QCT and the Comparable REITs for their respective FYE.

(3) P/FFO multiple is a valuation methodology which compares a REIT's unit price against its FFO. FFO is derived after taking into account the reversal of depreciation, amortisation, deferred tax expenses and gain/loss on disposal of property, whichever applicable, from the income net of tax of QCT and the Comparable REITs.

(Source: Bloomberg, Annual Report of QCT for the FYE 31 December 2014 and latest available financial statements of the Comparable REITs for their respective FYE)

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From the table above, we note that:-

(I) The implied adjusted P/NAV multiple of 0.93 time based on the audited financial statements of QCT for FYE 31 December 2014 is within the range and above the simple average adjusted P/NAV multiple of the Comparable REITs;

(II) The implied adjusted PE multiple of 14.62 times based on the audited financial statements of QCT for FYE 31 December 2014 is within the range and above the simple average adjusted PE multiple of the Comparable REITs;

(III) The implied P/FFO multiple of 12.39 times based on the audited financial statements of QCT for FYE 31 December 2014 is within the range and above the simple average P/FFO multiple of the Comparable REITs; and

(IV) The implied distribution yield of 6.55% based on the audited financial statements of QCT for FYE 31 December 2014 is within the range and below the simple average distribution yields of the Comparable REITs.

Please refer to Section 7.2.3 of this IAC for further details.

3.3 Evaluation of the Proposed Placement

The Proposed Placement shall involve an issue of 55,000,000 Placement Units and up to 85,000,000 Placement Units, representing approximately between 14.1% and 21.8% of the total number of 390,131,000 Units in issue as at the LPD. For illustrative purposes, the Placement Units are assumed to be issued at the Illustrative Issue Price. However, the actual issue price of 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 five-day VWAMP of the Units immediately prior to the price-fixing date.

As the Illustrative Issue Price is assumed for the purpose of the Circular and the actual issue price for the Placement Units shall be determined by way of bookbuilding, the final issue price cannot be determined now and there is no assurance whether it will be fixed at a discount or premium to the market value and/or NAV per Unit.

Upon completion of the Proposed Shares Disposals, Disposal by CCSB, Proposed Acquisition and Proposed Placement, the collective unitholdings of the PAC Group will increase to 323,290,000 Units representing 47.5% (under the Maximum Scenario) and 49.6% (under the Minimum Scenario) of the total Units. For the purpose of the Proposed Exemption, the Manager has confirmed that no Placement Units will be placed to the PAC Group.

Please refer to Section 8 of this IAC for further details.

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3.4 Salient terms of the SPA

The salient terms of the SPA are justifiable and are not detrimental to QCT or the interest of the non-interested Unitholders.

Please refer to Section 9 of this IAC for further details.

3.5 Overview and prospects of the Malaysian economy, overview and prospects of the industries QCT operates in, prospects of the Property and prospects of QCT

The Malaysian economy registered a higher growth of 5.8% in the fourth quarter of 2014 and grew by 6.0% for the year 2014. In 2015, Malaysian economy is expected to grow by 4.50% to 5.50%. While there remain downside risks on the external front, the economic growth momentum in 2014 is expected to continue in 2015 driven by improving external demand and resilient domestic economic activity.

The national occupancy rate of office buildings remained stable at 83.4% despite an additional 194,798 sq m space and PBO rentals in Kuala Lumpur continued to remain stable despite announcement of large planned projects such as the Tun Razak Exchange. This indicates that rental rates for offices in good locations remain stable.

The continued substantial office supply pipeline that will enter the Kuala Lumpur market over the next three years will increase competition amongst office landlords to secure tenants, resulting in the soft growth of rental and capital value. With more supply to be completed in 2015, the pressure to secure a high occupancy rate at new office buildings is expected to persist in the coming years, thereby placing downward pressure on rents.

There are continuous emerging signs that the retail market of Kuala Lumpur is at or close to saturation point as more malls start cannibalising into each other's catchment areas, and a few of the new malls are experiencing relatively low take-up rate upon completion. Prospect for the industry is expected to be challenging, as both retailers and households will expect to face multiple headwinds of managing higher cost of living, reduced liquidity, and high households debt level.

Cyberjaya has seen a growing demand in office market from both government and private establishments, besides IT-based Multimedia Super Corridor companies. With the continued promotion of Cyberjaya as the key cyber city in Malaysia and more balanced integrated developments complementing the key Multimedia Super Corridor activities, this will catalyst a new growth cycle by increasing the number of Multimedia Super Corridor companies and the demand for office space to increase correspondingly whilst complemented by the smaller domestic service companies.

The overall occupancy rate of shopping centres in Penang has been relatively stable since 2009 despite the addition of major malls. The upcoming retail space is mostly located in Seberang Perai on the mainland of Penang as this is the area where new residential

developments have been mushrooming, spurred by the completion of the Sultan Abdul Halim Muadzam Shah Bridge or Penang Second Bridge.

The future outlook of the Property is expected to be positive, due to the following:-

(i) the Property is close to transport systems that connect it to other urban and suburban residential, commercial and industrial hubs within Malaysia, as well as Kuala Lumpur International Airport, Putrajaya and Cyberjaya. The easy accessibility of the Property to the said areas will be an advantage in terms of attracting demand; and

(ii) the energy efficient and green building status of the Property also enhances its qualitative attributes which have contributed in securing reputable government-linked, multinational and local companies as its tenants.

The current office market condition remains challenging for QCT as supply continues outstrip current demands. However, this could be mitigated by the government's continuous efforts to attract large multinationals to base their operations in Malaysia, stimulating demand for the sector. The outlook for QCT is expected to be stable in view of its prudent gearing level and capital management, as well as proactive asset management strategies. The continuous effort of QCT in maximising return of its properties by focusing on tenant retention, capital management and cost efficiency measures, while pursuing growth by actively exploring acquisition opportunities is expected to be beneficial to the Unitholders.

Please refer to Section 10 of this IAC for further details.

3.6 Financial effects of the Proposals, which include, among others, the Proposed Acquisition, Proposed Placement and Proposed Exemption

The Proposed Exemption will not have any effect on the unitholders' capital of QCT, substantial Unitholders' unitholdings, earnings, distributable income, NAV per Unit and gearing of QCT. However, the non-interested Unitholders are advised to evaluate the Proposals as a whole and consider the evaluation of the proforma effects of the Proposals as set out below:-

(i) Unitholders' capital of QCT is expected to increase to 651,381,000 and 681,381,000 Units respectively under the Minimum Scenario and Maximum Scenario from the existing unitholders' capital of QCT of 390,131,000 Units upon completion of the Proposed Acquisition and the Proposed Placement;

(ii) MSP will emerge as a substantial Unitholder with direct unitholdings of 31.66% and 30.27% under the Minimum Scenario and Maximum Scenario respectively while the unitholdings of CCT, Quill Group and other minority Unitholders will be diluted accordingly;

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(iii) the future earnings of QCT are expected to be diluted by the issuance of the Consideration Units pursuant to the Proposed Acquisition, the issuance of the Placement Units pursuant to the Proposed Placement and the interest expenses pursuant to the additional borrowings for the cash portion of the Purchase Consideration. Nevertheless, the said dilution is expected to be mitigated by the future earning contribution from the Property. Further, the Manager had indicated that they would endeavour to increase the payout ratio of QCT for the FYE 31 December 2015 as compared with the payout ratio of 94.66% for the FYE 31 December 2013. If a higher payout ratio is fulfilled, the non-interested Unitholders could potentially realise a higher rate of return going forward despite the above said dilution. For avoidance of doubt, the said intention on a higher payout ratio is not part of the conditions in respect of the Proposed Acquisition;

(iv) NAV per Unit after income distribution would be diluted from RM1.32 per Unit to RM1.28 per Unit and RM1.27 per Unit respectively under the Minimum Scenario and Maximum Scenario upon completion of the Proposed Acquisition and the Proposed Placement. Nonetheless, the Proposed Acquisition is expected to contribute to future NAV per Unit arising from the future earnings to be contributed by the Property; and

(v) Gearing is expected to increase from 35.45% to 45.70% and 44.05% respectively under the Minimum Scenario and Maximum Scenario but the amount of borrowings could be reduced, should the Manager be able to place out the Units successfully at an issue price which is higher than the current Illustrative Issue Price.

Premised on the above, we are of the view that the effects of the Proposals on the unitholders' capital of QCT, substantial Unitholders' unitholdings, earnings and distributable income, NAV per Unit and gearing of QCT, taken as a whole, are not detrimental to QCT or the interest of the non-interested Unitholders.

Please refer to Section 11 of this IAC for further details.

3.7 Risk factors

(i) We take cognisance of the risk factors as set out in Section 12 of the Circular and we have also considered other risks which are relevant to our evaluation of the Proposed Acquisition, Proposed Placement and the Proposed Exemption; and

(ii) We have weighed the aforementioned risk factors against the benefits as set out in Section 9.1 of the Circular and Section 6.1 of this IAC, as well as the Purchase Consideration and the Issue Price based on our evaluation as set out in Section 7 of this IAC.

Please refer to Section 12 of this IAC for further details.

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3.8 Other considerations

3.8.1 Review of the historical financial performance of the Property

For the financial years under review, the Property had registered growth in total revenue, net property income and net property income margin. We note that the Property had registered 100% occupancy rate for its office space for the financial years under review, which suggests that the demand for the office space of the Property were strong during the financial years under review. The average rental rate for the office space of the Property increased in FYE 31 December 2012 and remained stable in FYE 31 December 2013. For the retail space of the Property, we note that its occupancy rate was low as at 31 December 2012 and 31 December 2013 and its average rental rate decreased in FYE 31 December 2013. For avoidance of doubt, the non-interested Unitholders should note that the retail space of the Property only consists 13.50% of the NLA of the Property.

Please refer to Section 13.1 of this IAC for further details.

3.8.2 Other modes of consideration of the Purchase Consideration

3.8.2.1 Modes of consideration

(i) We have explored the option of rights issue in place of the issuance of 206,250,000 Consideration Units at the Issue Price but we note that the issuance of Consideration Units will facilitate the entrance of MSP leading to MRCB emerging as a strategic Unitholder upon completion of the Proposed Acquisition. With the Right of First Refusal to be granted by the shareholders of QCM, which include MRCB, this would be beneficial for the non-interested Unitholders moving forward; and

(ii) We have explored the option of raising more bank borrowings in place of the issuance of 206,250,000 Consideration Units at the Issue Price but we note that the proforma gearing of 62.14% under Minimum Scenario and 60.39% under Maximum Scenario would have breached the 50% limit specified under Clause 8.37 of the REIT Guidelines and would lead to higher finance costs and represent higher financial risk for the Unitholders. We have also explored another argument of issuing lesser Consideration Units and more cash to be raised from bank borrowings to reflect a maximum 50% limit gearing scenario. However, the number of Consideration Units attributable to MSP is premised on certain arrangement which MSP wishes to facilitate its entrance via the Proposed Acquisition and it is necessary and forms part of the terms of the Proposed Acquisition as a primary deal structure and framework.

Please refer to Section 13.2.1 of this IAC for further details.

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3.8.2.2 WACC of QCT under different modes of consideration

The WACC of QCT under the Existing Funding Proposal will be:-

(i) the same as the WACC of QCT under the scenario where a rights issue is undertaken at the Illustrative Issue Price in place of the issuance of 206,250,000 Consideration Units at the Issue Price; and

(ii) lower than the WACC of QCT under the scenario where more bank borrowings are raised in place of the issuance of 206,250,000 Consideration Units at the Issue Price.

Based on the above, the Existing Funding Proposal is favourable to the non-interested Unitholders.

Please refer to Section 13.2.2 of this IAC for further details.

3.8.3 Comparison of the rates of return on the Property against the average rates of return of QCT and the WACC of QCT

The gross rate of return on the Property of 6.64% and net rate of return on the Property of 5.46%, based on its recurring revenue and recurring net property income as at 31 December 2013, are lower than the average gross rate of return of QCT of 8.35% and net rate of return of QCT of 6.44%, based on its revenue and net property income as at 31 December 2013, which implies that the Proposed Acquisition will dilute the average gross rate of return and average net rate of return of QCT, which in turn could impact the rate of return to the non-interested Unitholders.

The net rate of return on the Property of 5.46%, based on its recurring net property income as at 31 December 2013, is lower than the WACC of QCT of 6.37% under the Minimum Scenario and 6.34% under the Maximum Scenario after the Proposed Acquisition and Proposed Placement.

This shows that the aggregate cost of debt funding and required rate of return on equity for the Proposed Acquisition is higher than the return in which the Property generates, which could imply a negative return to the non-interested Unitholders in respect of the Proposed Acquisition.

Nevertheless, the Manager had indicated that they would endeavour to increase the payout ratio of QCT for the FYE 31 December 2015 as compared with the payout ratio of 94.66% for the FYE 31 December 2013. If a higher payout ratio is fulfilled, the non-interested Unitholders could potentially realise a higher rate of return going forward despite the potential dilution of the average rates of return of QCT by the Property and the aggregate cost of debt funding and required rate of return on equity for the Proposed Acquisition being higher than the return in which the Property generates. For the avoidance of doubt, the said intention on a higher payout ratio is not part of the conditions in respect of the Proposed Acquisition.

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Further, we wish to highlight to the non-interested Unitholders that the above said potential dilution of return of the average rates of return of QCT by the Property or implied negative return has not taken into account the potential appreciation of the market value of the Property, the potential upward revision of the rental rates of the Property in the future and the potential fill up of the vacant retail spaces of the Property in the future. Such potential appreciation in market value, potential upward revision in rental rates and potential fill up of the vacant retail spaces will depend on, amongst others, the prevalent market condition, supply and demand within the industry and the general state of the economy.

We also note that if a higher payout ratio is fulfilled by QCT going forward, this could reduce the retention of the cash reserve for the purpose of future capital expenditure such as refurbishment of QCT's properties and enhancement of the quality of QCT's properties, as well as the retention of distributable income which both may affect QCT's prospective NAV. Nonetheless, the potential appreciation of the market value of Property in the future as mentioned above could compensate for the decrease in the prospective NAV of QCT in the event the higher payout ratio by QCT is fulfilled.

The non-interested Unitholders should also take note on the potential benefits of the Proposed Acquisition as set out in Section 6.1 of this IAC, which could be beneficial to QCT and its Unitholders in the longer term.

Please refer to Section 13.3 of this IAC for further details.

3.9 Implications arising from voting for or against the Proposed Exemption

Assuming that the non-interested Unitholders vote in favour of the Proposed Exemption:-

(i) The PAC Group will be able to proceed with their application to the SC for its consideration of the Proposed Exemption;

(ii) The Proposed Exemption, if approved, will allow the PAC Group to collectively hold up to 49.6% and 47.5% of the total Units under the Minimum Scenario and Maximum Scenario respectively upon completion of the Proposed Acquisition and Proposed Placement without having to extend a mandatory take-over offer for the remaining Units not already held by them. With such stake, the PAC Group would be in a strong position to determine the outcome of matters that only require an ordinary resolution in circumstance where the PAC Group is not required to abstain from voting, which may not be in line with the interest of the non-interested Unitholders; and

(iii) The non-interested Unitholders should take note that there is a possibility that the PAC Group could accumulate up to 2% of the voting Units or voting rights of QCT in any period of six months and such amassed Units could result in the PAC Group holding in excess of 50% of the voting Units or voting rights. In such circumstance, the PAC Group will not trigger a mandatory offer obligation for the remaining Units not held by the PAC Group in the event the PAC Group accumulates such Units.

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Assuming that the non-interested Unitholders vote against the Proposed Exemption:-

The Proposed Acquisition and Proposed Placement will be aborted as they are conditional upon approvals being obtained from the non-interested Unitholders and the SC for the Proposed Exemption.

Please refer to Section 14 of this IAC for further details.

4.0 CONCLUSION AND RECOMMENDATION

Due to the conditionality of the Proposed Acquisition and Proposed Placement upon the Proposed Exemption, the approval of the Proposed Exemption is a determining factor for the successful implementation of the Proposed Acquisition and Proposed Placement of which QCT may reap the potential benefits as discussed in Section 6 of this IAC. A summary of advantages and disadvantages attributable to the Proposed Exemption is as set out in the table below.

No.	Advantages	Disadvantages
1.	The Proposed Acquisition is expected to strengthen QCT's competitive positioning in terms of total asset size among the listed REITs in Malaysia. The increased asset size is likely to enable QCT to enjoy greater operating efficiency arising from economies of scale, enhancing QCT's overall capital management flexibility and facilitate any future acquisitions by QCT.	The Purchase Consideration is to be partially satisfied via the issuance of the Consideration Units which would result in an immediate dilution of non-interested Unitholders' interest in QCT and voting power of the non-interested Unitholders.
2.	Upon completion of the Proposed Acquisition, QCT would have a foothold in the strategic location of Kuala Lumpur Sentral. The Proposed Acquisition also allows QCT to diversify into Kuala Lumpur Sentral and diversify the tenancy mix of its portfolio to reduce any potential asset concentration risk as well as reducing its reliance on income contribution from any one or more major trade sectors.	The Proposed Acquisition is expected to dilute the average gross rate of return and average net rate of return of QCT as the gross rate of return on the Property of 6.64% and net rate of return of 5.46%, based on its recurring revenue and recurring net property income as at 31 December 2013, are lower than the average gross rate of return of QCT of 8.35% and average net rate of return of QCT of 6.44%, based on QCT's revenue and net property income as at 31 December 2013, respectively. The aggregate cost of debt funding and required rate of return on equity for the Proposed Acquisition is higher than the

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No.	Advantages	Disadvantages
		return in which the Property generates, which could imply a negative return to the non-interested Unitholders in respect of the Proposed Acquisition.
3.	The Property, with its strategic location and green building feature will enhance QCT's portfolio profile. Based on the tenancy schedule of the Property as at 10 February 2015, the overall occupancy rate of QCT as at 30 January 2015 would improve from 91% to 93% upon completion of the Proposed Acquisition.	The Proposed Acquisition will result in an increase in borrowings for QCT. While the cost of debt of QCT is lower than its cost of equity, undertaking of additional debt commitments will result in higher weighted average cost of debt. Similarly, the higher financial risk is expected to be reflected in a higher weighted average cost of equity. Both of these had then resulted in a higher cost of capital or WACC for QCT as compared to its existing WACC.
4.	With the entrance of MSP leading to MRCB emerging as a strategic Unitholder upon completion of the Proposed Acquisition and in view of the Right of First Refusal to be granted by the shareholders of QCM, there could be a pipeline of office properties owned by the shareholders of QCM which represents potential acquisition opportunities for QCT moving forward. The Proposed Acquisition will enable the non-interested Unitholders to reap the benefits of the future growth of QCT.	If the Proposed Exemption is approved, it will allow the PAC Group to collectively hold up to 49.6% and 47.5% of the total Units under the Minimum Scenario and Maximum Scenario respectively upon completion of the Proposed Acquisition and the Proposed Placement without having to extend a mandatory take-over offer for the remaining Units not already held by them. With such stake, the PAC Group would be in a strong position to determine the outcome of matters that only require an ordinary resolution in circumstance where the PAC Group is not required to abstain from voting, which may not be in line with the interest of the non-interested Unitholders.
5.	The issuance of the Consideration Units and Placement Units to partially satisfy the Purchase Consideration will reduce the need for QCT to use its cash flow and/or incur bank borrowings to fund the Proposed Acquisition. Hence, QCT would not be burdened with the funding costs associated with such borrowings.	-

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We take cognisance of the risk factors as set out in Section 12 of the Circular and we have also considered other risks which are relevant to our evaluation of the Proposed Acquisition, Proposed Placement and the Proposed Exemption. We have weighed the aforementioned risk factors against the benefits as set out in Section 9.1 of the Circular and Section 6 of this IAC, as well as the Purchase Consideration and the Issue Price based on our evaluation as set out in Section 7 of this IAC.

Based on the above and KAF Investment's evaluation of the Proposed Acquisition, Proposed Placement and the Proposed Exemption as a whole, we are of the view that the advantages of the Proposed Acquisition, Proposed Placement and Proposed Exemption outweigh the disadvantages. With the entrance of MSP leading to MRCB emerging as a strategic Unitholder and in view of the Right of First Refusal, there could be a pipeline of office properties owned by the shareholders of QCM which represents potential acquisition opportunities for QCT moving forward which will enable the non-interested Unitholders to reap the benefits of the future growth of QCT.

Premised on the above, we are of the opinion that the Proposed Exemption is **FAIR AND REASONABLE** and favourable to the non-interested Unitholders. Accordingly, we recommend the non-interested Unitholders to **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming Meeting.

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Registered office:-

14th Floor, Chulan Tower
No. 3, Jalan Conlay
50450 Kuala Lumpur

25 February 2015

To: The Non-interested Unitholders

Dear Sir/Madam,

INDEPENDENT ADVICE CIRCULAR TO THE NON-INTERESTED UNITHOLDERS IN RELATION TO THE PROPOSED EXEMPTION

1. INTRODUCTION

On 29 January 2014, HLIB announced, on behalf of the Board, that the Trustee, acting solely in the capacity as Trustee for and on behalf of QCT, entered into the HOA with MSP on even date for the Proposed Acquisition for a purchase consideration of RM750,000,000 which shall be satisfied via cash payment of RM486,000,000 and the issuance of 200,000,000 Consideration Units at an issue price of RM1.32 per Consideration Unit.

On 10 April 2014, HLIB announced, on behalf of the Board, that the Trustee, acting solely in the capacity as Trustee for and on behalf of QCT, entered into the SPA with MSP on even date for the Proposed Acquisition for a purchase consideration of RM750,000,000 which shall be satisfied via cash payment of RM486,000,000 and the issuance of 206,250,000 Consideration Units at Issue Price.

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

(i) Proposed Placement;

(ii) Proposed Authority;

(iii) Proposed Increase in Fund Size; and

(iv) Proposed Change of Name.

On 9 September 2014, HLIB announced, on behalf of the Board, that QCM had been notified by the Valuer that it had revised the market value of the Property from RM750,000,000 to RM740,000,000 pursuant to comments by the SC. The downward adjustment of the market value represents approximately 1.33% of the initial market value. Arising from the aforesaid revision, the purchase consideration for the Property shall be adjusted to RM740,000,000 in accordance with terms of the SPA, and the difference of RM10,000,000 will be adjusted from the cash portion of the Purchase Consideration.

On 8 October 2014, HLIB announced, on behalf of the Board, that the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, and MSP had via a supplemental letter dated 8 October 2014, mutually agreed to extend the Conditional Period by a period of three months, thereby amending the last day of the Conditional Period from 9 October 2014 to 9 January 2015, to fulfil all the conditions precedent in the SPA.

On 15 October 2014, HLIB announced, on behalf of the Board, that the SC had, via its letter dated 14 October 2014, approved the following:-

(i) the increase in approved fund size of QCT by up to 309,869,000 new Units from 390,131,000 Units to a maximum of 700,000,000 Units for the following purposes:

   (a) the Proposed Acquisition to be partly satisfied by 206,250,000 Consideration Units;

   (b) the Proposed Placement to partly finance the cash portion for the Proposed Acquisition; and

   (c) the Proposed Authority;

(ii) the listing of and quotation for the new Units on the Main Market of Bursa Securities;

(iii) valuation of the Property to be acquired by QCT valued at RM740,000,000;

(iv) exemption from Paragraph 3.04 (b) of the REIT Guidelines in relation to the requirement of a management company being a subsidiary of companies as prescribed under the said paragraph; and

(v) exemption from Paragraphs 14.04 (a)(i), (ii) and (iii) of the REIT Guidelines in relation to obtaining unitholders' approval on the precise terms and conditions of an issue of units.

The SC had also, via its letter dated 1 July 2014, granted QCM an exemption from submitting a declaration to enter a private caveat under paragraph 1(c) of Schedule D-Appendix I(a) of the REIT Guidelines.

On 8 January 2015, HLIB announced, on behalf of the Board, that the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, and MSP had, via a second supplemental letter dated 8 January 2015, mutually agreed to further extend the Conditional Period by a period of three months, thereby amending the last day of the Extended Conditional Period from 9 January 2015 to 9 April 2015, to enable the parties to fulfil all the conditions precedent in the SPA.

On 16 February 2015, HLIB announced, on behalf of the Board, that Bursa Securities had, via its letter dated 16 February 2015, approved the listing of and quotation for:-

(i) 206,250,000 new Units to be issued pursuant to the Proposed Acquisition;

(ii) up to 85,000,000 new Units to be issued pursuant to the Proposed Placement; and

(iii) up to 18,619,000 new Units to be issued pursuant to the Proposed Authority.

Upon completion of the Proposed Acquisition and Proposed Placement, the collective unitholdings of the PAC Group will increase to 323,395,000 Units representing 47.5% (under the Maximum Scenario) and 49.6% (under the Minimum Scenario) of the total Units. Accordingly, the PAC Group will collectively trigger a mandatory offer obligation under the Code.

As it is not the intention of the PAC Group to undertake a mandatory offer, the PAC Group proposes to seek an exemption from the obligation to extend the said mandatory offer pursuant to Paragraph 16.1 of Practice Note 9 of the Code.

In this respect, the Trustee had, on 22 September 2014, appointed KAF Investment to act as the Independent Adviser to provide its opinion and recommendation to the non-interested Unitholders in relation to the Proposed Exemption.

KAF Investment had, on 23 September 2014, declared to the SC of its independence and eligibility to act as the Independent Adviser in relation to the Proposed Exemption.

The SC had, on 24 February 2015, given its consent for the contents and despatch of this IAC. **The consent of the SC for the contents and despatch of this IAC is not to be taken or be implied that the SC concurs with the views and recommendation of KAF Investment as contained herein but merely that this IAC has complied with all the relevant disclosure requirements pursuant to the Code and the SC's Guidelines on Contents of Applications Relating to Take-overs and Mergers.**

The purpose of this IAC is to provide the non-interested Unitholders with an independent evaluation on the fairness and reasonableness of the terms of the Proposed Exemption together with our recommendation thereon, subject to the scope of our role and evaluation as specified in this IAC. While you are relying on our evaluation in this IAC, you should also exercise your own due care and diligence before making a decision on the course of action to be taken.

WE ADVISE YOU TO READ AND UNDERSTAND THIS IAC TOGETHER WITH THE OTHER SECTIONS OF THE CIRCULAR AND CAREFULLY CONSIDER OUR EVALUATION AND RECOMMENDATION CONTAINED IN THIS IAC BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING MEETING. IF YOU HAVE ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

THIS IAC IS SOLELY FOR THE USE OF THE NON-INTERESTED UNITHOLDERS FOR THE PURPOSE OF CONSIDERING THE PROPOSED EXEMPTION AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY OR FOR ANY OTHER PURPOSE.

2. DETAILS OF THE PROPOSED ACQUISITION, THE PROPOSED PLACEMENT AND THE PROPOSED EXEMPTION

2.1 Details of the Proposed Acquisition

The Proposed Acquisition entails the acquisition by the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, of the Property free from all encumbrances with legal possession (but not vacant possession for those parts of the Property that are tenanted) and vacant possession for those parts of the Property that are untenanted, and subject to the existing tenancies. The Purchase Consideration shall be satisfied by the Trustee on behalf of QCT as follows:-

(i) RM476,000,000 in cash; and

(ii) RM264,000,000 by the issuance of 206,250,000 Consideration Units at Issue Price.

Kindly refer to Section 2 of the Circular for further details.

2.2 Details of the Proposed Placement

The Proposed Placement shall involve an issue of 55,000,000 Placement Units and up to 85,000,000 Placement Units, representing approximately of 14.1% and up to 21.8% of the total number of 390,131,000 Units in issue as at the LPD, by way of a bookbuilding exercise. 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.

Kindly refer to Section 4 of the Circular for further details.

2.3 Details of the Proposed Exemption

On 11 July 2014, HLIB announced, on behalf of the Board, that QCM had been notified by QRHSB that QRHSB, together with the Quill Group, had on 18 June 2014 submitted an application to seek a ruling from the SC that MRCB, MSP, QRHSB and the Quill Group are not regarded as persons acting in concert in relation to QCT pursuant to the Proposals. The SC had, via its letter dated 10 July 2014, declined the proposed ruling.

As at the LPD, MSP and MRCB do not hold any Units, while the Quill Group, Dato' Michael Ong Leng Chun and Dato' Dr Low Moi Ing, J.P. (being persons acting in concert with MSP) collectively hold 117,145,000 Units representing 30.0% unitholdings in QCT. Upon completion of the Proposed Acquisition and Proposed Placement, the collective unitholdings of the PAC Group will increase to 323,395,000 Units representing 47.5% (under the Maximum Scenario) and 49.6% (under the Minimum Scenario) of the total Units. Accordingly, in view of the above decision by the SC, the PAC Group will collectively trigger a mandatory offer obligation under the Code.

As it is not the intention of the PAC Group to undertake a mandatory offer, the PAC Group proposes to seek an exemption from the obligation to extend the said mandatory offer pursuant to Paragraph 16.1 of Practice Note 9 of the Code.

The Proposed Exemption is subject to the approval from the SC and non-interested Unitholders. The application to the SC in respect of the Proposed Exemption will be made after the approval of non-interested Unitholders at the Meeting is obtained. In the event that the PAC Group does not succeed in obtaining the approval from the SC and non-interested Unitholders for the Proposed Exemption, the Proposed Acquisition and Proposed Placement will not be implemented as they are conditional upon the Proposed Exemption.

Pursuant to Paragraph 16.9 of Practice Note 9 of the Code, the approval by the SC for the Proposed Exemption, if granted, will be invalidated if the PAC Group has triggered a disqualifying transaction. For the purpose of the Proposed Exemption, a "disqualifying transaction" refers to a purchase of voting Units or voting rights by the PAC Group subsequent to negotiation, discussion, understanding or agreement with the directors of the Manager in relation to the issuance of Consideration Units and before the completion of the Proposed Acquisition where the Proposed Exemption is sought and approved.

It is important to note that the Proposed Exemption, if approved, will allow the PAC Group to collectively hold up to 49.6% and 47.5% of the total Units under the Minimum Scenario and Maximum Scenario respectively upon completion of the Proposed Shares Disposals, Disposal by CCSB, Proposed Acquisition and Proposed Placement without having to extend a mandatory take-over offer for the remaining Units not already held by them.

3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

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

(i) As at the LPD, CapitaLand Limited holds approximately 32% unitholdings in CCT, which in turn holds 30% unitholdings in QCT. CRPL is currently a major shareholder of QCM with an equity interest of 40%. CapitaCommercial Trust Management Limited (which is the management company of CCT) and CRPL are related corporations by virtue of them having a common ultimate holding company, namely CapitaLand Limited.

QLSB, QPSB and QESB collectively hold a total of 30% of QCT's total Units in circulation as at the LPD. QRHSB is currently a major shareholder of QCM with an equity interest of 30%. QRHSB, QLSB, QPSB and QESB are jointly owned by Dato' Michael Ong Leng Chun and Dato' Dr Low Moi Ing, J.P., who are also directors of these companies.

CRPL and QRHSB are parties to the Proposed Shares Disposals which are conditional upon the Proposed Acquisition, and the Proposed Acquisition is conditional upon the Proposed Exemption, 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 Exemption, Proposed Placement and Proposed Increase in Fund Size.

(ii) 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, QLSB, QPSB and QESB 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, QLSB, QPSB and QESB 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 Exemption, Proposed Placement, Proposed Authority, Proposed Amendments and Proposed Increase in Fund Size to be tabled at the Meeting.

The directors of the Manager who are related to CCT, QLSB, QPSB and QESB, 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, are deemed to have an interest in the outcome of the Proposed Acquisition, Proposed Placement, Proposed Authority, Proposed Amendments and Proposed Increase in Fund Size.

Further, as all the directors of QCM are presumed to be persons acting in concert with the Quill Group pursuant to the Code, they will not deliberate and have abstained from voting on the resolution pertaining to the Proposed Exemption at the relevant Board meetings, nor make a recommendation on the Proposed Exemption. In view of this, the Trustee shall table the Proposed Exemption for the consideration of the non-interested Unitholders at the Meeting.

As the Proposed Acquisition is conditional upon the Proposed Exemption, Proposed Placement and Proposed Increase in Fund Size, all the directors of QCM will abstain from voting, in respect of their direct and/or indirect unitholdings in QCT on the resolutions pertaining to the Proposed Acquisition, Proposed Exemption, Proposed Placement and Proposed Increase in Fund Size to be tabled at the Meeting.

The unitholdings of the Interested Directors and major shareholders of the Manager, and major Unitholders in QCT as at the LPD are as set out in the table below.

	Direct		**Indirect**	
	'000	**%**	**'000**	**%**
Interested directors				
Dato' Mohammed bin Haji Che Hussein	-	-	-	-
Dato' Dr Low Moi Ing, J.P.	50	0.01	117,040	(1) 30.00
Dato' Michael Ong Leng Chun	55	0.01	117,040	(2) 30.00
Wen Khai Meng	-	-	-	-
Chong Lit Cheong	-	-	-	-
Aw Hong Boo (alternate to Dato' Dr. Low Moi Ing, J.P.)	50	0.01	-	-

	Direct		Indirect	
	'000	%	'000	%
Interested major shareholders of QCM				
CRPL	-	-	-	-
QRHSB	-	-	-	-
CapitaLand Limited	-	-	117,040	(3) 30.00
Dato' Dr Low Moi Ing, J.P.	50	0.01	117,040	(1) 30.00
Dato' Michael Ong Leng Chun	55	0.01	117,040	(2) 30.00
Interested major Unitholders				
CCT	117,040	30.00	-	-
QLSB	48,767	12.50	-	-
QPSB	45,997	11.79	-	-
QESB	22,276	5.71	-	-
CapitaLand Limited	-	-	117,040	(3) 30.00
Dato' Dr Low Moi Ing, J.P.	50	0.01	117,040	(1) 30.00
Dato' Michael Ong Leng Chun	55	0.01	117,040	(2) 30.00

Notes:-
(1) Deemed interested by virtue of her interests in QLSB, QPSB and QESB pursuant to Section 6A of the Act.
(2) Deemed interested by virtue of his interests in QLSB, QPSB and QESB pursuant to Section 6A of the Act.
(3) Deemed interested by virtue of its interests in CCT pursuant to Section 6A of the Act.

4. SCOPE AND LIMITATIONS OF KAF INVESTMENT'S EVALUATION AND OPINION

We have evaluated the terms and conditions of the Proposed Acquisition, the Proposed Placement and the Proposed Exemption and in rendering our advice, we have considered various factors which we believe are of relevance and general importance to an assessment of the terms and conditions as well as implications of the Proposed Acquisition, the Proposed Placement and the Proposed Exemption and would be of general concern to the non-interested Unitholders.

We were not in any way involved in the formulation, deliberation, negotiations or discussions pertaining to the terms and conditions of the Proposed Acquisition, the Proposed Placement and the Proposed Exemption. It is not within our terms of reference to express any opinion on the feasibility of the Proposed Acquisition and the Proposed Placement and these remain the sole responsibility of the Board. Our terms of reference pursuant to our appointment as an Independent Adviser to the non-interested Unitholders are in accordance with the requirements relating to Independent Adviser as set out in Section 15 of Part V of the Code. Our scope as Independent Adviser is limited to expressing an independent opinion on the terms and conditions of the Proposed Acquisition, the Proposed Placement and the Proposed Exemption and as to whether the Proposed Exemption is fair and reasonable as

far as the non-interested Unitholders are concerned based on information and documents provided to us or which are available to us and making enquiries as were reasonable in the circumstances.

In performing our evaluation, we have relied on the following sources of information:-

(i) the SPA;

(ii) the Valuation Report and the updated valuation certificate by the Valuer dated 17 October 2014 in relation to the Property;

(iii) information contained in the Circular and the accompanying appendices enclosed therein;

(iv) discussions with and representations by the Board and the management of QCM;

(v) other relevant information, documents, confirmation and representation furnished to us by the Board and the management of QCM; and

(vi) other publicly available information.

We have relied on QCM, the Board and the management of QCM to take due care to ensure that all information, documents and representations, including the forward looking statement provided to us by them to facilitate our evaluation of the Proposed Acquisition, the Proposed Placement and the Proposed Exemption, are accurate, valid and complete in all material respects. Nonetheless, we have made reasonable enquiries, and as at the date of this IAC, we are satisfied that the information provided to us is sufficient and have no reason to believe that the aforementioned information provided to us is unreliable, incomplete, misleading and/or inaccurate.

KAF Investment, as the Independent Adviser, has evaluated the Proposed Acquisition, the Proposed Placement and the Proposed Exemption based on the sources of information highlighted above. In forming our opinion, we have considered factors which we believe would be of relevance and general importance to the non-interested Unitholders. In rendering our advice, we have taken note of the pertinent issues which we have considered important in enabling us to form our opinion on the fairness and reasonableness of the Proposed Acquisition, the Proposed Placement and the Proposed Exemption and would be of relevance and general concern to the non-interested Unitholders as a whole.

We confirm that based on all available information, and to the best of our knowledge and belief, this IAC constitutes a full and true disclosure of all material facts concerning the Proposed Acquisition, the Proposed Placement and the Proposed Exemption and there are no false or misleading statements or other material facts, the omission of which would make any statement in this IAC false or misleading.

Our evaluation as set out in this IAC is rendered solely for the benefit of the non-interested Unitholders as a whole and not for any individual non-interested Unitholders or any specific group of non-interested Unitholders. Hence, in carrying out our evaluation, we have not taken into consideration any specific investment objective, financial situation or particular needs of any individual non-interested Unitholders or any specific group of non-interested

Unitholders. We recommend that any non-interested Unitholder who is in doubt as to the action to be taken or requires specific advice in relation to the Proposed Acquisition, the Proposed Placement and the Proposed Exemption in the context of his/her individual investment objectives, financial and tax position, risk profiles, financial situation or particular needs, to consult his/her respective stockbroker, solicitor, accountant or other professional adviser immediately.

Our evaluation and opinion as set out in this IAC are based on capital market, economic, industry, regulatory, monetary, socio-political and other conditions (if applicable) as at the LPD, and the information/documents made available to us as at the LPD. Such conditions may change significantly over a period of time. Accordingly, our evaluation and opinion in this IAC do not take into account the information, events and conditions arising after the LPD.

After the despatch of this IAC, should we become aware of any significant change affecting the information contained in this IAC or have reasonable grounds to believe that any material statement in this IAC is misleading or deceptive or have reasonable grounds to believe that there is material omission in this IAC, we will immediately notify the non-interested Unitholders. If circumstances require, a supplementary IAC will be sent accordingly to the non-interested Unitholders. Our advice should be considered in the context of the entirety of this IAC.

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5. EVALUATION OF THE PROPOSED EXEMPTION

Our evaluation of the Proposed Exemption was based on parameters as guided by Practice Note 15 of the Code. In accordance with Paragraph 3.8 of Practice Note 15 of the Code, a holistic approach should be taken in assessing whether the Proposed Exemption is fair and reasonable and whether non-interested Unitholders should vote for or against the Proposed Exemption. As the Proposed Acquisition and Proposed Placement are conditional upon the Proposed Exemption, evaluations of the Proposed Acquisition and the Proposed Placement are necessary to provide the non-interested Unitholders with a holistic view of the Proposed Exemption. Therefore, our opinion on the fairness and reasonableness of the Proposed Exemption is rendered on a holistic basis.

In our evaluation of the Proposed Acquisition, Proposed Placement and Proposed Exemption, we have taken into consideration the following factors as stated in the table below in forming our opinion.

No.	Items	Sections
1.	Rationale for the Proposed Acquisition, Proposed Placement and Proposed Exemption	Section 6
2.	Financial evaluation of the Proposed Acquisition	Section 7
3.	Evaluation of the Proposed Placement	Section 8
4.	Salient terms of the SPA	Section 9
5.	Overview and prospects of the Malaysian economy, overview and prospects of the industries QCT operates in, prospects of the Property and prospects of QCT	Section 10
6.	Financial effects of the Proposals, which include, among others, the Proposed Acquisition, Proposed Placement and Proposed Exemption	Section 11
7.	Risk factors	Section 12
8.	Other considerations	Section 13
9.	Implications arising from the voting outcome of the Proposed Exemption	Section 14

6. RATIONALE FOR THE PROPOSED ACQUISITION, PROPOSED PLACEMENT AND PROPOSED EXEMPTION

6.1 Rationale for the Proposed Acquisition

We take cognisance of the rationale and benefits for the Proposed Acquisition as set out in Section 9.1 of the Circular.

6.1.1 The Proposed Acquisition will strengthen QCT's position among the REITs in Malaysia in terms of total asset size

We note that based on the latest audited financial statements of the respective REITs in Malaysia as at 30 January 2015, QCT currently ranks thirteenth in terms of total asset size with an estimated total asset value of RM860 million based on QCT's audited accounts for FYE 31 December 2013. Upon completion of the Proposed Acquisition, QCT's estimated total assets will increase to RM1,616 million (based on the proforma effect under the Maximum Scenario). This would enhance QCT's competitive positioning by elevating its position to eighth among the listed REITs in Malaysia in terms of total asset size. The increased asset size is likely to enable QCT to enjoy greater operating efficiency arising from economies of scale, enhancing QCT's overall capital management flexibility and facilitate any future acquisitions by QCT.

6.1.2 The addition of the Property will add greater geographical and income diversification to QCT's existing portfolio

After the Proposed Acquisition, the addition of the Property would allow QCT to diversify into Kuala Lumpur Sentral, thereby reducing any potential asset concentration risk.

With the Proposed Acquisition, QCT's geographical base will change to as shown in the table below.

Locations	As at FYE 31 December 2013		After Proposed Acquisition	
	NLA sq ft	%	NLA sq ft	%
Cyberjaya	574,720	44.56	574,720	32.55
Kuala Lumpur Sentral	-	-	(1) 475,857	26.95
Kuala Lumpur City Centre	233,021	18.07	233,021	13.20
Mont' Kiara	73,408	5.69	73,408	4.16
Other Klang Valley area	133,582	10.36	133,582	7.56
Penang	275,020	21.32	275,020	15.58
Total	1,289,751	100.00	1,765,608	100.00

Note:-
(1) Excluding licensed area/outdoor/terrace.

As at 30 January 2015, QCT's tenant base is broadly categorised into seven sectors namely, government-linked, retail, banking, automotive, logistics, oil and gas and information technology/electronics. In addition, no single trade sector accounted for more than 29.1% of QCT's property portfolio in terms of NLA. Following the Proposed Acquisition, its tenant mix is expected to be further diversified into nine sectors which will also include the education and mining sectors with no single trade sector contributing more than 24.2% to the enlarged property portfolio of QCT in terms of NLA. The enlarged tenant base as a result of the Proposed Acquisition will diversify QCT's income stream across a wider spread of tenants from various sectors and reduce its reliance on the income contribution from any one or more major trade sectors.

6.1.3 The Property fits well into QCT's clientele's requirements and will enhance QCT's portfolio profile

We note that the Property has the potential to become a prime office asset based on its strategic location. Based on the tenancy schedule of the Property as at 10 February 2015, major office tenants in the Property include Small and Medium Enterprise Corporation Malaysia, SBM Malaysia Sdn Bhd, Suruhanjaya Pengangkutan Awam Darat (SPAD), The ICLIF Leadership and Governance Centre, PEMANDU Corporation and Lynas Malaysia Sdn Bhd. This mix of reputable and established tenants comprising government-linked corporations and multinational corporations will enhance QCT's portfolio profile.

We further note that based on the tenancy schedule of the Property as at 10 February 2015, the Property has an occupancy rate of 100% and the overall occupancy rate of QCT as at 30 January 2015 would improve from 91% to 93% upon completion of the Proposed Acquisition.

6.1.4 Potential acquisition opportunities through the Right of First Refusal to be granted by the shareholders of QCM

We note from Section 9.1 of the Circular, that upon the completion of the Proposed Acquisition, MSP or MRCB will emerge as a strategic investor of QCT. Following the Proposed Shares Disposals and Disposal by CCSB, and to demonstrate their commitment and support towards the growth of QCT, the shareholders of QCM, namely MRCB, QRHSB and GJSB, will enter into an agreement with the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, in relation to the Right of First Refusal.

The Right of First Refusal is expected to provide a pipeline of office properties which QCT may consider to acquire, if these assets fit into its investment objective, to enhance its portfolio profile and presence in the industry.

6.2 Rationale for the Proposed Placement

We take cognisance of the rationale and benefits for the Proposed Placement as set out in Section 9.3 of the Circular in which the Proposed Placement will enable QCT to raise the required funds expeditiously to partially finance the Purchase Consideration for the Proposed Acquisition. Further, the increase in the number of Units in circulation as a result

of the Proposed Placement is expected to improve the trading liquidity of the Units. Please refer to Section 7.2.1 of this IAC for our analysis on the historical trading volume of the Units.

6.3 Rationale for the Proposed Exemption

We have taken cognisance of the rationale for the Proposed Exemption as set out in Section 9.2 of the Circular.

Upon completion of the Proposed Acquisition and Proposed Placement, the collective unitholdings of the PAC Group will increase to 323,395,000 Units representing 49.6% (under the Minimum Scenario) and 47.5% (under the Maximum Scenario) of the total Units. Accordingly, the PAC Group will collectively trigger a mandatory offer obligation under the Code.

As it is not the intention of the PAC Group to undertake a mandatory offer, the PAC Group proposes to seek an exemption from the obligation to extend the said mandatory offer pursuant to Paragraph 16.1 of Practice Note 9 of the Code.

KAF Investments' comments

Premised on the above, we are of the opinion that the rationale for the Proposed Acquisition and Proposed Placement is favourable to the non-interested Unitholders in view of the abovementioned benefits.

We are of the opinion that the rationale for the Proposed Exemption is justifiable as it is not the intention of the PAC Group to undertake a mandatory offer for all the remaining Units not already held by them arising from the completion of the Proposed Acquisition.

The Proposed Acquisition and Proposed Placement are conditional upon the Proposed Exemption. As such, without the Proposed Exemption, the Proposed Acquisition and Proposed Placement will not be implemented.

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7. FINANCIAL EVALUATION OF THE PROPOSED ACQUISITION

As the Proposed Acquisition is conditional upon the approval of the Proposed Exemption, we have evaluated the Purchase Consideration and the Issue Price in arriving at our recommendation. The bases which we have considered for our financial analysis are as set out in the table below.

Items		Sections
Evaluation of the Purchase Consideration		**Section 7.1**
(i)	Investment Method of Valuation	Section 7.1.1
(ii)	Comparison Method of Valuation	Section 7.1.2
(iii)	Overall evaluation of the Purchase Consideration	Section 7.1.3
Evaluation of the Issue Price		**Section 7.2**
(i)	Historical traded prices and trading volume of Units	Section 7.2.1
(ii)	Historical traded P/NAV multiples, PE multiples and historical distribution yields of Units	Section 7.2.2
(iii)	Comparable REITs analysis	Section 7.2.3

7.1 Evaluation of the Purchase Consideration

We note from Section 2.3 of the Circular that the Purchase Consideration was arrived at based on the market value of the Property of RM740,000,000, as appraised by the Valuer. In determining the market value of the Property, we note that the Valuer had adopted the Investment Method of Valuation as the principal valuation methodology as the Investment Method of Valuation is considered to be a fair representation of the market value of the Property in view of the fact that the Property is an income generating property. The market value derived was counter-checked against the Comparison Method of Valuation. In relation to the foregoing, we concur with the Valuer that the Investment Method of Valuation is to be used as the principal valuation methodology owing to the rationale where the fair value of an asset with assumed income and expenditure is more appropriate to be assessed through the capitalisation of its future net property income.

Notwithstanding that both the Investment Method of Valuation and Comparison Method of Valuation employed by the Valuer are reasonable and represent generally used methodologies of valuation for properties, non-interested Unitholders are reminded that such valuations are subject to, amongst others, the prevalent market condition, supply and demand within the industry, general state of the economy and all the assumptions used in

arriving at the market values derived by the Valuer under the Investment Method of Valuation and Comparison Method of Valuation.

As we have relied on the Valuation Report, we confirm that we have:-

(i) assessed the qualification, expertise, experience and credibility of the Valuer;

(ii) understood the Valuer's scope of engagement;

(iii) evaluated the reasonableness of the methodologies and key assumptions adopted by the Valuer; and

(iv) reviewed the reasonableness of the valuation results derived by the Valuer, wherever possible.

7.1.1 Investment Method of Valuation

The Investment Method of Valuation entails determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net property income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

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7.1.1.1 Market value of the office space and retail space of the Property under the Investment Method of Valuation

A summary of the key parameters adopted in the Investment Method of Valuation conducted by the Valuer in assessing the market value of the office space and retail space of the Property is as set out in the table below.

Description	Parameters	Comparables
Term [1]		
Gross rental rate (office space)	RM8.50 - RM9.00 psf	RM9.10 - RM9.14 psf
Gross rental rate (retail space)	[2] RM3.50 - RM7.00 psf	RM9.60 - RM10.80 psf
Monthly outgoings	RM1.70 psf	[3] Not applicable
Capitalisation rate (Term 1) [4]	5.75%	4.65% - 6.02%
Capitalisation rate (Term 2) [4]	[5] 6.25%	4.65% - 6.02%
Capitalisation rate (Term 3) [4]	[6] 6.50%	4.65% - 6.02%
Capitalisation rate (Term 4) [4]	[6] 6.75%	4.65% - 6.02%
Capitalisation rate (Term 5) [4]	[6] 7.00%	4.65% - 6.02%
Reversion [7]		
Gross rental rate (office space)	RM9.00 psf	RM9.10 - RM9.14 psf
Gross rental rate (retail space)	RM10.00 psf	RM9.60 - RM10.80 psf
Monthly outgoings	RM1.80 psf	[3] Not applicable
Capitalisation rate	6.25%	4.65% - 6.02%

Notes:-

(1) "Term" refers to current rates.

(2) The wide gap of the gross rental rate was due to certain tenants are paying a lower base rental rate (from RM3.50 onwards), as they are required to pay additional turnover rental, which is based on certain percentages of the tenants' turnover.

(3) The Valuer had adopted the monthly outgoings forecast provided by MSP in deriving the monthly outgoings for the "Term" and "Reversion". The actual profit and loss of the Property does not reflect its monthly outgoings as the Property is still under defect liability period.

(4) Each "Term" represents a period of three years for a tenancy agreement between the respective tenants and MSP.

(5) An increment of 0.50% was adopted for Term 2 as compared with Term 1 as it is to reflect the capitalisation rate adopted for the "Reversion".

(6) An increment of 0.25% was adopted from Term 3 to Term 5 for each Term for SME Corporation Malaysia to cover the uncertainty of the renewal amount of rental to be agreed for each Term. SME Corporation Malaysia is the only tenant which is under Term 3 to Term 5.

(7) "Reversion" refers to future rates estimated by the Valuer.

In determining the reversionary gross rental rate of the office space and retail space of the Property, we note that the Valuer had considered the concluded and asking rental rates of

selected similar buildings in the nearby localities and analysed the said rental rates based on time factor, location/visibility, building age/condition, design/finishes/specifications/green building features, size (NLA), level, public amenities, Multimedia Super Corridor compliance and other pertinent considerations.

We note that the reversionary gross rental rates adopted by the Valuer for the office space and retail space of RM9.00 psf and RM10.00 psf respectively are lower than those of the office space comparables of RM9.10 psf to RM9.14 psf and within the range of the retail space comparables of RM9.60 psf to RM10.80 psf respectively. The Valuer had adopted the term monthly outgoings of RM1.70 psf after considering the average monthly outgoings for FYE 31 December 2013 and projected average monthly outgoings for FYE 31 December 2014 of RM1.55 psf and RM1.69 psf respectively. An increment of 5% was adopted for reversionary monthly outgoings moving forward in view of the increment of electricity tariff and assessment in Kuala Lumpur in year 2014.

Capitalisation rate, sometimes also known as yield or discount rate (reflecting rate of return of investment), is used to convert the net property income amount of the Property into an indicative capital value of the Property. In the Valuation Report, the Valuer had analysed the past and recent transactions of office buildings as shown in the table below.

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Building	Tower 1, Avenue 3, Horizon Phase 1, Bangsar South	East Wing of The Icon @ Tun Razak	Tower 7, Avenue 3, Horizon Phase 1, Bangsar South	Tower 8, Avenue 5, Horizon Phase 2 Bangsar South
Location	Jalan Kerinchi, Bangsar South	Jalan Tun Razak, Kuala Lumpur	Jalan Kerinchi, Bangsar South	Jalan Kerinchi, Bangsar South
Date	30/12/2013	04/03/2013	08/04/2013	20/04/2012
Consideration	RM72,540,000/-	RM226,000,000/-	RM64,000,000/-	RM93,800,000/-
Estimated car park value	-	RM18,060,000/- (RM60,000/- per bay)	-	-
Consideration exclude car park	RM72,540,000/-	RM207,940,000/-	RM64,000,000/-	RM93,800,000/-
Annual rental Estimated average gross rental	RM5.90 psf (Leaseback rental)	RM5.50 psf	RM5.60 psf (Actual Income)	RM5.25 psf
Estimated outgoings	RM1.10 psf	RM1.40 psf	RM1.10 psf	RM1.20 psf
Voids	5%	5%	5%	5%
Tenure	Leasehold	Freehold	Leasehold	Leasehold
Estimated net yield	4.65%	6.02%	5.43%	4.92%

Note:-

(1) "Date" as appearing in the table above shall mean "Date of the conditional sale and purchase agreement for the respective transaction".

(*Source: Valuation Report*)

The Valuer had observed an estimated net yield ranging from 4.65% to 6.02% subject to location, building specifications, green building features and Multimedia Super Corridor Compliance.

For the purpose of the valuation of the Property, the Valuer had adopted a net yield of 5.75%, 6.25%, 6.50%, 6.75%, and 7.00% for Term 1, Term 2, Term 3, Term 4 and Term 5 respectively and 6.25% for reversion. We note that the term capitalisation rate of 5.75% adopted for Term 1 is within the range of 4.65% to 6.02% observed in recently transacted commercial office buildings, the term capitalisation rate of 6.25%, 6.50%, 6.75% and 7.00% adopted for Term 2, Term 3, Term 4 and Term 5 respectively and the reversionary capitalisation rate of 6.25% adopted are higher than the range of 4.65% to 6.02% observed in recently transacted commercial office buildings. The non-interested Unitholders should note that a comparatively higher net yield or capitalisation rate would indicate a lower valuation or capitalised value for the Property as the net property income is capitalised at a higher rate of return.

7.1.1.2 Market value of the car park of the Property under the Investment Method of Valuation

A summary of the key parameters adopted in the Investment Method of Valuation conducted by the Valuer in assessing the market value of the car park of the Property is as set out in the table below.

Description	**Parameters**
Term [(1)]	
Monthly car park income	RM150,000
Monthly outgoings	-
Capitalisation rate	5.75%
Reversion [(2)]	
Monthly car park income	RM420 for season car park with reserved bay, RM210 for season car park with floating bay and RM4 hourly rate for drive in customers (maximum RM40 per day)
Allocation	15% for season car park with reserved bay, 50% for season car park with floating bay and 35% for drive in customers
Occupancy rate	95% for season car park with reserved bay and floating bay, 80% for drive in customers during weekdays and 40% for drive in customers during weekends
Monthly outgoings	10% of gross monthly rental
Capitalisation rate	6.25%

Notes:-
(1) "Term" refers to current rates.
(2) "Reversion" refers to future rates estimated by the Valuer.

In determining the term monthly car park income and reversionary monthly car park income of the Property, we note that the Valuer had considered the car park operation agreement entered between MSP and the car park operator dated 13 May 2013 and the car parking rates within Kuala Lumpur.

We note that the capitalisation rate adopted by the Valuer in assessing the market value of the car park of the Property is consistent with the capitalisation rate adopted by the Valuer in assessing the market value of the office space and retail space of the Property.

7.1.1.3 Other income - electricity tariff income

We note that the Valuer had also taken into consideration the electricity tariff income in the Investment Method of Valuation as there are photovoltaic solar panels on the Property which are able to generate electricity and MSP is an approved feed-in-tariff holder to sell the electricity generated by the Property to Malakoff Utilities Sdn Bhd, a subsidiary company of Malakoff Corporation Berhad.

We note that the Valuer had capitalised the electricity tariff income as stated in the statement of comprehensive income of the Property for FYE 31 December 2013 at 6.25%, which is consistent with the capitalisation rate for the reversionary monthly rental for office space, retail space and car park income of the Property. As the amount of electricity tariff income to be received in a period is not certain, the Valuer had capitalised the electricity tariff income based on the reversionary rate to reflect the inherent risks of such income. No outgoings had been considered by the Valuer as it has been reflected in the valuation of the office space and retail space of the Property.

7.1.1.4 Market value of the Property derived from the Investment Method of Valuation

The market value of the Property derived from the Investment Method of Valuation can be summarised in the table below.

Items	Workings	Units	Market values
Office space	A	RM	624,682,085
Retail space	B	RM	70,704,025
Car park	C	RM	45,806,503
Other income - electricity tariff income	D	RM	1,035,328
Total	E = A + B + C + D	RM	(1) 740,000,000

Note:-
(1) Rounded down by the Valuer.

7.1.2 Comparison Method of Valuation

In the Valuation Report, the Valuer had adopted the Comparison Method of Valuation to cross-check against the market value of the Property derived under the Investment Method of Valuation. The Comparison Method of Valuation entails comparing the Property with sales of other similar properties in the vicinity which have been transacted in the open market. We however, wish to highlight that any qualitative and quantitative adjustments made to reflect the differences of comparable properties are subjective in nature and would depend on the professional estimate and judgment made by the Valuer.

Under the Comparison Method of Valuation, we note that the Valuer had analysed recent transactions of office buildings within the immediate and surrounding localities of the Property, with adjustments made for differences in location/transportation hub/rental level, green building/quality finishes/low density, size, tenure, Multimedia Super Corridor Company status, condition of the building, title restrictions if any, progress payments, and other relevant characteristics to arrive at the market value.

7.1.2.1 Market value of the office space and retail space of the Property under the Comparison Method of Valuation

An extract on the details of the comparables adopted by the Valuer is analysed in the table below.

Details	The Property	Comparable 1	Comparable 2	Comparable 3
Building name	Platinum Sentral	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 Stesen Sentral 2, Kuala Lumpur	Jalan Kerinchi, Kuala Lumpur	Jalan Kerinchi, Kuala Lumpur	Jalan Kerinchi, Kuala Lumpur
Type	5 blocks of 4 to 7 storey commercial buildings and 2 levels of car park	12-storey office building	11-storey office building	18-storey office building
Tenure	Freehold	Leasehold 99 years expiring on 16 August 2106	Leasehold 99 years expiring on 16 August 2106	Leasehold 99 years expiring on 16 August 2106
NLA (sq ft)	475,857	61,700	67,704	173,250
Date (1)	10/04/2014	30/12/2013	08/04/2013	12/12/2012

Details	The Property	Comparable 1	Comparable 2	Comparable 3
Vendor	MSP	Paramount Properties Sdn Bhd	Bidang Lagenda Sdn Bhd	Nasib Unggul Sdn Bhd and Paramount Properties Sdn Bhd
Purchaser	Trustee (acting solely in the capacity as trustee for and on behalf of QCT)	Marak Moden Sdn Bhd	Nextnation Communication Berhad	First Impact Sdn Bhd
Consideration	RM740,000,000/-	RM72,540,000/-	RM64,000,000/-	RM173,250,000/-
Analysis (RM per square metre)	RM16,739/- (inclusive of car park)	RM12,655/- (exclusive of car park)	RM10,175/- (exclusive of car park)	RM10,764/- (exclusive of car park)
Analysis (RM psf)	RM1,555/- (inclusive of car park)	RM1,176/- (exclusive of car park)	RM945/- (exclusive of car park)	RM1,000/- (exclusive of car park)
Adjustments	Not applicable	Upward • Location • Tenure • Density • Public amenities • Green building	Upward • Time adjustment • Location • Tenure • Density • Public amenities • Green building	Upward • Time adjustment • Location • Tenure • Density • Public amenities • Green building
Adjustments	Not applicable	Downward • NLA	Downward • NLA	Downward • NLA
Adjusted value	Not applicable	RM1,675 psf	RM1,414 psf	RM1,470 psf

Note:-

(1) "Date" as appearing in the table above shall mean "date of the conditional sale and purchase agreement for the respective transaction".

(*Source: Valuation Report, announcement of QCT dated 10 April 2014, announcement of QCT dated 9 September 2014, announcement of UOA Development Bhd dated 7 January 2014, circular to shareholders of Nextnation Communication Berhad dated 24 June 2013 and announcement of UOA Development Bhd dated 12 December 2012*)

We note that the analysed values range from RM1,414 psf to RM1,675 psf and the Valuer had adopted Comparable 3 as the most appropriate comparable based on its size and green building feature.

7.1.2.2 Market value of the car park of the Property under the Comparison Method of Valuation

An extract on the details of the comparables adopted by the Valuer is analysed in the table below.

Details	The Property	Comparable 1	Comparable 2
Building name	Platinum Sentral	MTR2	East Wing of The Icon @ Tun Razak
Location	Jalan Stesen Sentral 2, Kuala Lumpur	Jalan Raja Laut	Jalan Tun Razak
Type	Car park	Car park	Car park
No. of car park	637 bays	440 bays	301 bays
Date (1)	10/04/2014	18/04/2012	24/12/2009
Vendor	MSP	Skyline Atlantic Sdn Bhd	Star Residence Sdn Bhd
Purchaser	Trustee (acting solely in the capacity as trustee for and on behalf of QCT)	Sovereign Place Sdn Bhd	T.S Law Realty Sdn Bhd
Consideration	Not applicable (2)	RM26,400,000/-	RM18,151,000/-
Analysis (RM per bay)	Not applicable	RM60,000/-	RM60,302/-
Adjustments	Not applicable	Upward • Time adjustment • Other adjustment (shortage of car park) Downward • Nil	Upward • Time adjustment • Other adjustment (shortage of car park) Downward • Nil
Adjusted value (RM per bay)	Not applicable	RM66,150/-	RM69,649/-

Notes:-

(1) "Date" as appearing in the table above shall mean "date of the conditional sale and purchase agreement for the respective transaction".

(2) There is no breakdown of the Purchase Consideration which is attributable to the car park of the Property.

(*Source: Valuation Report, circular to shareholders of Tradewinds (M) Berhad dated 13 June 2012 and announcement of Mah Sing Group Berhad dated 24 December 2009*)

We note that the analysed values range from RM66,150 per bay to RM69,649 per bay and the Valuer had adopted Comparable 2 at RM70,000 per bay as the transaction of Comparable 1 may not be completed. In respect of Comparable 1, we note that there was no subsequent announcement on its completion after Tradewinds (M) Berhad's announcement dated 2 July 2012 that it had become unconditional. Therefore, Comparable 1 had not been adopted as the comparable for the valuation of the car park of the Property.

7.1.2.3 Market value of the Property derived from the Comparison Method of Valuation

The market value of the Property derived from the Comparison Method of Valuation can be summarised in the table below.

Items	Workings	Units	Market values
Office space	A	RM	699,509,790
Car park	B	RM	44,590,000
Total	C = A + B	RM	(1) 744,000,000

Note:-
(1) Rounded down by the Valuer.

7.1.3 Overall evaluation of the Purchase Consideration

Based on the abovementioned valuation methods as discussed in Sections 7.1.1 and 7.1.2 of this IAC, the market values of the Property derived under the Investment Method of Valuation and the Comparison Method of Valuation can be summarised in the table below.

No.	Item	RM'000
1.	Market value derived under the Investment Method of Valuation	740,000
2.	Market value derived under the Comparison Method of Valuation	744,000

We note that the Valuer had adopted the Investment Method of Valuation in arriving at the market value of RM740,000,000 for the Property in view of the fact that the Property is an income generating property. The market value derived under the Comparison Method of Valuation of RM744,000,000 was used to cross-check the market value derived under the Investment Method of Valuation. The market values derived from the two methods are close to each other and this implies a low possibility of erroneous valuation of the Property.

KAF Investment's comments

Based on our above analysis, we are of the view that the Purchase Consideration of RM740,000,000 is justifiable. The summary on the basis of our views is as follows:-

(i) Under the Investment Method of Valuation, the reversionary gross rental rates used for the valuation are below or within the range of comparables' gross rental rates;

(ii) Under the Investment Method of Valuation, the term capitalisation rate of 5.75% adopted is within the range of 4.65% to 6.02% observed in recently transacted commercial office building and the reversionary capitalisation rate of 6.25% adopted is higher than the range of 4.65% to 6.02% observed in recently transacted commercial office building. The upward adjustment of 50 basis points on the reversionary capitalisation rate is due to the risk factor on the uncertainty of tenancy in the reversionary period. A comparatively higher net yield or capitalisation rate indicate a lower valuation or capitalised value for the Property as the net property income is capitalised at a higher rate of return;

(iii) The Comparison Method of Valuation yields a market value that is close to the market value derived under the Investment Method of Valuation and the deviation is acceptable;

(iv) The Purchase Consideration was arrived at based on the market value of the Property of RM740,000,000 based on the Investment Method of Valuation as appraised by the Valuer; and

(v) The valuation of the Property was undertaken in accordance with the Asset Valuation Guidelines issued by the SC and the Valuation Standards by the Board of Valuers, Appraisers and Estate Agents Malaysia.

7.2 Evaluation of the Issue Price

We note from Section 2 of the Circular that the Purchase Consideration shall be partially satisfied by the issuance of 206,250,000 Consideration Units at the Issue Price.

Our evaluation of the Issue Price is as set out in the ensuing sections. The non-interested Unitholders should note that the evaluation of the Issue Price against the historical traded prices and trading volume of Units as set out in Section 7.2.1 of this IAC and the evaluation of the implied multiples and implied distribution yield of Issue Price against the historical traded multiples of Units in terms of P/NAV multiple and PE multiple and historical distribution yields of Units as set out in Section 7.2.2 of this IAC are our primary evaluation criteria of the Issue Price. The evaluation of the Issue Price against the Comparable REITs as set out in Section 7.2.3 of this IAC is our secondary evaluation criteria of the Issue Price, as there are no REITs listed on Bursa Securities that are exactly similar or directly comparable to QCT in terms of, amongst others, profit and cost margins, composition of business, scale of operations, track record, unitholders' profile, marketability and liquidity of units, future prospects and expansion plans, future capital requirements and market capitalisation.

7.2.1 Historical traded prices and trading volume of Units

A comparison of the Issue Price against the historical closing market prices and the respective VWAMPs of the Units are as set out in the table below.

	Market price or VWAMP	Issue Price	Premium of the Issue Price over market price or VWAMP	
	RM	RM	RM	%
Up to the Last Trading Date:-				
Closing market price on the Last Trading Date	1.1000	1.2800	0.1800	16.36
Five-day VWAMP up to and including the Last Trading Date	1.1038	1.2800	0.1762	15.96
One-month VWAMP up to and including the Last Trading Date	1.0926	1.2800	0.1874	17.15
Three-month VWAMP up to and including the Last Trading Date	1.0783	1.2800	0.2017	18.71
Six-month VWAMP up to and including the Last Trading Date	1.0944	1.2800	0.1856	16.96
One-year VWAMP up to and including the Last Trading Date	1.1411	1.2800	0.1389	12.17
Up to the LPD:-				
Closing market price on the LPD	1.2600	1.2800	0.0200	1.59
Five-day VWAMP up to and including the LPD	1.2342	1.2800	0.0458	3.71

(Source: Bloomberg)

The Issue Price represents a premium of 16.36% over the closing market price of the Units on the Last Trading Date and a premium ranging from RM0.1389 (12.17%) to RM0.2017 (18.71%) over the five-day, one-month, three-month, six-month and one-year VWAMPs of Units up to and including the Last Trading Date. The Issue Price also represents a premium of RM0.0200 (1.59%) over the closing market price of the Units on LPD of RM1.2600 and a premium of RM0.0458 or (3.71%) over the five-day VWAMP of the Units up to and including the LPD of RM1.2342.

In our evaluation, we have also taken into consideration the monthly highest and lowest traded market prices and the trading volume of Units for the past twelve months up to and including the month of March 2014, being the last full month prior to the Last Trading Date, as shown in the table below.

	High RM	Low RM	Monthly volume traded Units	[1] Percentage of volume traded over free float %
2013				
April	1.16	1.13	7,960,000	5.10
May	1.25	1.13	9,035,100	5.79
June	1.25	1.20	3,313,900	2.12
July	1.24	1.20	6,318,900	4.05
August	1.23	1.14	5,750,800	3.69
September	1.18	1.16	2,559,700	1.64
October	1.19	1.16	1,192,600	0.76
November	1.18	1.16	2,963,900	1.90
December	1.20	1.17	1,362,400	0.87
2014				
January	1.20	1.15	3,983,500	2.55
February	1.21	1.00	17,968,300	11.51
March	1.12	1.00	6,907,000	4.43
High	1.25	1.20	17,968,300	11.51
Low	1.12	1.00	1,192,600	0.76
Average	1.20	1.13	5,776,342	3.70

Note:-

(1) The free float of QCT in the said months is 156.05 million Units, excluding the unitholdings of substantial Unitholders of 234.08 million Units.

(Source: Bloomberg)

Based on the table above, the Issue Price is above the range of the highest and lowest traded market prices of Units for the past twelve months prior to the Last Trading Date.

For the past twelve months up to and including the month of March 2014, the highest and lowest traded market prices of QCT were RM1.25 and RM1.00 which were recorded on 30 May 2013, 3 June 2013 and 5 June 2013 (highest), and 28 February 2014 and 3 March 2014 (lowest) respectively. The Issue Price represents a premium of 2.40% and a premium

of 28.00% over the highest and lowest traded market prices of QCT from the month of April 2014 to the month of January 2015 respectively.

We note that the average monthly trading volume had been fluctuating for the past twelve months up to and including the month of March 2014, being the last full month prior to the Last Trading Date, with an average monthly trading volume of 5,776,342 Units, constituting 3.70% of the free float of Units. For the period under review, the highest monthly traded volume was 17,968,300 in the month of February 2014, representing approximately 11.51% of the free float of Units, while the lowest monthly traded volume was 1,192,600 in the month of October 2013, representing approximately 0.76% of the free float of Units.

We have also taken into consideration the monthly highest and lowest traded market prices and the trading volume of Units for the past twelve months up to and including the month of January 2015, being the last full month prior to the LPD, as shown in the table below.

	High	**Low**	**Monthly volume traded**	**(1) Percentage of volume traded over free float**
	RM	**RM**	**Units**	**%**
2014				
February	1.21	1.00	17,968,300	11.51
March	1.12	1.00	6,907,000	4.43
April	1.15	1.09	3,896,800	2.50
May	1.15	1.13	12,611,600	8.08
June	1.18	1.13	6,971,700	4.47
July	1.21	1.16	3,163,600	2.03
August	1.20	1.14	3,895,000	2.50
September	1.18	1.16	2,172,200	1.39
October	1.19	1.14	3,375,800	2.16
November	1.19	1.16	1,651,100	1.06
December	1.20	1.08	4,137,800	2.65
2015				
January	1.33	1.17	16,534,900	10.60
High	1.33	1.17	17,968,300	11.51
Low	1.12	1.00	1,651,100	1.06
Average	1.19	1.11	6,940,483	4.45

Note:-
(1) The free float of QCT in the said months is 156.05 million Units, excluding the unitholdings of substantial Unitholders of 234.08 million Units.

(Source: Bloomberg)

Based on the table above, the Issue Price is within the range of the highest and lowest traded market prices of Units for the past twelve months up to and including the month of January 2015.

For the past twelve months up to and including the month of January 2015, the highest and lowest traded market prices of QCT were RM1.33 and RM1.00 which were recorded on 23 January 2015 (highest), and 28 February 2014 and 3 March 2014 (lowest) respectively. The Issue Price represents a discount of 3.76% and a premium of 28.00% over the highest and lowest traded market prices of QCT for the past twelve months up to and including the month of January 2015 respectively.

We note that the average monthly trading volume had been fluctuating for the past twelve months up to and including the month of January 2015, with an average monthly trading volume of 6,940,483 Units, constituting 4.45% of the free float of Units. For the period under review, the highest monthly traded volume was 17,986,300 in the month of February 2014, representing approximately 11.51% of the free float of Units, while the lowest monthly traded volume was 1,651,100 in the month of November 2014, representing approximately 1.06% of the free float of Units.

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The historical market prices of Units for the past twelve months up to and including the Last Trading Date are as shown in the chart below.

Notes:-

(1) On 9 May 2013, the Manager released QCT's quarterly report on consolidated results for the FPE 31 March 2013.

(2) On 1 August 2013, the Manager released QCT's quarterly report on consolidated results for the FPE 30 June 2013.

(3) On 7 November 2013, the Manager released QCT's quarterly report on consolidated results for the FPE 30 September 2013.

(4) On 28 January 2014, the Manager released QCT's quarterly report on consolidated results for the FYE 31 December 2013.

(5) On 29 January 2014, HLIB announced, on behalf of the Board, that the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, entered into the HOA with MSP on even date for the Proposed Acquisition.

(Source:Bloomberg)

We note that in the month of February 2014, there was a significant increase in trading volume of the Units while there was a significant decrease in the price of the Units. We note that QCT had, on 28 January 2014, announced its latest quarterly results for the FYE 31 December 2013. We also note that HLIB had, on 29 January 2014, announced on behalf of the Board, that the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, had entered into the HOA with MSP on even date for the Proposed Acquisition.

We further note that in the month of May 2014, there was a significant increase in trading volume of the Units. We note that QCT had held its second Annual General Meeting on 30 April 2014. We also note that QCT had announced its latest quarterly results for the FPE 31 March 2014 on the same day.

Save for the announcements as mentioned above, we are not aware of any news or announcements by QCT which could account for the above said movement in the price and trading volume of the Units.

Based on the chart above, we note that for the past twelve months up to and including the Last Trading Date, the Units had been consistently trading below the Issue Price.

Premised on the above, we are of the view that the Issue Price is favourable to QCT and the non-interested Unitholders as it is issued at a premium over the prevailing market price at the material time of the signing of the SPA.

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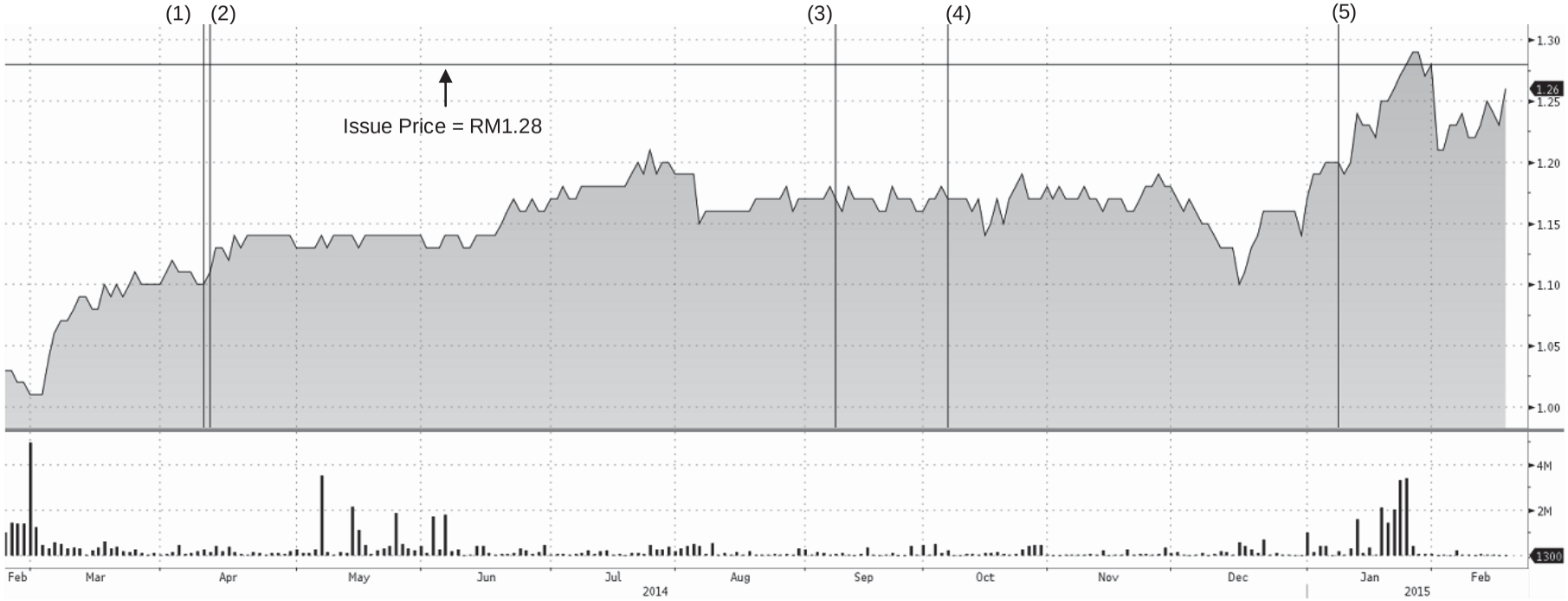
We have also considered the price movement of the Units for the past twelve months up to and including the LPD. The historical market prices of Units for the past twelve months up to and including the LPD are as shown in the chart below.



Notes:-

(1) Last Trading Date.

(2) On 10 April 2014, HLIB announced, on behalf of the Board, that the Trustee, acting solely in the capacity as Trustee for and on behalf of QCT, had on even date entered into the SPA with MSP for the Proposed Acquisition for a purchase consideration of RM750,000,000 which shall be satisfied via cash payment

of RM486,000,000 and the issuance of 206,250,000 Consideration Units at Issue Price.

(3) *On 9 September 2014, HLIB announced, on behalf of the Board, that QCM had been notified by the Valuer that it had revised the market value of the Property from RM750,000,000 to RM740,000,000 pursuant to comments by the SC.*

(4) *On 8 October 2014, HLIB announced, on behalf of the Board, that the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, and MSP had, via a supplemental letter dated 8 October 2014, mutually agreed to extend the Conditional by a period of three months, thereby amending the last day of the Conditional Period from 9 October 2014 to 9 January 2015, to fulfil all the conditions precedent in the SPA.*

(5) *On 8 January 2015, HLIB announced, on behalf of the Board, that the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, and MSP had, via a second supplemental letter dated 8 January 2015, mutually agreed to further extend the Conditional Period by a period of three months, thereby amending the last day of the Extended Conditional Period from 9 January 2015 to 9 April 2015, to enable the parties to fulfil all the conditions precedent in the SPA.*

(Source:Bloomberg)

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We note that in the month of January 2015, there was a significant increase in trading volume of the Units accompanied by a significant increase in the price of the Units. We note that HLIB had, on 8 January 2015, that the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, and MSP had, via a second supplemental letter dated 8 January 2015, mutually agreed to further extend the Conditional Period by a period of three months, thereby amending the last day of the Extended Conditional Period from 9 January 2015 to 9 April 2015, to enable the parties to fulfil all the conditions precedent in the SPA. We further note that QCT had, on 19 January 2015, announced its latest quarterly results for the FYE 31 December 2014.

Save for the announcements as mentioned above, we are not aware of any news or announcements by QCT which could account for the above said movement in the price and trading volume of the Units.

Based on the chart above, we note that for the past twelve months up to and including the LPD, the Units had been trading below the Issue Price for most of the period.

Premised on the above, we are of the view that the Issue Price is favourable to QCT and the non-interested Unitholders as it is within the range of the highest and lowest closing market prices of Units for the past twelve months up to and including the LPD and the Issue Price is at a premium over the market prices of the Units for most of the said period.

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7.2.2 Historical traded P/NAV multiples, PE multiples and historical distribution yields of Units

We have evaluated the Issue Price by taking into consideration the historical traded multiples of Units in terms of P/NAV multiple and PE multiple and historical distribution yields of Units for the past twelve months up to and including the Last Trading Date and for the past twelve months up to and including the LPD. However, we have not evaluated the Issue Price based on P/FFO multiple due to the non-availability of the data in relation to QCT's historical P/FFO multiples in Bloomberg.

(i) P/NAV multiple

P/NAV multiple is a valuation methodology which compares a REIT's unit price against its NAV per unit.

The implied P/NAV multiple of the Issue Price based on the audited financial statements of QCT for the FYE 31 December 2013 and audited financial statements of QCT for the FYE 31 December 2014 are as set out in the table below.

	NAV per Unit (after income distribution) RM	**Implied P/NAV multiple times**
Based on the audited NAV after income distribution of QCT for the FYE 31 December 2013	(1) 1.32	(3) 0.97
Based on the audited NAV after income distribution of QCT for the FYE 31 December 2014	(2) 1.34	(3) 0.95

Notes:-
(1) Computed based on 390,131,000 Units in issue as at 31 December 2013.
(2) Computed based on 390,131,000 Units in issue as at 31 December 2014.
(3) Computed based on the Issue Price.

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The highest, lowest and average P/NAV multiples of Units for the past twelve months up to and including the Last Trading Date are as shown in the table below.

For the past twelve months up to and including the Last Trading Date	P/NAV multiple time
Highest P/NAV multiple of Units	0.94
Lowest P/NAV multiple of Units	0.74
Average P/NAV multiple of Units	0.87

Note:-

(1) The highest, lowest and average P/NAV multiples of Units for the past twelve months up to and including the Last Trading Date have been calculated by dividing the closing Unit price with the latest quarterly NAV per Unit prior to the Last Trading Date as obtained from Bloomberg.

The highest, lowest and average historical traded P/NAV multiples of Units for the past twelve months up to and including the LPD are as shown in the table below.

For the past twelve months up to and including the LPD	P/NAV multiple time
Highest P/NAV multiple of Units	0.93
Lowest P/NAV multiple of Units	0.74
Average P/NAV multiple of Units	0.85

Note:-

(1) The historical traded highest, lowest and average P/NAV multiples of Units for the past twelve months up to and including the LPD have been calculated by dividing the closing Unit price with the latest quarterly NAV per Unit prior to the LPD as obtained from Bloomberg.

Based on the above, both the implied P/NAV multiples of Issue Price based on the audited financial statements of QCT for the FYE 31 December 2013 of 0.97 time and the implied P/NAV multiple of Issue Price based on the audited financial statements of QCT for the FYE 31 December 2014 of 0.95 time are above the range of historical traded P/NAV multiples of Units for the past twelve months up to and including the Last Trading Date and for the past twelve months up to and including the LPD.

From the perspective of historical traded P/NAV multiples of Units, the Issue Price is high and this is favourable to the non-interested Unitholders as lesser number of new Units would be issued, consequently reducing the dilution of non-interested Unitholders' interest in QCT.

(ii) PE multiple

PE multiple is a valuation methodology which compares a REIT's unit price against its realised earnings per unit. PE multiple is sometimes referred to as "price multiples" or "earnings capitalisation" because it represents how much an informed buyer is willing to pay for every RM of a REIT's realised earnings.

The implied PE multiple of the Issue Price based on the audited financial statements of QCT for the FYE 31 December 2013 and audited financial statements of QCT for the FYE 31 December 2014 are as set out in the table below.

	Realised earnings per Unit **sen**	**Implied PE multiple** **times**
Based on the realised net income of QCT for the FYE 31 December 2013	(1) 8.85	(3) 14.46
Based on the realised net income of QCT for the FYE 31 December 2014	(2) 8.76	(3) 14.61

Notes:-
(1) Computed based on 390,131,000 Units in issue as at 31 December 2013.
(2) Computed based on 390,131,000 Units in issue as at 31 December 2014.
(3) Computed based on the Issue Price.

The highest, lowest and average PE multiples of Units for the past twelve months up to and including the Last Trading Date are as shown in the table below.

For the past twelve months up to and including the Last Trading Date	**PE multiples** **times**
Highest PE multiple of Units	12.77
Lowest PE multiple of Units	10.74
Average PE multiple of Units	11.74

Note:-
(1) The highest, lowest and average PE multiples of Units for the past twelve months up to and including the Last Trading Date have been calculated by dividing the closing Unit price with earnings per Unit of the latest four quarters prior to the Last Trading Date as obtained from Bloomberg.

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The highest, lowest and average historical traded PE multiples of Units for the past twelve months up to and including the LPD are as shown in the table below.

For the past twelve months up to and including the LPD	**PE multiples times**
Highest PE multiple of Units	12.98
Lowest PE multiple of Units	10.74
Average PE multiple of Units	12.21

Note:-

(1) The highest, lowest and average PE multiples of Units for the past twelve months up to and including the LPD have been calculated by dividing the closing Unit price with earnings per Unit of the latest four quarters prior to the LPD as obtained from Bloomberg.

Based on the above, both the implied PE multiples of Issue Price based on the audited financial statements of QCT for the FYE 31 December 2013 of 14.46 times and the implied PE multiple of Issue Price based on the audited financial statements of QCT for the FYE 31 December 2014 of 14.61 times are above the range of historical traded PE multiples of Units for the past twelve months up to and including the Last Trading Date and for the past twelve months up to and including the LPD.

From the perspective of historical traded PE multiples of Units, the Issue Price is high and this is favourable to the non-interested Unitholders as lesser number of new Units would be issued, consequently reducing the dilution of non-interested Unitholders' interest in QCT.

(iii) Distribution yields

The implied distribution yield of the Issue Price based on the audited financial statements of QCT for the FYE 31 December 2013 and audited financial statements of QCT for the FYE 31 December 2014 are as set out in the table below.

	DPU sen	**Implied distribution yield %**
Based on the DPU of QCT for the FYE 31 December 2013	(1) 8.38	(3) 6.55
Based on the DPU of QCT for the FYE 31 December 2014	(2) 8.38	(3) 6.55

Notes:-

(1) Computed based on 390,131,000 Units in issue as at 31 December 2013.
(2) Computed based on 390,131,000 Units in issue as at 31 December 2014.
(3) Computed based on the Issue Price.

The highest, lowest and average distribution yields of Units for the past twelve months up to and including the Last Trading Date are as shown in the table below.

For the past twelve months up to and including the Last Trading Date	**Distribution yield %**
Highest distribution yield of Units	8.30
Lowest distribution yield of Units	6.70
Average distribution yield of Units	7.16

Note:-

(1) The highest, lowest and average distribution yields of Units for the past twelve months up to and including the Last Trading Date have been calculated by dividing the DPU of the latest four quarters prior to the Last Trading Date with the closing Unit price as obtained from Bloomberg.

The highest, lowest and average distribution yields of Units for the past twelve months up to and including the LPD are as shown in the table below.

For the past twelve months up to and including the LPD	**Distribution yield %**
Highest distribution yield of Units	8.30
Lowest distribution yield of Units	6.50
Average distribution yield of Units	7.25

Note:-

(1) The highest, lowest and average distribution yields of Units for the past twelve months up to and including the LPD have been calculated by dividing the DPU of the latest four quarters prior to the LPD with the closing Unit price as obtained from Bloomberg.

Based on the above, both the implied distribution yields of Issue Price based on the audited financial statements of QCT for the FYE 31 December 2013 and audited financial statements of QCT for the FYE 31 December 2014 of 6.55% is below the range of historical distribution yields of Units for the past twelve months up to and including the Last Trading Date and is within the range and below the simple average historical distribution yield of Units for the past twelve months up to and including the LPD.

From the perspective of historical distribution yields of Units, the Issue Price is high and this is favourable to the non-interested Unitholders as lesser number of new Units would be issued, consequently reducing the dilution of non-interested Unitholders' interest in QCT.

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7.2.3 Comparable REITs analysis

For the purpose of evaluating the Issue Price, we have also reviewed the implied P/NAV, PE and implied distribution yield of the Issue Price as compared against the selected comparable REITs which are listed on Bursa Securities. If the implied multiple of the Issue Price is higher than the multiples of the Comparable REITs or if the implied distribution yield of the Issue Price is lower than the distribution yields of the Comparable REITs, it indicates that the impact of dilution to the non-interested Unitholders' interest in QCT will be lesser.

We wish to highlight that there are no REITs listed on Bursa Securities that are exactly similar or directly comparable to QCT in terms of, amongst others, profit and cost margins, composition of business, scale of operations, track record, unitholders' profile, marketability and liquidity of units, future prospects and expansion plans, future capital requirements and market capitalisation.

For the FYE 31 December 2013, QCT generated substantially all of its revenue from the rental of office spaces (67.93% of the total NLA), retail spaces (27.02% of the total NLA) and industrial spaces (5.05% of the total NLA). *(Source: Annual Report of QCT for FYE 31 December 2013)* Therefore for comparison purposes, we have selected listed REITs in Bursa Securities which are mainly involved in the rental of office and retail spaces.

Our selection criteria for the Comparable REITs are as follows:-

(i) More than 80% of the NLA of the properties held by the REIT are in the office sector and/or retail sector;

(ii) The REIT has a market capitalisation of RM300 million and above; and

(iii) The REIT has a total audited asset value of RM500 million and above.

Nonetheless, you are advised that Comparable REITs tabulated herein is by no means exhaustive and have been selected for comparison purposes only to give an indication of market expectations with regards to the valuation of REITs.

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Comparable REITs	Exchange	FYE	Principal activities	Market capitalisation as at Last Trading Date RM'million	NAV as at respective FYE RM'000	(1) Proportion of office space over total NLA	(1) Proportion of retail spaces over total NLA
AmFirst REIT	Bursa Securities	31 March 2014	To own and invest in a portfolio of commercial properties in major growth areas of Malaysia, primarily in the Klang Valley	676.11	824,467	67.24%	22.16%
UOA REIT	Bursa Securities	31 December 2013	To invest in diversified portfolio of real estate and real estate-related assets used, or predominantly used, for commercial purposes, whether directly or indirectly through the ownership of single-purpose companies who wholly own real estate with the objective of achieving a stable return from rental income and long term capital growth	596.25	632,960	96.67%	(2) 3.33%
Tower REIT	Bursa Securities	31 December 2013	To own and invest primarily in prime commercial properties in Malaysia's major growth areas	398.31	497,691	100.00%	-

Comparable REITs	Exchange	FYE	Principal activities	Market capitalisation as at Last Trading Date RM'million	NAV as at respective FYE RM'000	(1) Proportion of office space over total NLA	(1) Proportion of retail spaces over total NLA
QCT	Bursa Securities	31 December 2013	To acquire and invest in commercial properties primarily in Malaysia, with a view to provide Unitholders with long term and sustainable distribution of income and potential capital growth.	429.11	533.46	67.93%	27.02%

Notes:-

(1) Based on the audited financial statements of respective Comparable REITs for their respective FYE.

(2) Out of the eighteen levels of Parcel B, Menara UOA Bangsar, there are three levels of retail podium in Parcel B, Menara UOA Bangsar. The percentage was computed based on the estimated NLA of the three levels of retail podium in Parcel B, Menara UOA Bangsar over the total NLA of UOA REIT.

(Source: Bloomberg and the Annual Reports of Comparable REITs for their respective FYE)

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For comparisons purposes, we have reviewed the net asset-based valuation metric, namely P/NAV multiple and the earnings-based valuation metric, namely PE multiple, P/FFO multiple and distribution yield of QCT and the Comparable REITs based on their respective FYE which are as set out in the table below. We have not reviewed the price-to-AFFO multiple due to lack of available data to allow us to perform the necessary adjustments to obtain the AFFO.

Comparable REITs	FYE	Status of audit	(1) (2) Adjusted P/NAV multiples times	(1) (2) Adjusted PE multiples times	(2) (3) P/FFO multiples times	(2) Implied distribution yields
AmFirst REIT	31 March 2014	Audited	0.83	13.38	10.72	7.46%
UOA REIT	31 December 2013	Audited	0.94	13.42	12.87	7.57%
Tower REIT	31 December 2013	Audited	0.78	12.69	12.19	7.54%
Highest			0.94	13.42	12.87	7.57%
Lowest			0.78	12.69	10.72	7.46%
Average			0.85	13.16	11.93	7.52%
QCT	31 December 2013	Audited	0.97	14.66	13.62	6.55%

Notes:-

(1) The income net of tax and NAV have been normalised after taking into account the reversal of one-off incomes/expenses such as net fair value gain on investment properties, valuation fees, net changes on financial liabilities measured at amortised cost and changes in fair value of derivatives.

(2) Based on the Issue Price and the closing market price of Comparable REITs as of the Last Trading Date and the audited financial statements of QCT and the Comparable REITs for their respective FYE.

(3) P/FFO multiple is a valuation methodology which compares a REIT's unit price against its FFO. FFO is derived after taking into account the reversal of depreciation, amortisation, deferred tax expenses and gain/loss on disposal of property, whichever applicable, from the income net of tax of QCT and the Comparable REITs.

(Source: Bloomberg, Annual Report of QCT for the FYE 31 December 2013 and Annual Reports of the Comparable REITs for their respective FYE)

Based on the above analysis, the Issue Price represents:-

(i) an implied adjusted P/NAV multiple of 0.97 time based on the audited financial statements of QCT for FYE 31 December 2013, which is above the range of adjusted P/NAV multiples of the Comparable REITs;

(ii) an implied adjusted PE multiple of 14.66 times based on the audited financial statements of QCT for FYE 31 December 2013, which is above the range of adjusted PE multiples of the Comparable REITs;

(iii) an implied P/FFO multiple of 13.62 times based on the audited financial statements of QCT for FYE 31 December 2013, which is above the range of P/FFO multiples of the Comparable REITs; and

(iv) an implied distribution yield of 6.55% based on the audited financial statements of QCT for FYE 31 December 2013, which is below the range of distribution yields of the Comparable REITs.

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We have also reviewed the above said valuation metrics based on the latest available financial statements of QCT and Comparable REITs which contains a full financial year of results which are as set out in the table below.

Comparable REITs	FYE	Status of audit	(1) (2) Adjusted P/NAV multiples times	(1) (2) Adjusted PE multiples times	(2) (3) P/FFO multiples times	(2) Implied distribution yields
AmFirst REIT	31 March 2014	Audited	0.81	13.04	10.45	7.66%
UOA REIT	31 December 2014	Unaudited	1.04	13.42	13.01	7.05%
Tower REIT	31 December 2014	Unaudited	0.69	16.42	7.19	5.62%
Highest			1.04	16.42	13.01	7.66%
Lowest			0.69	13.04	7.19	5.62%
Average			0.85	14.30	10.22	6.78%
QCT	31 December 2014	Audited	0.93	14.62	12.39	6.55%

Notes:-

(1) The income net of tax and NAV have been normalised after taking into account the reversal of one-off incomes/expenses such as net fair value gain on investment properties, valuation fees, net changes on financial liabilities measured at amortised cost and changes in fair value of derivatives.

(2) Based on the Issue Price and the closing market price of Comparable REITs as of the LPD and the latest available financial statements of QCT and the Comparable REITs for their respective FYE.

(3) P/FFO multiple is a valuation methodology which compares a REIT's unit price against its FFO. FFO is derived after taking into account the reversal of depreciation, amortisation, deferred tax expenses and gain/loss on disposal of property, whichever applicable, from the income net of tax of QCT and the Comparable REITs.

(Source: Bloomberg, Annual Report of QCT for the FYE 31 December 2014 and latest available financial statements of the Comparable REITs for their respective FYE)

Based on the above analysis, the Issue Price represents:-

(i) an implied adjusted P/NAV multiple of 0.93 time based on the audited financial statements of QCT for FYE 31 December 2014, which is within the range and above the simple average adjusted P/NAV multiple of the Comparable REITs;

(ii) an implied adjusted PE multiple of 14.62 times based on the audited financial statements of QCT for FYE 31 December 2014, which is within the range and above the simple average adjusted PE multiple of the Comparable REITs;

(iii) an implied P/FFO multiple of 12.39 times based on the audited financial statements of QCT for FYE 31 December 2014, which is within the range and above the simple average P/FFO multiple of the Comparable REITs; and

(iv) an implied distribution yield of 6.55% based on the audited financial statements of QCT for FYE 31 December 2014, which is within the range and below the simple average distribution yields of the Comparable REITs.

KAF Investment's comments

Premised on our foregoing evaluation, we are of the view that the Issue Price is favourable to QCT and the non-interested Unitholders premised on the following:-

(i) the Consideration Units are issued at a premium as compared against the closing market price of Units on the Last Trading Date, the five-day, one-month, three-month, six-month and one-year VWAMPs of Units up to and including the Last Trading Date, the closing market price of Units on the LPD and five-day VWAMP of Units up to and including the LPD;

(ii) Based on the audited financial statements of QCT for the FYE 31 December 2013 and audited financial statements of QCT for the FYE 31 December 2014:-

(a) the implied P/NAV multiples and PE multiples of the Issue Price are above the range of the historical traded P/NAV multiples and PE multiples of QCT for the past twelve months up to and including the Last Trading Date and for the past twelve months up to and including the LPD respectively; and

(b) the implied distribution yield of the Issue Price is below the range of historical distribution yields of Units for the past twelve months up to and including the Last Trading Date and is within the range and below the simple average historical distribution yield of Units for the past twelve months up to and including the LPD;

(iii) Based on the audited financial statements of QCT for FYE 31 December 2013:-

(a) the implied adjusted P/NAV multiple, implied adjusted PE multiple and implied P/FFO multiple of the Issue Price are above the range of adjusted P/NAV multiples, the range of adjusted P/E multiples and the range of P/FFO multiples of the Comparable REITs respectively; and

(b) the implied distribution yield of the Issue Price is below the range of the distribution yields of the Comparable REITs;

(iv) Based on the audited financial statements of QCT for FYE 31 December 2014:-

(a) the implied adjusted P/NAV multiple, PE multiple and P/FFO multiple of the Issue Price is within the range and above the simple average adjusted P/NAV multiple, PE multiple and P/FFO multiple of the Comparable REITs respectively; and

(b) the implied distribution yield of the Issue Price is within the range and below the simple average distribution yield of the Comparable REITs.

Premised on the above, the Issue Price is beneficial to the non-interested Unitholders as lesser number of new Units would be issued to partially satisfy the Purchase Consideration and consequently reduce the dilution of the non-interested Unitholders' interest in QCT.

8. EVALUATION OF THE PROPOSED PLACEMENT

We note from Section 4 of the Circular that the Proposed Placement shall involve an issue of 55,000,000 Placement Units and up to 85,000,000 Placement Units, representing approximately of 14.1% and up to 21.8% of the total number of 390,131,000 Units in issue as at the LPD. For illustrative purposes, the Placement Units are assumed to be issued at the Illustrative Issue Price as stated in Section 13.4 of the Circular. However, the actual issue price of 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 five-day VWAMP of the Units immediately prior to the price-fixing date.

Bookbuilding is a mechanism where, during the period for which the book for the offer is open, the bids are collected from investors at various prices. The issue price will be determined after the bid closure based on the demand generated in the process. We believe that such mechanism is a market norm for determining pricing for issues of equity and will support efficient price discovery for the Placement Units.

As the Illustrative Issue Price is assumed for the purposes of the Circular and the actual issue price for the Placement Units shall be determined by way of bookbuilding, the final issue price cannot be determined now and there is no assurance whether it will be fixed at a discount or premium to the market value and/or NAV per Unit.

Upon completion of the Proposed Shares Disposals, Disposal by CCSB, Proposed Acquisition and Proposed Placement, the collective unitholdings of the PAC Group will increase to 323,290,000 Units representing 47.5% (under the Maximum Scenario) and 49.6% (under the Minimum Scenario) of the total Units. For the purpose of the Proposed Exemption, the Manager has confirmed that no Placement Units will be placed to the PAC Group. Hence, we are of the view that the Proposed Placement is favourable to the non-interested Unitholders.

9. SALIENT TERMS OF THE SPA

Our comments on the salient terms of the SPA as stated in Section 2.2 of the Circular are as set out in the table below.

No.	Salient terms of the SPA	Our comments
1.	Sale and purchase Please refer to Section 2.2 (i) of the Circular.	These are common and reasonable terms for property transactions.
2.	Purchase consideration The purchase consideration shall be satisfied by the Trustee, solely in its capacity as Trustee for and on behalf of QCT, as follows:- (i) RM476,000,000 in cash, of which:- (a) an amount equivalent to the Redemption Sum shall be paid to the facility agent of the Notes; and (b) the balance shall be paid to MSP ("Balance Purchase Price (Cash Portion)"). on the Completion Date or the Extended Completion as the case may be; and (ii) 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 seven business days' prior notice in writing of such nomination.	We note that the cash consideration of RM476,000,000 will be payable to MSP/Danajamin Nasional Berhad on the Completion Date or the Extended Completion Date, as the case may be. We note that the Redemption Sum is to fully settle and discharge the relevant outstanding indebtedness and to obtain a full discharge of the existing charge with Danajamin Nasional Berhad. The balance of the Purchase Consideration of RM264,000,000 will be satisfied through the issuance of 206,250,000 Consideration Units at the Issue Price. Part settlement of the Purchase Consideration via issuance of new Units will enable QCT to enhance its asset base without constraining its cash coffers and/or increasing its gearing ratio as opposed to being fully settled in cash or via bank borrowings. Further, upon completion of the Proposed Acquisition, MSP will be a Unitholder which reflects the commitment of MSP to QCT. The Issue Price is favourable to QCT and the non-interested Unitholders considering the outcome of the facts evaluated. Please refer to Sections 7.2.1 to 7.2.3 of this IAC for the evaluation on the Issue Price. The appointment of MRCB and/or a wholly-owned subsidiary company of MRCB and/or a wholly-owned subsidiary company of MSP to receive and accept the purchase consideration in place of MSP is justifiable given that those are related corporations of MSP.

No.	Salient terms of the SPA	Our comments
3.	Consideration Units MSP covenants and undertakes that for a period of six months from the Completion Date or, if earlier, upon:- (i) the registration of the transfer of Property in favour of the Trustee; (ii) the expiry of MRCB's undertaking to refund to the Trustee and/or the Trustee's financier the money which has been released and paid by the Trustee and/or the Trustee's financier towards the account of the Purchase Consideration ("Financing Sum"), free of interest, in the event the discharge of the existing charge over the Property or the memorandum of transfer in favour of the Trustee cannot be registered at the relevant land office/land registry not due to the default or omission of the Trustee or its lawyers or agents. MRCB's obligation under the undertaking shall terminate on the earlier of the registration of the Property in the name of the Trustee or the termination of the SPA and the refund of the Financing Sum, free of interest; or (iii) 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.	This said moratorium period is favourable to QCT and the non-interested Unitholders as this will prevent the newly issued Consideration Units from being sold immediately upon completion. Without such moratorium period, the sudden increase in Units in circulation which are available for sale could cause high volatility and exert downward pressure on the Unit price. However, the said moratorium period is only applicable for six months from the Completion Date or, if earlier, upon the registration of the transfer of Property in favour of the Trustee, the expiry of MRCB's undertaking or payment by MSP or its nominee for the Consideration Units and the Consideration Units can still be sold after the said period.

No.	Salient terms of the SPA	Our comments
4.	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 the Valuer, the Balance Purchase Price (Cash Portion) shall be adjusted accordingly. Notwithstanding the above, if the adjustment shall amount to:- (i) 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; (ii) 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.	The adjustment in the Balance Purchase Price is essentially to reimburse the difference in market value of the Property after variation/adjustment (if any). We note that if the adjustment is more than 3% upward or downward of the previous purchase consideration of RM750,000,000, Trustee, on behalf of QCT, and MSP respectively are entitled to terminate the SPA. We further note that the quantum of upward and downward adjustment of the Purchase Consideration and the Agreed Termination Sum were mutually agreed between the parties to the SSA. This clause is justifiable as both MSP and the Trustee do not wish to transact at a price which differs significantly from the previous purchase consideration of RM750,000,000 and/or the market value of the Property as appraised by the Valuer.
5.	Conditions precedent The sale and purchase of the Property shall be subject to and conditional upon the following:- (i) the approval from the shareholders of MSP, and if required, the shareholders of its holding company, MRCB on the disposal of Property to the Trustee; (ii) the approvals of the Unitholders 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;	The fulfilment of the conditions precedent is necessary for the completion of Proposed Acquisition and to be in compliance with the requirements of the relevant authorities. This clause ensures that the approvals of shareholders of MSP and MRCB, if required are obtained to be in compliance with the Act. This clause ensures that the approvals of non-interested Unitholders are obtained to be in compliance with the Listing Requirements and REIT Guidelines.

No.	Salient terms of the SPA	Our comments
	(iii) the Trustee on behalf of QCT obtaining the approval of the SC for:- (a) the valuation of the Property; (b) the Proposed Placement; (c) the issuance of the new Units pursuant to the Proposed Acquisition, Proposed Placement and Proposed Authority; (d) 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; and (e) the Proposed Increase in Fund Size.	This clause ensures that the approvals of SC are obtained to be in compliance with the REIT Guidelines.
	(iv) 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;	This clause ensures that the approval of Bursa Securities is obtained for any listing and quotation of new securities.
	(v) MSP and the Trustee undertaking a valuation exercise on the Property by the Valuer to determine and confirm the valuation of the Property in a written report;	This clause is favourable to QCT and the interest of the non-interested Unitholders as the cost and expense of undertaking the valuation exercise on the Property should be borne by both MSP and QCT.
	(vi) MSP obtaining the approval of the trustee for the holders of its Notes in relation to the early redemption of the Notes;	This clause is favourable to QCT and the interest of the non-interested Unitholders as the cost and expense in relation to the early redemption of the Notes shall be borne solely by MSP.
	(vii) The letter of commitment in relation to the financing of the Property being issued by the financier of the Trustee and accepted by the Trustee or QCT's special purpose company which will be used for the purposes of the Trustee's financing;	This clause is justifiable as part of the Purchase Consideration is to be satisfied via bank borrowings.
	(viii) The Trustee having received the proceeds from the Proposed Placement or from the underwriting of the Units; and	This clause is justifiable as the Proposed Acquisition is conditional upon the Proposed Placement.
	(ix) MSP and the persons acting in concert with it having obtained an exemption from the SC from the obligation to undertake a	This clause is justifiable as we note that the Proposed Acquisition is conditional upon the Proposed Exemption.

No.	Salient terms of the SPA	Our comments
	mandatory offer for all the remaining Units not already owned by MSP and the parties acting in concert with it pursuant to the Code, if a mandatory offer in respect of the Units is triggered by the completion of the SPA all to be obtained within a period of six 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 the conditions precedent, other than the condition in Section 2.2(v) (h) of the Circular, are either fulfilled or waived by then, the six-month period above shall be automatically extended by a further period of three months ("Conditional Period").	
	To the extent that failure to satisfy any of the conditions precedent does not contravene any law or regulations 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 2.2(v)(i) of the Circular.	This clause is justifiable as it is the rights of the parties to mutually agree to waive any of the conditions precedent which are to be satisfied by any of the parties as long as such waiver does not contravene any law or regulations issued by the SC or Bursa Securities. MSP may also at its sole discretion waive the condition precedent in section 2.2(v)(i) of the Circular. In the event the Proposed Exemption is not approved by the Unitholders or SC, MSP may decide to waive the said condition precedent and proceed with the Proposed Acquisition, provided the Unitholders have approved the ordinary resolution pertaining to the Proposed Acquisition. Should such scenario materialise, then the PAC Group will need to undertake a mandatory offer for all the remaining Units not already held by them.
	The SPA will become unconditional on the day upon which the last of the conditions precedent (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.	This clause is justifiable as it is to facilitate the unconditionality of the SPA in the event the above said clauses are waived.

No.	Salient terms of the SPA	Our comments
6.	Completion Please refer to Section 2.2 (vi) of the Circular.	This term is justifiable as the timing for the completion of the sale and purchase of the Property is deemed sufficient.
7.	Termination (i) Default by MSP Please refer to Section 2.2 (vii) (a) of the Circular.	We note that these terms serve as a protection to Trustee in the event of non-satisfaction of any of the terms and conditions of the SPA by MSP, or falsification of any representation, warranty or undertaking of MSP. Therefore, these terms are favourable to QCT and the interest of the non-interested Unitholders as they provide mitigation to QCT in the event of default by MSP, either by requiring MSP to perform in accordance with the SPA or by termination of the SPA and return the already issued Consideration Units and/or already paid cash.
	(ii) Default by Trustee Please refer to Section 2.2 (vii) (b) of the Circular.	We note that these terms serve as a protection to MSP in the event of non-satisfactory of the purchase consideration by Trustee, non-satisfactory of any of the terms and conditions of the SPA by Trustee, or falsification of any representation, warranty or undertaking of Trustee. Therefore, these terms are justifiable as they provide mitigation to MSP in the event of default by the Trustee, either by requiring the Trustee to perform in accordance with the SPA or by requiring QCT to pay MSP the Agreed Termination Sum.
8.	Limitation of liability The maximum aggregate liability of MSP under the SPA in respect of MSP's warranties shall not exceed RM100,000,000 (1). MSP shall not incur any liability where the amount of any individual claim or a series of claims arising from same facts or circumstances is less than RM100,000 (2). Where the liability agreed or determined in respect of any such claim exceeds RM100,000, MSP shall be	We note that the maximum limit of MSP's aggregate liability under the SPA of RM100,000,000 was arrived at on a negotiated basis after taking into consideration that the said limit would provide compensation in excess of two years of rental income of Platinum Sentral. The minimum limit of any individual claim of

No.	Salient terms of the SPA	Our comments
	liable for the whole of the amount (and not only the differential) of the claim or series of claims as agreed or determined. The Trustee's right to claim for breach of any MSP's warranty shall expire at the end of eighteenth months after the Completion Date or the Extended Completion Date, as the case may be. *Notes:-* *(1) The maximum limit of MSP's aggregate liability under the SPA of RM100,000,000 was arrived at on a negotiated basis after taking into consideration that the said limit would provide compensation in excess of 2 years of rental income of Platinum Sentral based on its financial results for the FYE 31 December 2013.* *(2). The minimum limit of any individual claim of RM100,000 was mutually agreed between the parties to the SPA.*	RM100,000 was mutually agreed between the parties to the SPA. This clause ensures QCT's interest is safeguarded.
9.	Non-registration of transfer or discharge of existing charge If the transfer of the Land or the discharge of the existing charge cannot be registered for any reason whatsoever other than through any default of the Trustee or QCT's financier or any of their solicitors, and if the matter giving rise to the non-registration cannot be rectified within six months of a notice in writing from the Trustee to MSP to rectify this, the Trustee may by notice in writing to MSP give six months' notice to terminate the SPA ("Termination Notice"). Upon receipt of the Termination Notice, MSP shall have a period of up to six months from the date of the Termination Notice to either surrender the Consideration Units for cancellation or pay the sum of RM264,000,000 if the Consideration Units cannot be cancelled. In addition, during the period of six months from the date of the Termination Notice, if already paid, MSP shall, refund to the Trustee, or if to the extent paid by QCT's financier, to QCT's financier, the aggregate of the Final 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 amount of stamp duty paid by MSP on the transfer).	Such termination clause ensures QCT's interest is safeguarded. This clause ensures that MSP shall refund the aggregate of the Final Balance Purchase Price (Cash Portion) and the Redemption Sum to the Trustee and to surrender or pay the sum of RM264,000,000 for the Consideration Units in the event a Termination Notice is given by the Trustee to MSP. Such clause ensures QCT's interest is safeguarded.

No.	Salient terms of the SPA	Our comments
10.	Representations and warranties of MSP Please refer to Section 2.2 (x) of the Circular.	This clause in relation to the representations and warranties given by MSP is favourable to QCT and the interest of the non-interested Unitholders to avoid any ambiguity in terms of the performance of the SPA and to ensure QCT's interest is safeguarded.
11.	Representations and warranties of the Trustee Please refer to Section 2.2 (xi) of the Circular.	This clause in relation to the representations and warranties given by the Trustee will avoid any ambiguity in terms of the performance of the SPA and is justifiable.

KAF Investment's comments

Premised on the above, we are of the opinion that the salient terms of the SPA are justifiable and not detrimental as far as the interests of QCT and the non-interested Unitholders are concerned. We have also reviewed the SPA and found that there are no other terms that should be highlighted in this IAC.

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10. OVERVIEW AND PROSPECTS OF THE MALAYSIAN ECONOMY, OVERVIEW AND PROSPECTS OF THE INDUSTRIES QCT OPERATES IN, PROSPECTS OF THE PROPERTY AND PROSPECTS OF QCT

10.1 Malaysian economic overview and outlook

The Malaysian economy registered a stronger-than-expected growth of 6.3% in the first half of 2014. The robust growth was supported by resilient domestic demand and augmented by the strong recovery in exports. The favourable performance was underpinned by strong macroeconomic fundamentals and a diversified economic structure as well as a sound financial system. Of significance, private sector expenditure expanded 8.4% and contributed 71.4% to the economy. Private investment, in particular, surged 13% to RM78.7 billion during the first half of 2014 with its share to total investment increasing to 68.9%. In tandem with Government transformation initiatives, investment growth is expected to remain strong in the second half of 2014 with private investment expanding more rapidly.

The economic growth momentum in 2014 is expected to continue in 2015 driven by improving external demand and resilient domestic economic activity. Growth will be private-led in line with the Government's efforts to strengthen the private sector's role in the economy. On the supply side, all economic sectors are expected to record positive growth in 2015, with the services and the manufacturing sectors remaining the major contributors to growth. Sustained growth in domestic demand, albeit at a moderate pace, is expected to contribute to the expansion in domestic-related activities. Meanwhile, the export-oriented industries, particularly the electronics and electrical subsector will benefit from the improvement in external conditions in line with improving global growth. The agriculture sector is expected to expand on account of higher output of palm oil while the construction sector is expected to record higher growth driven by robust activity in the civil engineering and residential subsectors.

There remain downside risks on the external front, including slow and uneven growth in the euro area, increased deflationary pressures in the advanced economies, slower growth in emerging markets and sooner-than-expected normalisation of interest rates in the US, as well as geopolitical tensions that could affect global growth.

(Source: Economic Report 2014/2015, Ministry of Finance, Malaysia)

The Malaysian economy registered a higher growth of 5.8% in the fourth quarter of 2014 (third quarter of 2014: 5.6%), driven mainly by stronger private sector spending. For the year 2014, the Malaysian economy grew by 6.0%.

(Source: Quarterly Bulletin, Fourth Quarter 2014, Bank Negara Malaysia)

The 2015 Budget was formulated based on:-

(i) Price of Brent crude oil was forecasted at USD100 per barrel;

(ii) Gross Domestic Product growth estimated between 5% and 6%;

(iii) A stable exchange rate of RM3.20 against the US dollar; and

(iv) 2015 world economic growth was projected at 3.4% and 3.9% by the World Bank and

International Monetary Fund respectively.

Since then, the World Bank and the International Monetary Fund have revised global growth to 3% and 3.8% respectively. However, the external situation has changed lately and Malaysia is impacted directly as Malaysia is among the largest trading nations in the world. Compared to the situation a few months ago, the global economic landscape has since changed significantly. This necessitates the review and clarification of some of the earlier macro and fiscal assumptions.

In the revised 2015 Malaysia's Budget as announced on 20 January 2015, the forecast for 2015 Malaysia's economic growth has been revised to 4.50% to 5.50% from 5.00% to 6.00% and the fiscal deficit target has been revised to 3.2% of Gross Domestic Product in 2015 from the earlier fiscal deficit target of 3% of Gross Domestic Product in 2015.

(Source: 2015 Malaysia's revised Budget speech by YAB Dato' Sri Mohd Najib Tun Haji Abdul Razak, Prime Minister and Minister of Finance Malaysia on 20 January 2015)

KAF Investment's comments

We note that the Malaysian economy registered a higher growth of 5.8% in the fourth quarter of 2014 and grew by 6.0% for the year 2014. In 2015, Malaysian economy is expected to grow by 4.50% to 5.50%. While there remain downside risks on the external front, the economic growth momentum in 2014 is expected to continue in 2015 driven by improving external demand and resilient domestic economic activity.

10.2 Overview and prospects of the industries QCT operates in

10.2.1 Overview and prospects of the office and retail sectors in Klang Valley

Growth in the non-residential subsector turned around sharply by 14% (January to June 2013: 1%) in line with healthy business activity during the first half of 2014. This was reflected by increased construction activities especially for commercial buildings with the incoming supply of shops increasing to 72,117 units (January–June 2013: 66,167 units). Meanwhile, construction starts for PBO decreased substantially to 2,965 sq m (January to June 2013: 263,284 sq m), after experiencing strong growth of 61.2% in PBO starts in 2013. However, the national occupancy rate of office buildings remained stable at 83.4% (end-June 2013: 82%) despite an additional 194,798 sq m space.

During the second quarter of 2014, PBO-RI WPKL showed that PBO rentals in Kuala Lumpur continued to remain stable despite announcement of large planned projects such as the Tun Razak Exchange. The PBO-RI WPKL recorded 117 points (second quarter of 2013: 114.9 points), increasing 1.8% on account of higher growth WCC area. Likewise, the average rental rate of PBO in WCC recorded an increase of 5.8% to RM4.41 per sq ft (second quarter of 2013: 10%; RM4.10 per sq ft). The average rental of investment-grade buildings in Kuala Lumpur, particularly Kuala Lumpur City Centre/Golden Triangle stood at RM6.18 per sq ft (second quarter of 2013: RM6.17 per sq ft), indicating stable rentals for offices in good locations.

(Source: Economic Report 2014/2015, Ministry of Finance, Malaysia)

KAF Investment's comments

We note that the national occupancy rate of office buildings remained stable at 83.4% despite an additional 194,798 sq m space and PBO rentals in Kuala Lumpur continued to remain stable despite announcement of large planned projects such as the Tun Razak Exchange. This indicates that rental rates for offices in good locations remain stable.

10.2.1.1 Office sector

Kuala Lumpur's office property market remained resilient in 2014 despite weakening market conditions. While 2013 saw six completions of about 2.4 million sq ft, 2014 has registered seven completions supplying approximately 2.9 million sq ft of office space.

Over the next three years, continued substantial office supply pipeline of about 12 million sq ft that will enter the Kuala Lumpur market. More than 50% of this supply is expected to be completed in 2015.

The supply situation continues to be a concern especially due to large projects currently being planned, such as Tun Razak Exchange, KL Metropolis, Warisan Merdeka and KL EcoCity. These mega projects, whilst will enter the market earliest by 2017, are expected to have a major dampening impact on the overall office market in the longer term.

Average occupancy rate in the fourth quarter of 2014 remains soft at 83%, similar to the previous quarter and it is generally perceived as a tenants' market. Nevertheless, average rental rate was observed to increase to RM6.40 psf from around RM6.15 psf in the previous quarter. This is due to higher occupancy rate in a numbers of buildings, as well as increment of rates after refurbishment exercises.

In terms of average capital value, the values of prime office buildings in fourth quarter of 2014 were RM887 per sq ft. The recent transactions of office on an en-bloc basis indicated a range of price of between RM500 – RM1,600 per sq ft.

Considering the challenging market conditions and oversupply in the market, there is an increasing competition amongst office landlords to secure tenants, resulting in the soft growth of rental and capital value. With more supply to be completed in 2015, the pressure to secure a high occupancy rate at new office buildings is expected to persist in the coming years, thereby placing downward pressure on rents.

(Source: Annual Report of QCT for FYE 31 December 2014)

KAF Investment's comments

We note that the continued substantial office supply pipeline that will enter the Kuala Lumpur market over the next three years will increase competition amongst office landlords to secure tenants, resulting in the soft growth of rental and capital value. With more supply to be completed in 2015, the pressure to secure a high occupancy rate at new office buildings is expected to persist in the coming years, thereby placing downward pressure on rents.

10.2.1.2 Retail sector

Average occupancy rate of malls in Kuala Lumpur city centre has remained unaffected in the short term, coming in at a high 91.0% in fourth quarter of 2014. This was driven by the completion of a new mall and strong take-up of a refurbished mall in the city centre. As at fourth quarter of 2014, the retail stock in Kuala Lumpur increases to 24.4 million sq ft with addition from the completion of Quill City Mall (NLA of 770,000 sq ft) which is anchored by Aeon.

Out of the city centre, malls register an average occupancy rate of 87.3% and comprise a total stock of 27.4 million sq ft. The last quarter of 2014 saw the completion of IOI Mall in Putrajaya, a major regional mall with NLA of 1.3 million sq ft, and D'Pulze in Cyberjaya, a neighbourhood mall with NLA of 260,000 sq ft. Generally, prime malls in urban and suburban areas are still enjoying strong occupancy of 95% and above.

The retail market is expected to become more challenging with the soon completion of several major malls in both urban and suburban areas, which will add a total of more than 7 million sq ft of retail space. In the midst of increasing costs of doing business and the recent depreciation of the RM, retailers are cautious on their expansion plans and operational expenses.

There continues to be emerging signs that the retail market is at or close to saturation point as more malls start cannibalising into each other's catchment areas, and a few of the new malls are experiencing relatively low take-up rate upon completion. This has, however, not deterred major new malls being planned including those at Tun Razak Exchange, Warisan Merdeka and KL Metropolis, which are expected to come into stream in the next 3-5 years.

Prospect for the industry is expected to be challenging, as both retailers and households will expect to face multiple headwinds of managing higher cost of living, reduced liquidity, and high households debt level.

(Source: Annual Report of QCT for FYE 31 December 2014)

KAF Investment's comments

We note that there are continuous emerging signs that the retail market of Kuala Lumpur is at or close to saturation point as more malls start cannibalising into each other's catchment areas, and a few of the new malls are experiencing relatively low take-up rate upon completion. Prospect for the industry is expected to be challenging, as both retailers and households will expect to face multiple headwinds of managing higher cost of living, reduced liquidity, and high households debt level.

10.2.2 Overview and prospects of the office sector in Cyberjaya

Cyberjaya has seen a growing demand in office market from both government and private establishments, besides IT-based Multimedia Super Corridor companies. Current home to some 800 ICT and non-ICT companies, including 40 multinational companies, it is expected this growing demand will absorb the huge supply coming into the market. With improved infrastructure, better facilities and amenities and sufficient residential provision, Cyberjaya would continue to be a competitive location for the office market in near and longer term although its Multimedia Super Corridor status is no longer a strong draw due to competitions from other Cyber centre locations. In addition, the proposed MRT Line 2 connecting Sungai

Buloh to Serdang, and extending to Putrajaya, would provide a great boost to connectivity to Cyberjaya.

Currently, office stock in Cyberjaya stands at about 8.2 million sq ft with the latest completion was Quill 18 with NLA of 523, 000 sq ft in 2013 and Shaftsbury Square iTech Tower of 188,000 sq ft in 2014.

Approximately 2.7 million sq ft office space will be added to the current stock from seven major projects. There is a growing interest among developers to tap on the sales of stratified units following the successful sale of SoHo units in Cyberjaya in the last few years. The latest stratified offices launched were Star Sentral at RM550 psf, whilst Biro @ Cybersquare is for en bloc sale.

In terms of rental, it has remained stable at between RM3.25-RM5.00 per sq ft per month. As for the occupancy rate, the average occupancy rate has also remained at 76% although some new buildings are expected to struggle with occupancy and there is lesser spill over demand from Putrajaya next door.

Nevertheless, with the continued promotion of Cyberjaya as the key cyber city in Malaysia and more balanced integrated developments complementing the key Multimedia Super Corridor activities, we expect to see the continued growth as the Government is ready to launch a new blueprint to accelerate it from a premier ICT hub to a global technology hub. This will catalyst a new growth cycle by increasing the number of Multimedia Super Corridor companies and the demand for office space to correspondingly increase whilst complemented by the smaller domestic service companies, which are expected to supplement commercial activities as the catchment population start to grow to a critical mass.

(Source: Annual Report of QCT for FYE 31 December 2014)

KAF Investment's comments

We note that Cyberjaya has seen a growing demand in office market from both government and private establishments, besides IT-based Multimedia Super Corridor companies. With the continued promotion of Cyberjaya as the key cyber city in Malaysia and more balanced integrated developments complementing the key Multimedia Super Corridor activities, this will catalyst a new growth cycle by increasing the number of Multimedia Super Corridor companies and the demand for office space to increase correspondingly whilst complemented by the smaller domestic service companies.

10.2.3 Overview and prospects of the retail sector in Penang

According to the National Property Information Centre, retail stock in Penang stood at 17.4 million sq ft as of second quarter of 2014. George Town holds the most numbers of malls of 20, providing 28% (4.9 million sq ft) of the overall stock, followed by Bukit Mertajam in mainland of Penang that houses 17% or 3.0 million sq ft of the existing stock.

In the second quarter of 2014, the mainland of Penang saw the opening of Aeon Mall Bukit Mertajam in Alma, with NLA of about 600,000 sq ft, after moving out from Aeon Seberang Prai City Mall. Whilst, the Aeon Seberang Prai City has been renamed as Perda City Mall after undergoing asset enhancement works with Parkson and Econsave as the new anchor tenants.

The overall occupancy rate of shopping centres in Penang has been maintained at the 70% mark since 2009 despite the addition of major malls, such as Gurney Paragon and Aeon Mall Bukit Mertajam.

In terms of future supply, the upcoming retail space is mostly located in Seberang Perai on the mainland of Penang as this is the area where new residential developments have been mushrooming, spurred by the completion of the Sultan Abdul Halim Muadzam Shah Bridge or Penang Second Bridge.

(Source: Annual Report of QCT for FYE 31 December 2014)

KAF Investment's comments

We note that the overall occupancy rate of shopping centres in Penang has been relatively stable since 2009 despite the addition of major malls. We also note that the upcoming retail space is mostly located in Seberang Perai on the mainland of Penang as this is the area where new residential developments have been mushrooming, spurred by the completion of the Sultan Abdul Halim Muadzam Shah Bridge or Penang Second Bridge.

10.3 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, five-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 six rail systems running through Kuala Lumpur Sentral Station.

In addition, there will be four 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 and full BCA Green Mark Platinum Certificate on 30 December 2009 and 1 October 2014 respectively. The campus style as well as low density design of the building is unique and is less competitive in the office market. 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)

KAF Investment's comments

We note that the Property is close to major transport systems that connect it to other urban and suburban residential, commercial and industrial hubs within Malaysia, as well as Kuala Lumpur International Airport, Putrajaya and Cyberjaya. The easy accessibility of the Property to the said areas will be an advantage in terms of attracting demand.

The energy efficient and green building status of the Property also enhances its qualitative attributes which have contributed in securing reputable government linked, multinational and local companies as its tenants. Due to the combination of factors mentioned above and its strategic location, the future outlook of the Property is expected to be positive.

10.4 Prospects of QCT

The overall Klang Valley office market occupancy rates as at the fourth quarter of 2014 have remained stable at 83% (third quarter of 2014: 83%) despite the increasing supply of office space. It is expected that from the fourth quarter of 2013 to 2015, there will be 8.9 million sq ft of future office space being added into the office stock in Klang Valley. With the new office supply that is expected to come on stream, the office market is expected to be a tenant's market and may experience some downside pressure on rental rates as there will be more choices available to tenants. Notwithstanding the above, QCT is pleased to report stable financial performance in fourth quarter of FYE 31 December 2014. This performance is due to the underlying strength of QCT's portfolio, and the result of proactive asset management and prudent cost management.

QCT declared a DPU of 8.38 sen for the twelve-month period from 1 January 2014 to 31 December 2014. This translates to a yield of 7.2% based on QCT's closing price of RM1.17 on 31 December 2014. QCT achieved an income net of tax of RM34.2 million which resulted in an earnings per Unit of 8.76 sen for the FYE 31 December 2014. This represented a marginal decline of 1.1% compared to the corresponding year. Although QCT recorded a slightly higher net property income compared to the FYE 31 December 2013, QCT recorded slightly lower realised income for FYE 31 December 2014 mainly due to higher administrative and finance cost.

The challenging office market condition is expected to persist as supply continues to outstrip current demands. However, this may be mitigated by the government's continuous efforts to attract large multinationals to base their operations in Malaysia. In addition, the completion of the Mass Rapid Transit and the Light Rail Transit will improve accessibility and connectivity between the city centre and suburbs, which could benefit commercial buildings strategically located in close proximity and connected to these transport hubs.

The outlook for QCT remains stable in view of its prudent gearing level and capital management, as well as proactive asset management strategies. QCT will continuously maximise return of its properties by focusing on tenant retention, capital management and cost

efficiency measures, while pursuing growth by actively exploring acquisition opportunities. These measures will enhance the quality of QCT's portfolio and deliver sustainable income distribution for the Unitholders.

(Source: The management of the Manager)

KAF Investment's comments

We note that the current office market condition remains challenging for QCT as supply continues outstrip current demands. However, this could be mitigated by the government's continuous efforts to attract large multinationals to base their operations in Malaysia, stimulating demand for the sector. The outlook for QCT is expected to be stable in view of its prudent gearing level and capital management, as well as proactive asset management strategies. The continuous effort of QCT in maximising return of its properties by focusing on tenant retention, capital management and cost efficiency measures, while pursuing growth by actively exploring acquisition opportunities is expected to be beneficial to the Unitholders.

11. FINANCIAL EFFECTS OF THE PROPOSALS, WHICH INCLUDE, AMONG OTHERS, THE PROPOSED ACQUISITION, PROPOSED PLACEMENT AND PROPOSED EXEMPTION

The Proposed Exemption will not have any effect on the unitholders' capital of QCT, substantial Unitholders' unitholdings, earnings, distributable income, NAV per Unit and gearing of QCT. However, the non-interested Unitholders are advised to evaluate the Proposals as a whole and consider the evaluation of the proforma effects of the Proposals as set out below.

11.1 Unitholders' capital

As the Purchase Consideration is partially satisfied by the issuance of 206,250,000 Consideration Units, the unitholders' capital of QCT is expected to increase to 651,381,000 and 681,381,000 Units respectively under the Minimum Scenario and Maximum Scenario upon completion of the Proposed Acquisition and Proposed Placement, from the existing unitholders' capital of QCT of 390,131,000 Units. The unitholders capital of QCT is also expected to increase as a result of the Proposed Authority although the quantum of increase would 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

As at the LPD, CCT and Quill Group collectively hold 234,080,000 Units, representing 60.00% of the unitholders' capital of 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 potential unitholdings of the substantial Unitholders, upon completion of the Proposed Acquisition and Proposed Placement are as set out in the table below.

Substantial Unitholders	After the Proposed Acquisition and Proposed Placement							
	Minimum Scenario				Maximum Scenario			
	Direct		Indirect		Direct		Indirect	
	'000	%	'000	%	'000	%	'000	%
HSBC Nominees (Asing) Sdn Bhd HSBC-FS for CCT	117,040	17.97	-	-	117,040	17.18	-	-
HLIB Nominees (Tempatan) Sdn Bhd-Pledged Securities Account for QLSB	48,767	7.49	-	-	48,767	7.16	-	-
HLIB Nominees (Tempatan) Sdn Bhd-Pledged Securities Account for QPSB	45,997	7.06	-	-	45,997	6.75	-	-
HLIB Nominees (Tempatan) Sdn Bhd-Pledged Securities Account for QESB	22,276	3.42	-	-	22,276	3.27	-	-
CapitaLand Limited	-	-	117,040	(1) 17.97	-	-	117,040	(1) 17.18
Dato' Michael Ong Leng Chun	55	0.01	117,040	(2) 17.97	55	0.01	117,040	(2) 17.18
Dato' Dr Low Moi Ing, J.P.	50	0.01	117,040	(3) 17.97	50	0.01	117,040	(3) 17.18
MSP	206,250	31.66	-	-	206,250	30.27	-	-
MRCB	-	-	206,250	(4) 31.66	-	-	206,250	(4) 30.27
Employees Provident Fund Board	-	-	206,250	(5) 31.66	-	-	206,250	(5) 30.27

Substantial Unitholders	After the Proposed Acquisition and Proposed Placement							
	Minimum Scenario				Maximum Scenario			
	Direct		Indirect		Direct		Indirect	
	'000	%	'000	%	'000	%	'000	%
Gapurna Sdn Bhd	-	-	206,250	(6) 31.66	-	-	206,250	(6) 30.27
Tan Sri Mohammad Salim Fateh Din	-	-	206,250	(7) 31.66	-	-	206,250	(7) 30.27

Notes:-

(1) Deemed interested by virtue of its interests in CCT pursuant to Section 6A of the Act.
(2) Deemed interested by virtue of his interests in QLSB, QPSB and QESB pursuant to Section 6A of the Act.
(3) Deemed interested by virtue of her interests in QLSB, QPSB and QESB pursuant to Section 6A of the Act.
(4) Deemed interested by virtue of its interests in MSP pursuant to Section 6A of the Act.
(5) Deemed interested by virtue of its interests in MSP pursuant to Section 6A of the Act.
(6) Deemed interested by virtue of its interests in MRCB pursuant to Section 6A of the Act.
(7) Deemed interested by virtue of his interests in MRCB held through Gapurna Sdn Bhd pursuant to Section 6A of the Act.

As illustrated above, MSP will emerge as a substantial Unitholder with direct unitholdings of 31.66% and 30.27% under the Minimum Scenario and Maximum Scenario respectively while the unitholdings of CCT, Quill Group and other non-interested Unitholders will be diluted accordingly. The entrance of MSP, will lead to MRCB emerging as a strategic Unitholder with a substantial stake upon completion of the Proposed Acquisition and Proposed Placement.

11.3 Earnings and distributable income

We note the Manager had paid an income distribution of 8.30 sen per Unit, 8.38 sen per Unit and 8.38 sen per Unit, representing approximately 94.3%, 94.9% and 94.7% of the total realised income after taxation for the FYE 31 December 2011, FYE 31 December 2012 and FYE 31 December 2013 respectively. For the FYE 31 December 2014, an interim income distribution of 4.10 sen per Unit had been paid on 29 August 2014 and a final income distribution of 4.28 sen per Unit shall be paid on 27 February 2015, thus bringing the total gross distribution for the FYE 31 December 2014 to 8.38 sen per Unit, representing approximately 95.7% of the realised income after taxation of QCT for the said financial year. We further note that the Manager intends to distribute at least 90.0% of the distributable income of QCT for each financial year.

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Assuming that the Proposed Acquisition, Proposed Placement and Proposed Authority were completed as at 1 January 2013, the proforma effects on realised net income available for distribution of QCT per Unit for the FYE 31 December 2013 are as set out in the table below.

No.	Items	Units	Workings	FYE 31 December 2013	After the Proposed Acquisition, Proposed Placement and Proposed Authority	
					Minimum Scenario	Maximum Scenario
1.	Audited realised net income available for distribution of QCT for the FYE 31 December 2013	RM'000	A	(1) 34,537	(2) 53,884	(3) 54,470
2.	Number of Units in issue	000	B	(4) 390,131	(5) 653,608	(6) 683,630
3	Proforma realised net income available for distribution of QCT for the FYE 31 December 2013 per Unit	sen	C = A / B	8.85	8.24	7.97

Notes:-

(1) As extracted from the audited financial statements of QCT for the FYE 31 December 2013.

(2) After taking into consideration:-
- *(i) The audited realised net income available for distribution of QCT for the FYE 31 December 2013 of RM34.54 million; and*
- *(ii) The incremental net income contribution of the Property for the FYE 31 December 2013 of RM39.72 million, net of the estimated finance cost for the Proposed Acquisition of RM20.37 million and on the assumption that the incremental Manager's fees attributable to the Proposed Acquisition are paid in new Units, where the base fee and performance fee are paid quarterly and semi-annually respectively.*

(3) After taking into consideration:-
- *(i) The audited realised net income available for distribution of QCT for the FYE 31 December 2013 of RM34.54 million; and*
- *(ii) The incremental net income contribution of the Property for the FYE 31 December 2013 of RM39.71 million, net of estimated finance cost for the Proposed Acquisition of RM19.78 million and on the assumption that the incremental Manager's fees attributable to the Proposed Acquisition and the asset enhancement initiatives are paid in new Units, where the base fee and performance fee are paid quarterly and semi-annually respectively.*

(4) Based on the outstanding Units of 390.13 million as at 31 December 2013.

(5) After taking into consideration:-
- *(i) The outstanding Units of 390.13 million as at 31 December 2013;*
- *(ii) 206.25 million Consideration Units to be issued pursuant to the Proposed Acquisition;*
- *(iii) 55.00 million Placement Units to be issued pursuant to the Proposed Placement; and*
- *(iv) 2.23 million Units to be issued to the Manager for the purpose of the payment of the management fee to the Manager (based on the incremental Management Fees and the issue price of the Units which is calculated based on the five-day VWAMP of the Units for the relevant period in which the Management Fee accrues).*

(5) After taking into consideration:-
- *(i) The outstanding Units of 390.13 million as at 31 December 2013;*
- *(ii) 206.25 million Consideration Units to be issued pursuant to the Proposed Acquisition;*
- *(iii) 85.00 million Placement Units to be issued pursuant to the Proposed Placement; and*
- *(iv) 2.25 million Units to be issued to the Manager for the purpose of the payment of the management fee to the Manager (based on the incremental Management Fees and the issue price of the Units which is calculated based on the five-day VWAMP of the Units for the relevant period in which the Management Fee accrues).*

(Source: The Manager)

We wish to highlight to the non-interested Unitholders that the future earnings of QCT are expected to be diluted by the issuance of the Consideration Units pursuant to the Proposed Acquisition, the issuance of the Placement Units pursuant to the Proposed Placement and the

interest expenses pursuant to the additional borrowings for the cash portion of the Purchase Consideration.

Nevertheless, the said dilution is expected to be mitigated by the future earning contribution from the Property. Further, the Manager had indicated that they would endeavour to increase the payout ratio of QCT for the FYE 31 December 2015 as compared with the payout ratio of 94.66% for the FYE 31 December 2013. If a higher payout ratio is fulfilled, the non-interested Unitholders could potentially realise a higher rate of return going forward despite the above said dilution. For avoidance of doubt, the said intention on a higher payout ratio is not part of the conditions in respect of the Proposed Acquisition.

11.4 NAV per Unit and gearing

We note from Section 13.4 of the Circular, that the NAV per Unit after income distribution would be diluted from RM1.32 per Unit to RM1.28 per Unit and RM1.27 per Unit respectively under the Minimum Scenario and Maximum Scenario upon completion of the Proposed Acquisition and the Proposed Placement. Nonetheless, the Proposed Acquisition is expected to contribute to future NAV per Unit arising from the future earnings to be contributed by the Property.

Placement Units to be issued under the Proposed Placement are, for illustrative purposes, assumed to be at the Illustrative Issue Price, which represents a discount of approximately 3.06% to the five-day VWAMP of Units up to and including the Last Trading Date of RM1.1038. The actual impact of the dilution will depend on the actual number of Placement Units to be issued, which in turn depends on the issue price to be determined later at a price-fixing date after the approvals of the SC and non-interested Unitholders have been obtained and upon implementation of the bookbuilding exercise. We note that, in any event, the Placement Units will not be placed out at more than 10% discount to the five-day VWAMP of the Units immediately prior to the price-fixing date. As of the LPD, the five-day VWAMP of the Units is RM1.2342.

Further, we note from Section 13.4 of the Circular, that the gearing is expected to increase from 35.45% to 45.70% and 44.05% respectively under the Minimum Scenario and Maximum Scenario. The new borrowings are to be obtained to fund the cash portion of the Purchase Consideration of RM476,000,000 and the amount of borrowings would depend on the proceeds to be raised from the Proposed Placement. We note that the amount of borrowings could be reduced, should the Manager be able to place out the Units successfully at an issue price which is higher than the current Illustrative Issue Price. In any cases, we note that the gearing is still below that of the 50% limit specified under Clause 8.37 of the REIT Guidelines. While the proforma gearing of 45.70% and 44.05% respectively under the Minimum Scenario and Maximum Scenario may suggest that QCT may have limited capacity for further borrowings in the future, we note that under the REIT Guidelines, it is still possible for QCT to exceed the abovementioned limit by obtaining Unitholders' sanction by way of an ordinary resolution.

KAF Investment's comments

Premised on the above, we are of the view that the effects of the Proposals on the unitholders' capital of QCT, substantial Unitholders' unitholdings, earnings and distributable income, NAV per Unit and gearing of QCT, taken as a whole, are not detrimental to QCT or the interest of the non-interested Unitholders.

12. RISK FACTORS

We have taken the risk factors as set out in Section 12 of the Circular in our evaluation of the Proposed Acquisition, the Proposed Placement and the Proposed Exemption, particularly the increased competition from other properties.

12.1 Increased competition from other properties

We note from Section 12.1 of the Circular that the Property will face increased competition with the upcoming supply of new office spaces in the vicinity. The excess supply of new office space will provide existing and prospective tenants with a wider choice of available office space to occupy and this could potentially assert downward pressure on rental rates should the supply of office space outpace current demands.

However, gross prime office rent in Klang Valley in 2014, as forecasted in the WTW Property Report 2014 by C H Williams Talhar & Wong Sdn Bhd is estimated to improve or be stable, supported by favourable business conditions. Besides that, factors such as the Property's strategic location, connectivity and green building features are likely to differentiate it from other general office buildings, and to certain extent, provide an advantage in attracting or retaining tenants.

Non-interested Unitholders should note that the risk factors mentioned above are not meant to be exhaustive. We wish to highlight that while efforts and measure would be taken by the Board to mitigate the risks as set out in Section 12 of the Circular and this section in this IAC, no assurance can be given that one or combination of the risk factors will not occur and give rise to material and adverse impact on the business and operations, competitiveness, financial performance, financial position or prospects of QCT thereon.

Therefore, non-interested Unitholders are advised to carefully consider the said risk factors and their respective mitigating factors prior to voting on the ordinary resolution pertaining to the Proposed Exemption at the forthcoming Meeting.

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13. OTHER CONSIDERATIONS

13.1 Review of the historical financial performance of the Property

The key information of the Property for the FYE 31 December 2011 to FYE 31 December 2013 is summarised in the table below.

		FYE 31 December 2011 RM'000	FYE 31 December 2012 RM'000	FYE 31 December 2013 RM'000
Total revenue		8,656	37,511	49,049
Net property income		6,825	29,667	39,820
Net property income margin		78.85%	79.09%	81.18%
Occupied NLA - office (sq ft) (1)		286,601	445,377	445,377
Occupied NLA - retail (sq ft) (1)		15,775	15,775	19,775
Total NLA - office (sq ft) (1)	(2)	286,601	445,377	445,377
Total NLA - retail (sq ft) (1)	(3)	N.A.	69,513	69,513
Occupancy rate - office		100.00%	100.00%	100.00%
Occupancy rate - retail	(4)	N.A.	22.69%	28.45%
Average monthly rental rate - office (RM/sq ft) (5)		8.09	8.20	8.20
Average monthly rental rate - retail (RM/sq ft) (5)		6.00	6.00	5.80

Notes:-

(1) The occupied NLA and total NLA include licensed areas, outdoor and terrace.

(2) The Property consists five blocks. Three blocks were completed in FYE 31 December 2011 and the remaining two blocks were completed in FYE 31 December 2012. The total NLA for the office space of the three blocks completed in FYE 31 December 2011 were 286,601 sq ft.

(3) Not available as the management of MSP could not ascertain the total NLA for the retail space of the Property as at 31 December 2011 as the retail space is situated at common areas among the different blocks of the Property.

(4) Not available due to non-availability of the total NLA for the retail space of the Property as at 31 December 2011.

(5) The average monthly rental rate is computed by dividing average monthly rental over the occupied NLA.

(Source: The management of MSP)

KAF Investment's comments

For the financial years under review, the Property had registered growth in total revenue, net property income and net property income margin. We note that the Property had registered 100% occupancy rate for its office space for the financial years under review, which suggests that the demand for the office space of the Property were strong during the financial years under review. The average rental rate for the office space of the Property increased in FYE 31 December 2012 and remained stable in FYE 31 December 2013. For the retail space of the Property, we note that its occupancy rate was low as at 31 December 2012 and 31 December 2013 and its average rental rate decreased in FYE 31 December 2013. For avoidance of doubt, the non-interested Unitholders should note that the retail space of the Property only consists 13.50% of the NLA of the Property.

We wish to highlight that the historical financial performance of the Property does not necessarily represent the future financial performance of the Property. The non-interested Unitholders should note that the future financial performance of the Property would depend on, amongst others, its ability to attract new tenants and retain its existing tenants as well as retention of certain rental rates and terms whilst being able to contain operating costs amid increased competition from other properties as detailed under Section 12.1 of this IAC.

Please refer to Section 1 of Appendix III(B) of this IAC for the commentaries on the historical financial performance of the Property.

13.2 Other modes of consideration of the Purchase Consideration

13.2.1 Modes of consideration

(i) Rights issue in place of the Consideration Units

We refer to Section 2 of the Circular, regarding the partial satisfaction of the Purchase Consideration by the issuance of 206,250,000 Consideration Units while the remaining consideration of RM476,000,000 is to be satisfied by cash. The cash portion is proposed to be funded by a combination of proceeds raised from Proposed Placement and new borrowings.

Notwithstanding the Existing Funding Proposal, we note that QCT could have explored a rights issue exercise, in place of the Consideration Units, in which Unitholders could subscribe to additional Units and where the proceeds would be utilised for the acquisition of the Property could be one option to be considered. A rights issue would avoid the dilution in the non-interested Unitholders' unitholdings in QCT as compared with the issuance of the Consideration Units for the Proposed Acquisition.

However, we note that the Consideration Units are issued to facilitate the entrance of MSP leading to MRCB emerging as a strategic Unitholder upon completion of the Proposed Acquisition. The said issuance of the Consideration Units is necessary and forms part of the terms of the Proposed Acquisition as a primary deal structure and framework.

Further, as highlighted in Section 6.1.4 of this IAC, the Trustee, acting solely in the capacity as trustee for and on behalf of QCT, will enter into an agreement in relation to a Right of First Refusal with the shareholders of QCM, which include MRCB. With the Right of First Refusal, QCT would be provided with a pipeline of office properties owned by MRCB which represents potential acquisition opportunities moving forward. The Proposed Acquisition will enable the non-interested Unitholders to reap the benefits of the future growth of QCT.

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(ii) Bank borrowings in place of Consideration Units

Another potential scenario would be to raise more bank borrowings in place of the issuance of 206,250,000 Consideration Units at the Issue Price. This scenario will also avoid the dilution effect on non-interested Unitholders arising from the Consideration Units. The potential financial effect of such scenario is as set out in the table below.

No.	Items	Audited as at 31 December 2013	Effects of raising more bank borrowings in place of the issuance of 206,250,000 Consideration Units at the Issue Price		After the Proposed Acquisition and the Proposed Placement	
			Under Minimum Scenario	Under Maximum Scenario	Under Minimum Scenario	Under Maximum Scenario
		RM'000	RM'000	RM'000	RM'000	RM'000
1.	Placement proceeds	-	(1) 58,850	(1) 90,950	(1) 58,850	(1) 90,950
2.	Total gross borrowings	304,887	(2) 693,150	(3) 671,050	998,037	975,937
3.	Total asset value	860,120	(4) 746,000	(5) 756,000	1,606,120	1,616,120
4.	Gearing (%) (6)	35.45	Not applicable	Not applicable	62.14	60.39

Notes:-

(1) Based on the Illustrative Issue Price.

(2) The sum of assumed borrowings of RM432.15 million under the Minimum Scenario and RM264.00 million which is payable through the issuance of Consideration Units under the Existing Funding Proposal, net of estimated incidental transaction expenses of RM3.00 million for the new borrowings in relation to the Proposed Acquisition.

(3) The sum of assumed borrowings of RM420.00 million under the Maximum Scenario and RM264.00 million which is payable through the issuance of Consideration Units under the Existing Funding Proposal, net of estimated incidental transaction expenses of RM3.00 million for the new borrowings in relation to the Proposed Acquisition and net of the repayment of existing borrowings of RM9.95 million.

(4) The sum of the Purchase Consideration of RM740.00 million and estimated capitalised incidental expenses in respect of the Proposed Acquisition of RM9.00 million, net of estimated incidental transaction expenses of RM3.00 million for the new borrowings in relation to the Proposed Acquisition.

(5) The sum of the Purchase Consideration of RM740.00 million and estimated capitalised incidental expenses in respect of the Proposed Acquisition of RM9.00 million and capitalised asset enhancement initiative of RM10.00 million under the Maximum Scenario, net of estimated incidental transaction expenses of RM3.00 million for the new borrowings in relation to the Proposed Acquisition.

(6) Gearing is calculated as total gross borrowings divided by total asset value.

Another argument is to issue lesser Consideration Units and raise more cash to be raised from bank borrowings to reflect a maximum 50.00% limit gearing scenario specified under Clause 8.37 of the REIT Guidelines unless sanctions are provided by the Unitholders by way of an ordinary resolution. However, the number of Consideration Units attributable to MSP is premised on certain arrangement which MSP wishes to facilitate its entrance via the Proposed Acquisition and it is necessary and forms part of the terms of the Proposed Acquisition as a primary deal structure and framework.

We would like to highlight that, under the assumption that raising more bank borrowings in place of the issuance of 206,250,000 Consideration Units at the Issue Price, the proforma gearing of 62.14% under Minimum Scenario and 60.39% under Maximum Scenario would have breached the 50.00% limit. However, the gearing under such scenario, even if sanction is duly provided by Unitholders, would be much higher than other listed REITs in Malaysia and would lead to higher finance costs and represent higher financial risk for the Unitholders.

The issuance of the Consideration Units to partially satisfy the Purchase Consideration will reduce the need for QCT to use its cash flow and/or incur excessive bank borrowings to fund the Proposed Acquisition. This would reduce the burden of funding costs associated with such borrowings, although there would be resulting dilution to the non-interested Unitholders arising from the Consideration Units.

Premised on the above consideration, we are of the view that the Existing Funding Proposal is favourable to the non-interested Unitholders.

13.2.2 WACC of QCT under different modes of consideration

We have assessed the WACC of QCT under certain scenarios of differing capital structures to reflect alternative funding sources in place of the Consideration Units. This analysis is to determine the impact on WACC under different scenarios as WACC is a measure of the cost of capital of QCT in undertaking the Proposed Acquisition which forms part of the Proposals.

Our assessment of the WACC of QCT is premised on a comparison of the respective WACC derived under the Existing Funding Proposal and under the scenario where a rights issue is undertaken at the Illustrative Issue Price in place of the issuance of 206,250,000 Consideration Units at the Issue Price and under the scenario where raising more bank borrowings in place of the issuance of 206,250,000 Consideration Units at the Issue Price.

We have computed the WACC of QCT under the above said three scenarios using the formula as stated below.

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$$WACC = \frac{E}{D + E}(K_e) + \frac{D}{D + E}(K_d)$$

Where:-

E	**=**	**proportion of equity of the capital structure**
D	**=**	**proportion of debt of the capital structure**
K_e	**=**	**cost of equity**
K_d	**=**	**cost of debt**

The valuation parameters adopted by us in computing the WACC of QCT under the above said three scenarios are as shown in the table below.

No.	Parameters	Key assumptions / Explanatory statements
1.	Risk free rate (R_f)	The R_f is the rate of return on ten-year Malaysian Government Securities which is 3.89%. *(Source: Bloomberg)*
2.	Beta (β)	β for QCT is measure of the performance of QCT relative to the market performance. The β of QCT as at the LPD is 0.57. *(Source: Bloomberg)* We had unlevered the β of QCT as at the LPD based on QCT's capital structure as at LPD which is equivalent to 0.35. We had not adopted the β of the Comparable REITs as we view that QCT's own β would be more reflective of QCT's riskiness. <u>β for QCT under the Existing Funding Proposal</u> The unlevered β of 0.35 for QCT was relevered to adjust for its capital structure under the Existing Funding Proposal, which translates to a levered β of 0.67 under the Minimum Scenario and 0.65 under the Maximum Scenario. <u>β for QCT under Scenario 1 (1)</u> The unlevered β of 0.35 for QCT was relevered to adjust for its capital structure under Scenario 1, which translates to a levered β of 0.67 under the Minimum Scenario and 0.65 under the Maximum Scenario. <u>β for QCT under Scenario 2 (2)</u> The unlevered β of 0.35 for QCT was relevered to adjust for its capital structure under Scenario 2, which translates to a levered β of 0.99 under the Minimum Scenario and 0.94 under the Maximum Scenario.

No.	Parameters	Key assumptions / Explanatory statements
3.	Expected market return (R_m)	R_m is the annual equity market return of Malaysia, which is 8.90%. *(Source: Bloomberg)*
4.	Cost of equity (K_e)	The respective K_e of QCT under the Existing Funding Proposal, Scenario 1 [(1)] and Scenario 2 [(2)] are derived based on the Capital Asset Pricing Model, using the formula below:- $$K_e = R_f + \beta \times (R_m - R_f)$$ Based on the Capital Asset Pricing Model, the respective K_e of QCT under the Existing Funding Proposal, Scenario 1 [(1)] and Scenario 2 [(2)] are as stated in the table below.

Item	Existing Funding Proposal		Scenario 1 [(1)]		Scenario 2 [(2)]	
	After Proposed Acquisition and Proposed Placement		After Proposed Acquisition and Proposed Placement		After Proposed Acquisition and Proposed Placement	
	Under Minimum Scenario	Under Maximum Scenario	Under Minimum Scenario	Under Maximum Scenario	Under Minimum Scenario	Under Maximum Scenario
Ke (%)	7.24	7.13	7.24	7.13	8.85	8.60

No.	Parameters	Key assumptions / Explanatory statements
5.	Cost of debt (K_d)	K_d is the effective rate that QCT pays on its debts. The K_d of QCT as at 31 December 2014 is 5.40%. *(Source: Bloomberg)*
6.	Capital structure	The respective debt to equity ratio of QCT under the Existing Funding Proposal, Scenario 1 [(1)] and Scenario 2 [(2)] are as stated in the table below.

Item	Existing Funding Proposal		Scenario 1 [(1)]		Scenario 2 [(2)]	
	After Proposed Acquisition and Proposed Placement		After Proposed Acquisition and Proposed Placement		After Proposed Acquisition and Proposed Placement	
	Under Minimum Scenario	Under Maximum Scenario	Under Minimum Scenario	Under Maximum Scenario	Under Minimum Scenario	Under Maximum Scenario
Debt to equity ratio (times)	0.90	0.84	0.90	0.84	1.81	1.68

No.	Parameters	Key assumptions / Explanatory statements
7	Reference date for valuation parameters	LPD, being the date used for R_f, β for QCT and R_m.

Notes:-

[(1)] Scenario 1 : Based on the scenario where a rights issue is undertaken at the Illustrative Issue Price in place of the issuance of 206,250,000 Consideration Units at the Issue Price.

(2) *Scenario 2 : Based on the scenario where more bank borrowings are raised in place of the issuance of 206,250,000 Consideration Units at the Issue Price.*

Based on the above, the respective WACC of QCT under the Existing Funding Proposal, the above said Scenario 1 and Scenario 2 are as shown in the table below.

Item	Existing Funding Proposal		Scenario 1 (1)		Scenario 2 (2)	
	After Proposed Acquisition and Proposed Placement		After Proposed Acquisition and Proposed Placement		After Proposed Acquisition and Proposed Placement	
	Under Minimum Scenario	Under Maximum Scenario	Under Minimum Scenario	Under Maximum Scenario	Under Minimum Scenario	Under Maximum Scenario
WACC of QCT (%)	6.37	6.34	6.37	6.34	6.62	6.60

Notes:-

(1) *Scenario 1 : Based on the scenario where a rights issue is undertaken at the Illustrative Issue Price in place of the issuance of 206,250,000 Consideration Units at the Issue Price.*

(2) *Scenario 2 : Based on the scenario where more bank borrowings are raised in place of the issuance of 206,250,000 Consideration Units at the Issue Price.*

(Source: Bloomberg and Annual Report of QCT for FYE 31 December 2014)

Premised on computation of WACC as set out in the table above, our findings and explanations are as stated in the table below.

No.	Comparisons	Findings	Explanations
1.	Comparison between the WACC of QCT under the Existing Funding Proposal with the WACC of QCT under Scenario 1 above	The WACC of QCT under the Existing Funding Proposal is same as the WACC of QCT under Scenario 1 above.	The cost of capital in respect of the Proposed Acquisition under the Existing Funding Proposal is same as the cost of capital in respect of the Proposed Acquisition under Scenario 1 above. While there will be no dilution to the non-interested Unitholders' unitholdings under Scenario 1 above, higher number of Units would have to be issued in place of the Consideration Units as the Illustrative Issue Price under Scenario 1 is lower than the Issue Price under the Existing Funding Proposal. Further, non-interested Unitholders should note too that the Consideration Units to be issued under the Existing Funding Proposal is to facilitate the entrance of MSP leading to MRCB emerging as a strategic Unitholder upon completion of the Proposed Acquisition, which is necessary and forms part of the terms of the Proposed Acquisition as a primary deal structure and framework.

No.	Comparisons	Findings	Explanations
2.	Comparison between the WACC of QCT under the Existing Funding Proposal with the WACC of QCT under Scenario 2 above	The WACC of QCT under the Existing Funding Proposal is lower than the WACC of QCT under Scenario 2 above.	The cost of capital in respect of the Proposed Acquisition is lower under the Existing Funding Proposal as compared with the cost of capital under Scenario 2 above. While the cost of debt of QCT is lower than its cost of equity, undertaking of additional debt commitments under Scenario 2 will result in higher weighted average cost of debt. Similarly, the higher financial risk is expected to be reflected in a higher weighted average cost of equity. Both of these had then resulted in the higher cost of capital under Scenario 2 as compared with the cost of capital under the Existing Funding Proposal.

Based on the above, the Existing Funding Proposal is favourable to the non-interested Unitholders.

13.3 Comparison of the rates of return on the Property against the average rates of return of QCT and WACC of QCT

13.3.1 Comparison of the rates of return on the Property against the average rates of return of QCT

The rates of return on the Property based on its recurring revenue and recurring net property income as at 31 December 2013 are as computed in the table below.

(A) Recurring revenue as at 31 December 2013 RM'000	(B) Recurring net property income as at 31 December 2013 RM'000	(C) Purchase Consideration RM'000	(D) = (A) / (C) Gross rate of return on the Property %	(E) = (B) / (C) Net rate of return on the Property %
49,123	40,393	740,000	6.64	5.46

(Source: Valuation Report)

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The average rates of return of QCT based on its revenue and net property income as at 31 December 2013 are as computed in the table below.

(A) Revenue as at 31 December 2013 RM'000	(B) Net property income as at 31 December 2013 RM'000	(C) Fair value of the properties held by QCT as at 31 December 2013 RM'000	(D) = (A) / (C) Average gross rate of return of QCT %	(E) = (B) / (C) Average net rate of return of QCT %
68,937	53,193	825,560	8.35	6.44

(Source: Annual Report of QCT for FYE 31 December 2013)

Premised on the above, we note that the gross rate of return and net rate of return on the Property are lower than the average gross rate of return and average net rate of return of QCT respectively, which implies that the Proposed Acquisition will dilute both the average gross and net rates of return of QCT, which in turn could impact the rate of return to the non-interested Unitholders. Nevertheless, the Manager had indicated that they would endeavour to increase the payout ratio of QCT for the FYE 31 December 2015 as compared with the payout ratio of 94.66% for the FYE 31 December 2013. If a higher payout ratio is fulfilled, the non-interested Unitholders could potentially realise a higher rate of return going forward despite the potential dilution of the average gross rate of return and average net rate of return of QCT by the Property. For avoidance of doubt, the said intention on a higher payout ratio is not part of the conditions in respect of the Proposed Acquisition.

Further, we wish to highlight to the non-interested Unitholders that the above said implied negative return has not taken into account the potential appreciation of the market value of the Property, the potential upward revision of the rental rates of the Property in the future and the potential fill up of the vacant retail spaces of the Property in the future. Such potential appreciation in market value, potential upward revision in rental rates and potential fill up of the vacant retail spaces will depend on, amongst others, the prevalent market condition, supply and demand within the industry and the general state of the economy.

We also note that if a higher payout ratio is fulfilled by QCT going forward, this could reduce the retention of the cash reserve for the purpose of future capital expenditure such as refurbishment of QCT's properties and enhancement of the quality of QCT's properties, as well as the retention of distributable income which both may affect QCT's prospective NAV. Nonetheless, the potential appreciation of the market value of Property in the future as mentioned above could compensate for the decrease in the prospective NAV of QCT in the event the higher payout ratio by QCT is fulfilled.

The non-interested Unitholders should also take note on the potential benefits of the Proposed Acquisition as set out in Section 6.1 of this IAC, which could be beneficial to QCT and its Unitholders in the long term.

13.3.2 Comparison of the net rate of return on the Property against the WACC of QCT

The WACC of QCT as at the LPD and under the Existing Funding Proposal are as stated in the table below.

Item	As of LPD	Existing Funding Proposal	
		After Proposed Acquisition and Proposed Placement	
		Under Minimum Scenario	Under Maximum Scenario
WACC of QCT (%)	6.23	6.37	6.34

Premised on the above, we note that the net rate of return on the Property of 5.46% as illustrated in Section 13.3.1 of this IAC is lower than the WACC of QCT of 6.37% under the Minimum Scenario and 6.34% under the Maximum Scenario after the Proposed Acquisition and Proposed Placement. This shows that the aggregate cost of debt funding and required rate of return on equity for the Proposed Acquisition is higher than the return in which the Property generates, which could imply a negative return to the non-interested Unitholders in respect of the Proposed Acquisition.

Nevertheless, the Manager had indicated that they would endeavour to increase the payout ratio of QCT for the FYE 31 December 2015 as compared with the payout ratio of 94.66% for the FYE 31 December 2013. If a higher payout ratio is fulfilled, the non-interested Unitholders could potentially realise a higher rate of return going forward despite the aggregate cost of debt funding and required rate of return on equity for the Proposed Acquisition is higher than the net rate of return in which the Property generates. For avoidance of doubt, the said intention on a higher payout ratio is not part of the conditions in respect of the Proposed Acquisition.

Further, we wish to highlight to the non-interested Unitholders that the above said implied negative return has not taken into account the potential appreciation of the market value of the Property, the potential upward revision of the rental rates of the Property in the future and the potential fill up of the vacant retail spaces of the Property in the future. Such potential appreciation in market value, potential upward revision in rental rates and potential fill up of the vacant retail spaces will depend on, amongst others, the prevalent market condition, supply and demand within the industry and the general state of the economy.

As mentioned in Section 13.3.1 of this IAC, we also note that if a higher payout ratio is fulfilled by QCT going forward, this could reduce the retention of distributable income and may affect QCT's prospective NAV. Nonetheless, the potential appreciation of the market value of Property in the future as mentioned above could compensate the decrease in the prospective NAV of QCT in the event the higher payout ratio by QCT is fulfilled.

The non-interested Unitholders should also take note on the potential benefits of the Proposed Acquisition as set out in Section 6.1 of this IAC, which could be beneficial to QCT and its Unitholders in the longer term.

14. IMPLICATIONS ARISING FROM THE VOTING OUTCOME OF THE PROPOSED EXEMPTION

In addition to the quantitative and qualitative consideration as set out in the above sections, the non-interested Unitholders are advised to note the possible outcome of their votes on the Proposed Exemption in the forthcoming Meeting as set out below:-

(i) Assuming that the non-interested Unitholders vote in favour of the Proposed Exemption

The SC will only consider the application for the Proposed Exemption if the PAC Group has obtained, amongst others, the approval from the non-interested Unitholders. Should the Proposed Exemption be approved at the forthcoming Meeting, the PAC Group will be able to proceed with their application to the SC for its consideration of the Proposed Exemption, whereby the SC may, at its sole discretion, grant its approval for the Proposed Exemption.

The Proposed Exemption, if approved by the SC, would relieve the PAC Group from the obligation to undertake a mandatory offer for the remaining Units not already owned by them and would facilitate the successful implementation of the Proposed Acquisition and Proposed Placement. As the Proposed Acquisition and Proposed Placement are conditional upon the approval of the Proposed Exemption, until such Proposed Exemption is approved by the SC, the Proposed Acquisition and Proposed Placement cannot be implemented.

Pursuant to Paragraph 16.9 of Practice Note 9 of the Code, the approval by the SC for the Proposed Exemption, if granted, will be invalidated if the PAC Group has triggered a disqualifying transaction. For the purpose of the Proposed Exemption, a “disqualifying transaction” refers to a purchase of voting Units or voting rights by the PAC Group subsequent to negotiation, discussion, understanding or agreement with the directors of the Manager in relation to the issue of Consideration Units and before the completion of the Proposed Acquisition where the Proposed Exemption is sought and approved.

It is important to note that the Proposed Exemption, if approved, will allow the PAC Group to collectively hold up to 49.6% and 47.5% of the total Units under the Minimum Scenario and Maximum Scenario respectively upon completion of the Proposed Acquisition and Proposed Placement without having to extend a mandatory take-over for the remaining Units not already held by them. With such stake, the PAC Group would be in a strong position to determine the outcome of matters that only require an ordinary resolution in circumstance where the PAC Group is not required to abstain from voting, which may not be in line with the interest of the non-interested Unitholders.

The non-interested Unitholders should take note that there is a possibility that the PAC Group could accumulate up to 2% of the voting Units or voting rights of QCT in any period of six months and such amassed Units could result in the PAC Group holding in excess of 50% of the voting Units or voting rights. In such circumstance, the PAC Group will not trigger a mandatory offer obligation for the remaining Units not held by the PAC Group in the event the PAC Group accumulates such Units.

(ii) Assuming that the non-interested Unitholders vote against the Proposed Exemption

Should the non-interested Unitholders vote against the Proposed Exemption, the Proposed Acquisition and Proposed Placement will be aborted as they are conditional upon, amongst others, the requisite approvals being obtained from the non-interested Unitholders and the SC for the Proposed Exemption.

We are of the view that the granting of approval for the Proposed Exemption would not be detrimental to the interest of the non-interested Unitholders.

15. DECLARATIONS AND CONFIRMATIONS FROM THE PAC GROUP

Pursuant to the Third Schedule of the Code, MSP and MRCB has individually and collectively confirmed, for a period of twelve months from the date of the SC's approval for the Proposed Exemption, that:-

(i) they do not intend to make any major changes to the continuation of the business of QCT and its special purpose entities. Nevertheless, the current management of QCM may review the business and operations of QCT and its special purpose entities and to make necessary arrangements, rationalisation and reorganisation of QCT and its special purpose entities if the need arises;

(ii) they do not intend to effect any major changes to the existing business activities of QCT and its special purpose entities, including any plans to liquidate QCT or any of its special purpose entities, sell its assets or redeploy the fixed assets of QCT and its special purpose entities or make any other major change in the structure of QCT and its special purpose entities except where necessary, the current management of QCM may as part of QCT's principal business activity, make recommendations for acquisition of new assets and/or divestments of existing assets;

(iii) they do not intend to effect any major immediate changes to the management team and the continued employment of the employee of QCM and its special purpose entities as a result of the Proposed Acquisition and the Proposed Exemption except where such redeployment of the management team and employee may be effected by the current management of QCM itself to rationalise and/or improve the efficiency of the operations of QCT and its special purpose entities; and

(iv) their long term commercial justification for the Proposed Exemption is to ensure the success of the implementation of the Proposed Acquisition.

Pursuant to the Third Schedule of the Code, the Quill Group, Dato' Michael Ong Leng Chun and Dato' Dr Low Moi Ing, J.P. has individually and collectively confirmed, for a period of twelve months from the date of the SC's approval for the Proposed Exemption, that:-

(i) they do not intend to make any major changes to the continuation of the business of QCT and its special purpose entities. Nevertheless, the current management of QCM may review the business and operations of QCT and its special purpose entities and to make necessary arrangements, rationalisation and reorganisation of QCT and its special purpose entities if the need arises;

(ii) they do not intend to effect any major changes to the existing business activities of QCT and its special purpose entities, including any plans to liquidate QCT or any of its special purpose entities, sell its assets or redeploy the fixed assets of QCT and its special purpose entities or make any other major change in the structure of QCT and its special purpose entities except where necessary, the current management of QCM may as part of QCT's principal business activity, make recommendations for acquisition of new assets and/or divestments of existing assets;

(iii) they do not intend to effect any major immediate changes to the management team and the continued employment of the employee of QCM and its special purpose entities as a result of the Proposed Acquisition and the Proposed Exemption except where such redeployment of the management team and employee may be effected by the current management of QCM itself to rationalise and/or improve the efficiency of the operations of QCT and its special purpose entities; and

(iv) their long term commercial justification for the Proposed Exemption is to ensure the success of the implementation of the Proposed Acquisition.

16. DISCLOSURE OF INTERESTS AND DEALING IN UNITS AND/OR SHARES

As at the LPD, there is only one class of voting Units, being the undivided interest in QCT as constituted by the Deed. QCT does not have any exercisable or convertible securities in issue as at the LPD.

16.1 QCT

(i) QCT does not hold, directly or indirectly, any voting shares or voting rights and/or any other interest in MSP, MRCB and Quill Group as at the LPD; and

(ii) QCT has not dealt in any voting shares or voting rights and/or any other interest in MSP, MRCB and Quill Group from 24 January 2014, being the date subsequent to the negotiation, discussion, understanding or agreement of the PAC Group with the directors of QCM in relation to the Proposed Acquisition, up to the LPD.

16.2 QCM

(i) QCM does not hold, directly or indirectly, any voting Units or voting rights and/or any other interest in QCT as at the LPD;

(ii) QCM has not dealt in any voting Units or voting rights and/or any other interest in QCT from 24 January 2014, being the date subsequent to the negotiation, discussion, understanding or agreement of the PAC Group with the directors of QCM in relation to the Proposed Acquisition, up to the LPD;

(iii) QCM does not hold, directly or indirectly, any voting shares or voting rights and/or any other interest in MSP, MRCB and Quill Group as at the LPD; and

(iv) QCM has not dealt in any voting shares or voting rights and/or any other interest in MSP, MRCB and Quill Group from 24 January 2014, being the date subsequent to the

negotiation, discussion, understanding or agreement of the PAC Group with the directors of QCM in relation to the Proposed Acquisition, up to the LPD.

16.3 Directors of QCM

(i) None of the directors of QCM holds, directly or indirectly, any voting Unit or voting rights in QCT as at the LPD, save and except for those as stated in the table below.

	Direct		Indirect	
	'000	**%**	**'000**	**%**
Directors				
Dato' Dr Low Moi Ing, J.P.	50	0.01	117,040	(1) 30.00
Dato' Michael Ong Leng Chun	55	0.01	117,040	(2) 30.00
Aw Hong Boo (alternate to Dato' Dr. Low Moi Ing, J.P.)	50	0.01	-	-
Datuk Dr Mohamed Arif bin Nun	10	0.003	-	-

Notes:-
(1) Deemed interested by virtue of her interests in QLSB, QPSB and QESB pursuant to Section 6A of the Act.
(2) Deemed interested by virtue of his interests in QLSB, QPSB and QESB pursuant to Section 6A of the Act.

(ii) None of the directors of QCM has dealt in any voting Units or voting rights in QCT from 24 January 2014, being the date subsequent to the negotiation, discussion, understanding, or agreement of the PAC Group with the directors of QCM in relation to the Proposed Acquisition, up to the LPD.

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(iii) None of the directors of QCM holds, directly or indirectly, any voting shares or voting rights in MSP, MRCB and Quill Group as at the LPD, save and except for those as stated in the table below.

	Dato' Dr Low Moi Ing, J.P.				Dato' Michael Ong Leng Chun				Foong Soo Hah			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%
QESB	750	50	-	-	750	50	-	-	-	-	-	-
QLSB	1250	50	-	-	1250	50	-	-	-	-	-	-
QPSB	750	50	-	-	750	50	-	-	-	-	-	-
MRCB	-	-	-	-	-	-	-	-	-	-	(1) 8	(2) -

Notes:-
(1) Deemed interested by virtue of the direct shareholding of his wife, Foong Leung Chi Ling.
(2) Negligible.

(iv) None of the directors of QCM has dealt in any voting Unit or voting rights in MSP, MRCB and Quill Group from 24 January 2014, being the date subsequent to the negotiation, discussion, understanding, or agreement with the directors of QCM in relation to the Proposed Acquisition, up to the LPD.

16.4 Trustee

(i) The Trustee does not hold, directly or indirectly, any voting Units or voting rights and/or any other interest in QCT as at the LPD;

(ii) The Trustee has not dealt in any voting Units or voting rights and/or any other interest in QCT from 24 January 2014, being the date subsequent to the negotiation, discussion, understanding or agreement of the PAC Group with the directors of QCM in relation to the Proposed Acquisition, up to the LPD;

(iii) The Trustee does not hold, directly or indirectly, any voting shares or voting rights and/or any other interest in MSP, MRCB and Quill Group as at the LPD; and

(iv) The Trustee has not dealt in any voting shares or voting rights and/or any other interest in MSP, MRCB and Quill Group from 24 January 2014, being the date subsequent to the negotiation, discussion, understanding or agreement of the PAC Group with the directors of QCM in relation to the Proposed Acquisition, up to the LPD.

16.5 Directors of Trustee

(i) The directors of Trustee do not hold, directly or indirectly, any voting Units or voting rights and/or any other interest in QCT as at the LPD;

(ii) The directors of Trustee have not dealt in the voting Units or voting rights of QCT from 24 January 2014, being the date subsequent to the negotiation, discussion, understanding or

agreement of the PAC Group with the directors of QCM in relation to the Proposed Acquisition, up to the LPD;

(iii) The directors of Trustee do not hold, directly or indirectly, any voting shares or voting rights and/or any other interest in MSP, MRCB and Quill Group as at the LPD; and

(iv) The directors of Trustee have not dealt in any voting shares or voting rights and/or any other interest in MSP, MRCB and Quill Group from 24 January 2014, being the date subsequent to the negotiation, discussion, understanding or agreement of the PAC Group with the directors of QCM in relation to the Proposed Acquisition, up to the LPD.

17. SERVICE CONTRACTS

None of the directors of QCM has any service contracts with QCM which is not expiring or determinable by the employing company without payment of compensation within twelve months from the date of this IAC. Further, no such service contracts has been entered into or amended within six months from the date of this IAC.

18. MATERIAL CONTRACTS

QCT have not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the LPD.

19. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved this IAC. All of the directors of QCM individually and collectively accept full responsibility for the accuracy, validity and completeness of the information given herein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, all relevant facts and information necessary for our evaluation of the Proposed Exemption have been disclosed to us and there are no material facts the omission of which will make any statement in this IAC misleading.

The responsibility of the Board in respect of:-

(i) all information relating to the PAC Group in this IAC was provided by the PAC Group and the responsibility of the Board is therefore limited to ensuring that such information is accurately reproduced in this IAC; and

(ii) our independent advice and expression of opinion in relation to the Proposed Acquisition, Proposed Placement and Proposed Exemption are limited to the accuracy of the information in relation to QCT as provided to us by QCM for our evaluation and all relevant facts and information necessary for our evaluation of the Proposed Acquisition, Proposed Placement and Proposed Exemption have been disclosed to us and there are no other material facts the omission of which will make any statement in this IAC misleading.

20. FURTHER INFORMATION

Please refer to the attachments contained in this IAC for further information on QCT and the PAC Group as well as the Circular and the enclosed appendices therein for any other relevant information.

21. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Exemption as set out in Sections 6 to 14 of this IAC. Non-interested Unitholders are advised to consider carefully the merits and demerits of the Proposed Exemption based on all relevant and pertinent factors including those which are as set out above, and in the Circular, and any other publicly available information before voting on the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming Meeting.

Due to the conditionality of the Proposed Acquisition and Proposed Placement upon the Proposed Exemption, the approval of the Proposed Exemption is a determining factor for the successful implementation of the Proposed Acquisition and Proposed Placement of which QCT may reap the potential benefits as discussed in Section 6 of this IAC. A summary of advantages and disadvantages attributable to the Proposed Exemption is as set out in the table below.

No.	Advantages	Disadvantages
1.	The Proposed Acquisition is expected to strengthen QCT's competitive positioning in terms of total asset size among the listed REITs in Malaysia. The increased asset size is likely to enable QCT to enjoy greater operating efficiency arising from economies of scale, enhancing QCT's overall capital management flexibility and facilitate any future acquisitions by QCT.	The Purchase Consideration is to be partially satisfied via the issuance of the Consideration Units which would result in an immediate dilution of non-interested Unitholders' interest in QCT and voting power of the non-interested Unitholders.
2.	Upon completion of the Proposed Acquisition, QCT would have a foothold in the strategic location of Kuala Lumpur Sentral. The Proposed Acquisition also allows QCT to diversify into Kuala Lumpur Sentral and diversify the tenancy mix of its portfolio to reduce any potential asset concentration risk as well as reducing its reliance on income contribution from any one or more major trade sectors.	The Proposed Acquisition is expected to dilute the average gross rate of return and average net rate of return of QCT as the gross rate of return on the Property of 6.64% and net rate of return of 5.46%, based on its recurring revenue and recurring net property income as at 31 December 2013, are lower than the average gross rate of return of QCT of 8.35% and average net rate of return of QCT of 6.44%, based on QCT's revenue and net property income as at 31 December 2013, respectively. The aggregate cost of debt funding and required rate of return on equity for the Proposed Acquisition is higher than the return in which the Property generates, which could imply a

No.	Advantages	Disadvantages
		negative return to the non-interested Unitholders in respect of the Proposed Acquisition.
3.	The Property, with its strategic location and green building feature will enhance QCT's portfolio profile. Based on the tenancy schedule of the Property as at 10 February 2015, the overall occupancy rate of QCT as at 30 January 2015 would improve from 91% to 93% upon completion of the Proposed Acquisition.	The Proposed Acquisition will result in an increase in borrowings for QCT. While the cost of debt of QCT is lower than its cost of equity, undertaking of additional debt commitments will result in higher weighted average cost of debt. Similarly, the higher financial risk is expected to be reflected in a higher weighted average cost of equity. Both of these had then resulted in a higher cost of capital or WACC for QCT as compared to its existing WACC.
4.	With the entrance of MSP leading to MRCB emerging as a strategic Unitholder upon completion of the Proposed Acquisition and in view of the Right of First Refusal to be granted by the shareholders of QCM, there could be a pipeline of office properties owned by the shareholders of QCM which represents potential acquisition opportunities for QCT moving forward. The Proposed Acquisition will enable the non-interested Unitholders to reap the benefits of the future growth of QCT.	If the Proposed Exemption is approved, it will allow the PAC Group to collectively hold up to 49.6% and 47.5% of the total Units under the Minimum Scenario and Maximum Scenario respectively upon completion of the Proposed Acquisition and the Proposed Placement without having to extend a mandatory take-over offer for the remaining Units not already held by them. With such stake, the PAC Group would be in a strong position to determine the outcome of matters that only require an ordinary resolution in circumstance where the PAC Group is not required to abstain from voting, which may not be in line with the interest of the non-interested Unitholders.
5.	The issuance of the Consideration Units and Placement Units to partially satisfy the Purchase Consideration will reduce the need for QCT to use its cash flow and/or incur bank borrowings to fund the Proposed Acquisition. Hence, QCT would not be burdened with the funding costs associated with such borrowings.	-

We take cognisance of the risk factors as set out in Section 12 of the Circular and we have also considered other risks which are relevant to our evaluation of the Proposed Acquisition, Proposed Placement and Proposed Exemption. We have weighed the aforementioned risk factors against the benefits set out in Section 9.1 of the Circular and Section 6 of this IAC, as well as the Purchase Consideration and the Issue Price based on our evaluation as set out in Section 7 of this IAC.

Based on the above and KAF Investment's evaluation of the Proposed Acquisition, Proposed Placement and Proposed Exemption as a whole, we are of the view that the advantages of the

Proposed Acquisition, Proposed Placement and Proposed Exemption outweigh the disadvantages. With the entrance of MSP leading to MRCB emerging as a strategic Unitholder and in view of the Right of First Refusal, there could be a pipeline of office properties owned by the shareholders of QCM which represents potential acquisition opportunities for QCT moving forward which will enable the non-interested Unitholders to reap the benefits of the future growth of QCT.

Premised on the above, we are of the opinion that the Proposed Exemption is **FAIR AND REASONABLE** and favourable to the non-interested Unitholders. Accordingly, we recommend the non-interested Unitholders to **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming Meeting.

Yours faithfully
For and on behalf of
KAF Investment Bank Berhad

ROHAIZAD ISMAIL
Deputy Chief Executive Officer

MICHAEL HO
Director
Corporate Finance

1. HISTORY AND PRINCIPAL ACTIVITY

QCT was constituted under the Deed. QCT commenced its operations in 2006 and was listed on the Main Board of Bursa Securities on 8 January 2007.

The principal activity of QCT is to acquire and invest in commercial properties primarily in Malaysia, with a view to provide Unitholders with long term and sustainable distribution of income and potential capital growth.

2. FUND SIZE OF QCT

The approved, issued and fully paid unitholders' capital of QCT as at the LPD are as stated in the table below.

Unitholders' capital	**No. of Units**
Approved	
Ordinary Units	390,131,000
Issued and fully paid	
Ordinary Units	390,131,000

3. SUBSTANTIAL UNITHOLDERS

The substantial Unitholders who hold 5% or more interest in QCT based on the Record of Depositors of QCT as at the LPD are as stated in the table below.

Name	**Nationality / Country of incorporation**	**<----------Direct----------->**		**<----------Indirect----------->**	
		No. of Units	**Percentage of Units %**	**No. of Units**	**Percentage of Units %**
CCT	Singapore	117,040,000	30.00	-	-
QLSB	Malaysia	48,767,000	12.50	-	-
QPSB	Malaysia	45,997,000	11.79	-	-
QESB	Malaysia	22,276,000	5.71	-	-

Name	Nationality / Country of incorporation	<----------Direct---------->		<----------Indirect---------->	
		No. of Units	Percentage of Units %	No. of Units	Percentage of Units %
CapitaLand Limited	Singapore	-	-	117,040,000	(1) 30.00
Dato' Dr Low Moi Ing, J.P.	Malaysian	50,000	0.01	117,040,000	(2) 30.00
Dato' Michael Ong Leng Chun	Malaysian	55,000	0.01	117,040,000	(3) 30.00

Notes:-
(1) Deemed interested by virtue of its interests in CCT pursuant to Section 6A of the Act.
(2) Deemed interested by virtue of her interests in QLSB, QPSB and QESB pursuant to Section 6A of the Act.
(3) Deemed interested by virtue of his interests in QLSB, QPSB and QESB pursuant to Section 6A of the Act.

4. SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURE COMPANIES

QCT does not have any subsidiary company, associated company or joint venture company as at the LPD. The special purpose entities of QCT as at the LPD are as stated in the table below.

Name of special purpose entities (1)	Country of incorporation	Effective equity interest %	Principal activities
Murud Capital Sdn Bhd (formerly known as Gandalf Capital Sdn Bhd)	Malaysia	100.00	Facilitate financing for QCT
Trusmadi Capital Sdn Bhd	Malaysia	100.00	Facilitate financing for QCT
Samwise Capital Sdn Bhd	Malaysia	100.00	Facilitate financing for QCT
Kinabalu Capital Sdn Bhd	Malaysia	100.00	Facilitate financing for QCT

Note:-
(1) Wholly owned by Maybank Trustees Berhad, acting solely in the capacity as trustee for and on behalf of QCT.

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5. PROFIT AND DISTRIBUTION RECORD

The profit and distribution record of QCT based on the audited financial statements of QCT for the past five financial years from FYE 31 December 2010 to FYE 31 December 2014 are as stated in the table below.

	FYE 31 December 2010 RM'000	FYE 31 December 2011 RM'000	FYE 31 December 2012 RM'000	FYE 31 December 2013 RM'000	FYE 31 December 2014 RM'000
Revenue	69,299	70,266	69,490	68,937	70,249
Profit before taxation	54,220	39,480	40,076	36,644	40,283
Taxation	-	-	-	-	-
Profit after taxation	54,220	39,518	40,076	36,644	40,283
No. of Units in issue ('000)	390,131	390,131	390,131	390,131	390,131
Realised earnings per Unit (after manager's fee) (sen)	8.35	8.80	8.83	8.85	8.76
Net DPU (sen)	8.03	8.30	8.38	8.38	8.38
Current ratio (times)	0.23	1.84	0.29	1.97	2.03
Total Unitholders' funds	497,977	521,891	528,849	533,460	541,251
NAV per Unit after distribution (RM)	1.28	1.29	1.31	1.32	1.34

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6. STATEMENT OF ASSETS AND LIABILITIES

The statements of assets and liabilities of QCT based on the audited statements of financial position of QCT as at 31 December 2013 and 31 December 2014 are as stated in the table below.

	As at 31 December 2013 RM'000	As at 31 December 2014 RM'000
ASSETS		
Non-current assets		
Investment properties	825,560	837,700
Property, plant and equipment	9	17
Derivatives	1,023	1,224
Total non-current assets	**826,592**	**838,941**
Current assets		
Trade and other receivables	2,612	6,142
Derivatives	-	-
Cash and bank balances	30,915	23,289
Total current assets	**33,527**	**29,431**
Total assets	**860,119**	**868,372**
LIABILITIES		
Non-current liabilities		
Derivatives	-	-

	As at 31 December 2013 RM'000	As at 31 December 2014 RM'000
Borrowings	304,887	305,113
Security deposits	4,756	7,504
Total non-current liabilities	**309,643**	**312,617**
Current liabilities		
Trade and other payables	11,651	12,241
Borrowings	-	-
Security deposits	5,365	2,264
Total current liabilities	**17,016**	**14,505**
Total liabilities	**326,659**	**327,122**
UNITHOLDERS' FUNDS ATTRIBUTABLE TO UNITHOLDERS OF QCT		
Unitholders' capital	411,712	411,712
Undistributed and non-distributable income	121,748	129,539
Total Unitholders' funds	**533,460**	**541,251**
Total Unitholders' funds and liabilities	**860,119**	**868,373**

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1. HISTORY AND PRINCIPAL ACTIVITY

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, issued and paid-up share capital of QCM as at the LPD are as stated in the table below.

Share capital	No. of QCM Shares	Par value RM	Total RM
Authorised			
Ordinary shares	1,000,000	1.00	1,000,000
Issued and paid-up			
Ordinary shares	1,000,000	1.00	1,000,000

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3. SUBSTANTIAL SHAREHOLDER

The substantial shareholders who hold 5% or more equity interest in QCM based on the Register of Members of QCM as at the LPD are as stated in the table below.

Name	Country of incorporation / Nationality	<----------Direct---------->		<----------Indirect---------->	
		No. of QCM Shares	Percentage of QCM Shares %	No. of QCM Shares	Percentage of QCM Shares %
Ordinary shares					
CapitaLand RECM Pte Ltd	Singapore	400,000	40.00	-	-
Coast Capital Sdn Bhd	Malaysia	300,000	30.00	-	-
QRHSB	Malaysia	300,000	30.00	-	-
CapitaLand Financial Limited (1)	Singapore	-	-	400,000	40.00
Shahinuddin Bin Shariff (2)	Malaysian	-	-	300,000	30.00
Muhammad Irfan Bin Shahinuddin (2)	Malaysian	-	-	300,000	30.00
Dato' Dr. Low Moi Ing, J.P. (3)	Malaysian	-	-	300,000	30.00
Dato' Michael Ong Leng Chun (3)	Malaysian	-	-	300,000	30.00
CapitaLand Limited (4)	Singapore	-	-	400,000	40.00

Notes:-

(1) Deemed interested by virtue of its equity interests in CapitaLand RECM Pte Ltd.
(2) Deemed interested by virtue of their equity interests in Coast Capital Sdn Bhd.
(3) Deemed interested by virtue of his/her equity interests in QRHSB.
(4) Deemed interested by virtue of its equity interests in CapitaLand Financial Limited.

4. DIRECTORS

As at the LPD, the directors of QCM and their respective shareholding in QCM are as stated in the table below.

Name	Nationality	<----------Direct---------->		<----------Indirect--------->	
		No. of QCM Shares	Percentage of QCM Shares %	No. of QCM Shares	Percentage of QCM Shares %
Dato' Mohammed Bin Haji Che Hussein	Malaysian	-	-	-	-
Dato' Dr. Low Moi Ing, J.P. (1)	Malaysian	-	-	300,000	30.00
Dato' Michael Ong Leng Chun (1)	Malaysian	-	-	300,000	30.00
Wen Khai Meng	Singaporean	-	-	-	-
Chong Lit Cheong	Singaporean	-	-	-	-
Datuk Dr. Mohamed Arif Bin Nun	Malaysian	-	-	-	-
Foong Soo Hah	Malaysian	-	-	-	-
Aw Hong Boo (Alternate Director to Dato' Dr. Low Moi Ing, J.P.)	Malaysian	-	-	-	-

Note:-
(1) Deemed interested by virtue of his/her equity interests in QRHSB.

5. SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURE COMPANIES

QCM does not have any subsidiary company, associated company or joint venture company as at the LPD.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of QCM based on the audited financial statements of QCM for the past five financial years from FYE 31 December 2009 to FYE 31 December 2013 are as stated in the table below.

	FYE 31 December 2009 RM'000	FYE 31 December 2010 RM'000	FYE 31 December 2011 RM'000	FYE 31 December 2012 RM'000	FYE 31 December 2013 RM'000
Revenue	4,921	4,909	5,051	5,056	5,036
Profit before taxation	2,532	2,315	1,588	1,921	1,977
Taxation	629	683	514	486	535
Profit after taxation	1,903	1,632	1,075	1,435	1,442
No. of QCM Shares in issue ('000)	1,000	1,000	1,000	1,000	1,000
Earnings per QCM Share (RM)	1.90	1.63	1.07	1.43	1.44
Dividend per QCM Share (sen)	1.50	1.00	1.50	1.00	1.50
Current ratio (times)	5.12	5.30	4.24	5.16	4.97
Total shareholders' funds	4,446	5,079	4,653	5,087	5,030
Net assets per QCM Share (RM)	4.45	5.08	4.65	5.09	5.03

7. STATEMENT OF ASSETS AND LIABILITIES

The statements of assets and liabilities of QCM based on the audited statements of financial position of QCM as at 31 December 2012 and 31 December 2013 are as stated in the table below.

	As at 31 December 2012 RM'000	As at 31 December 2013 RM'000
ASSETS		
Non-current assets		
Plant and equipment	2	-
Total non-current assets	2	-
Current assets		
Trade receivables	1,180	1,467
Prepayments	40	40
Tax recoverable	-	24
Cash and bank balances	5,087	4,766
Total current assets	**6,307**	**6,297**
Total assets	**6,309**	**6,297**
LIABILITIES		
Current liabilities		
Other payables	1,222	1,268
Total current liabilities	**1,222**	**1,268**

	As at 31 December 2012 RM'000	As at 31 December 2013 RM'000
Total liabilities	**1,222**	**1,268**
EQUITY ATTRIBUTABLE TO SHAREHOLDERS		
Share Capital	1,000	1,000
Retained Earnings	4,087	4,030
Total equity	**5,087**	**5,030**
Total equity and liabilities	**6,309**	**6,298**

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1. HISTORY AND PRINCIPAL ACTIVITY

MSP was incorporated as a private limited company in Malaysia on 14 November 1990 under the Act. MSP is a wholly-owned subsidiary company of MRCB.

MSP is principally involved in property development and property management.

2. SHARE CAPITAL

The authorised, issued and paid-up share capital of MSP as at the LPD are as stated in the table below.

Share capital	No. of MSP Shares	Par value RM	Total RM
Authorised			
Ordinary shares	80,000,000	1.00	80,000,000
Redeemable convertible cumulative preference shares	200,000,000	0.10	20,000,000
Issued and paid-up			
Ordinary shares	20,000,000	1.00	20,000,000
Redeemable convertible cumulative preference shares	20,000,000	0.10	2,000,000

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3. SUBSTANTIAL SHAREHOLDER

The substantial shareholders who hold 5% or more equity interest in MSP based on the Register of Members of MSP as at the LPD are as stated in the table below.

Name	Country of incorporation	<----------Direct---------->		<----------Indirect---------->	
		No. of MSP Shares	Percentage of MSP Shares %	No. of MSP Shares	Percentage of MSP Shares %
Ordinary shares					
MRCB	Malaysia	20,000,000	100	-	-
Redeemable convertible cumulative preference shares					
MRCB	Malaysia	(1) 200,000,000	100	-	-

Note:-

(1) 200,000,000 redeemable convertible cumulative preference shares of RM0.10 each was issued of which 20,000,000 redeemable convertible cumulative preference shares of RM0.10 each have been paid-up and the balance 180,000,000 redeemable convertible cumulative preference shares of RM0.10 each unpaid.

4. DIRECTORS

As at the LPD, the directors of MSP and their respective shareholding in MSP are as stated in the table below.

Name	Nationality	<----------Direct---------->		<----------Indirect--------->	
		No. of MSP Shares	Percentage of MSP Shares %	No. of MSP Shares	Percentage of MSP Shares %
Ann Wan Tee	Malaysian	-	-	-	-
Kwan Joon Hoe	Malaysian	-	-	-	-
Johan Aly bin Abdul Rais	Malaysian	-	-	-	-

5. SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURE COMPANIES

MSP does not have any subsidiary company, associated company or joint venture company as at the LPD.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of MSP based on the audited financial statements of MSP for the past three financial years from FYE 31 December 2011 to FYE 31 December 2013 are as stated in the table below.

	FYE 31 December 2011 RM'000	FYE 31 December 2012 RM'000	FYE 31 December 2013 RM'000
Revenue	37,987	275,694	(25,623)
Profit before taxation/(loss before taxation)	11,110	69,453	(37,989)
Taxation	(18)	(5,858)	8,390
Profit after taxation/(loss after taxation)	11,092	63,595	(29,599)
Profit from discontinuing operations [(1)]	-	1,545	4,898
Profit for the financial year/(loss for the financial year)	11,092	65,140	(24,701)
Minority interest	-	-	-
Profit attributable to equity holders of MSP/(loss attributable to equity holders of MSP)	11,092	65,140	(24,701)
Earnings per MSP Share/(loss per MSP Share) (RM)	0.55	3.26	(1.24)
Dividend per MSP Share (sen)	-	-	-

Note:-

(1) The discontinuing operation is in respect of the proposed disposal of Platinum Sentral pursuant to the HOA dated 29 January 2014 entered by MSP with the Trustee, acting solely in the capacity as the trustee for and on behalf of QCT.

7. STATEMENT OF ASSETS AND LIABILITIES

The statements of assets and liabilities of MSP based on the audited statements of financial position of MSP as at 31 December 2012 and 31 December 2013 are as stated in the table below.

	As at 31 December 2012 RM'000	As at 31 December 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	226	277
Investment properties	515,316	76,199
Land held for property development	41,133	41,810
Deferred tax assets	-	456
Trade receivables	-	194,989
Total non-current assets	**556,675**	**313,731**
Current assets		
Receivables	272,046	73,677
Tax recoverable	-	-
Amount due from related parties	2,752	3,412
Amount due from joint related companies	4,055	3,182
Deposits, cash and bank balances	89,776	70,959
Total current assets	**368,629**	**151,230**

	As at 31 December 2012 RM'000	As at 31 December 2013 RM'000
Assets held for sale	**-**	**428,089**
Total assets	**925,304**	**893,050**
LIABILITIES		
Non-current liabilities		
Amount due to a related company	-	143,262
Post-employment benefit obligations	387	439
Deferred tax liabilities	7,779	-
Borrowings	-	-
Total non-current liabilities	**8,166**	**143,701**
Current liabilities		
Payables	45,841	32,866
Amount due to ultimate holding company	303,317	299,906
Amount due to related companies	223,568	76,066
Tax liabilities	599	351
Provision for liabilities and charges	1,022	35,333
Borrowings	400,000	380,000
Total current liabilities	**974,347**	**824,522**

	As at 31 December 2012 RM'000	As at 31 December 2013 RM'000
Liabilities associated with assets held for sale	**-**	**6,744**
Total liabilities	**982,513**	**974,967**
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY		
Share capital	20,000	20,000
Preference shares	2,000	2,000
Share premium	18,000	18,000
Accumulated losses	(97,209)	(121,910)
Retirement benefit reserves	-	(7)
Total equity	**(57,209)**	**(81,917)**
Total equity and liabilities	**925,304**	**893,050**

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1. REVIEW OF THE HISTORICAL FINANCIAL PERFORMANCE OF THE PROPERTY

The key information of the Property for the FYE 31 December 2011 to FYE 31 December 2013 is summarised in the table below.

		FYE 31 December 2011 RM'000	FYE 31 December 2012 RM'000	FYE 31 December 2013 RM'000
Total revenue		8,656	37,511	49,049
Net property income		6,825	29,667	39,820
Net property income margin		78.85%	79.09%	81.18%
Occupied NLA - office (sq ft) (1)		286,601	445,377	445,377
Occupied NLA - retail (sq ft) (1)		15,775	15,775	19,775
Total NLA - office (sq ft) (1)	(2)	286,601	445,377	445,377
Total NLA - retail (sq ft) (1)	(3)	N.A.	69,513	69,513
Occupancy rate - office		100.00%	100.00%	100.00%
Occupancy rate - retail	(4)	N.A.	22.69%	28.45%
Average monthly rental rate - office (RM/sq ft) (5)		8.09	8.20	8.20
Average monthly rental rate - retail (RM/sq ft) (5)		6.00	6.00	5.80

Notes:-

(1) The occupied NLA and total NLA include licensed areas, outdoor and terrace.

(2) The Property consists five blocks. Three blocks were completed in FYE 31 December 2011 and the remaining two blocks were completed in FYE 31 December 2012. The total NLA for the office space of the three blocks completed in FYE 31 December 2011 were 286,601 sq ft.

(3) Not available as the management of MSP could not ascertain the total NLA for the retail space of the Property as at 31 December 2011 as the retail space is situated at common areas among the different blocks of the Property.

(4) Not available due to non-availability of the total NLA for the retail space of the Property as at 31 December 2011.

(5) The average monthly rental rate is computed by dividing average monthly rental over the occupied NLA.

(Source: The management of MSP)

Commentaries:-

FYE 31 December 2012 compared with FYE 31 December 2011

The Property registered a growth in total revenue by 332.76% from RM8.67 million for the FYE 31 December 2011 to RM37.52 million for the FYE 31 December 2012. The huge increase in the total revenue between FYE 31 December 2011 and FYE 31 December 2012 was mainly attributed to the fact that the first tenancy of the building had only commenced in July 2011 and two additional tenancies commencing in the remaining period in FYE 31 December 2011 as compared with eight tenancies in FYE 31 December 2012.

The operating expenses of the Property increased by 326.63% from RM1.84 million for the FYE 31 December 2011 to RM7.85 million for the FYE 31 December 2012 mainly due to the following reasons:-

(i) the increase in chilled water charges by 262.75% from RM0.51 million in FYE 31 December 2011 to RM1.85 million in FYE 31 December 2012 and the increase in building maintenance charges by 112.39% from RM1.13 million in FYE 31 December 2011 to RM2.40 million in FYE 31 December 2012, mainly due to fully completed construction of the Property and the full year operation in the FYE 31 December 2012 and higher number of tenancies in FYE 31 December 2012 as compared with FYE 31 December 2011;

(ii) the electricity charge amounted to RM1.31 million in FYE 31 December 2012 as compared with no electricity charge in FYE 31 December 2011 as the electricity charge only started to be absorbed by MSP for the Property after the receipt of Certificate of Completion and Compliance in FYE 31 December 2012; and

(iii) the increase in marketing related expenses from RM0.01 million in FYE 31 December 2011 to RM1.05 million in FYE 31 December 2012 due to the marketing efforts to attract the new tenants upon full completion of the Property in FYE 31 December 2012.

As a result of the growth in the total revenue and the corresponding but relatively lower increase in the operating expenses compared with the increase in the total revenue, net property income of the Property increased by 334.41% from RM6.83 million for the FYE 31 December 2011 to RM29.67 million for the FYE 31 December 2012.

The occupancy rate for office space of the Property remained at 100% as at 31 December 2012 as compared with 31 December 2011 as all the newly available NLA for office space of the Property in FYE 31 December 2012 were all taken up. The occupancy rate for retail space of the Property as at 31 December 2012 was 22.69% while the occupancy rate for retail space of the Property as at 31 December 2011 was not available as the management of MSP could not ascertain the total NLA for the retail space of the Property as at 31 December 2011 as the retail space is situated at common areas among the different blocks of the Property.

The average rental rate for office space of the Property increased from RM8.09 per sq ft for the FYE 31 December 2011 to RM8.20 per sq ft for the FYE 31 December 2012. This was mainly due to the signing of new tenancies with higher average rental rate of RM8.38 per sq ft in FYE 31 December 2012. The average rental rate for retail space of the Property remained unchanged at RM6.00 per sq ft in FYE 31 December 2012 as compared with FYE 31 December 2011 as the retail tenant and its monthly rental rate remained unchanged for both financial years.

<u>FYE 31 December 2013 compared with FYE 31 December 2012</u>

The Property registered a growth in total revenue by 30.92% from RM37.52 million for the FYE 31 December 2012 to RM49.12 million for the FYE 31 December 2013. This was mainly attributed to full financial year recognition of rental recorded in FYE 31 December 2013 for those tenancies signed up in FYE 31 December 2012.

The operating expenses of the Property increased by 18.47% from RM7.85 million for the FYE 31 December 2012 to RM9.30 million for the FYE 31 December 2013. This was mainly attributed to the higher assessment cost recorded in FYE 31 December 2013 of RM2.15 million as compared with RM0.16 million in FYE 31 December 2012 as a result of the higher assessment charges charged on the fully completed building blocks for the FYE 31 December 2013 as compared with the assessment charges charged on the Land in the FYE 31 December 2012.

As a result of the growth in total revenue and the corresponding but relatively lower increase in the operating expenses, net property income of the Property increased by 34.21% from

RM29.67 million for the FYE 31 December 2012 to RM39.82 million for the FYE 31 December 2013.

The occupancy rate of the office space of the Property remained at 100% as at 31 December 2013 as compared with 31 December 2012. The occupancy rate for retail space increased to 28.45% as at 31 December 2013 as compared with 22.69% as at 31 December 2012. This was due to the additional retail tenant in FYE 31 December 2013.

The average rental rate for office space of the Property remained unchanged at RM8.20 per sq ft in FYE 31 December 2013 as compared with FYE 31 December 2012 as the office tenants and their monthly rental rates remained unchanged for both financial years. The average rental rate for retail space of the Property decreased slightly from RM6.00 per sq ft in FYE 31 December 2012 to RM5.80 per sq ft in FYE 31 December 2013 as a retail tenant was newly added with a lower monthly rental rate of RM5.00 per sq ft.

KAF Investment's comments

For the financial years under review, the Property had registered growth in total revenue, net property income and net property income margin. We note that the Property had registered 100% occupancy rate for its office space for the financial years under review, which suggests that the demand for the office space of the Property were strong during the financial years under review. The average rental rate for the office space of the Property increased in FYE 31 December 2012 and remained stable in FYE 31 December 2013. For the retail space of the Property, we note that its occupancy rate was low as at 31 December 2012 and 31 December 2013 and its average rental rate decreased in FYE 31 December 2013. For avoidance of doubt, the non-interested Unitholders should note that the retail space of the Property only consists 13.50% of the NLA of the Property.

We wish to highlight that the historical financial performance of the Property does not necessarily represent the future financial performance of the Property. The non-interested Unitholders should note that the future financial performance of the Property would depend on, amongst others, its ability to attract new tenants and retain its existing tenants as well as retention of certain rental rates and terms whilst being able to contain operating costs amid increased competition from other properties as detailed under Section 12.1 of this IAC.

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1. HISTORY AND PRINCIPAL ACTIVITY

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.

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 subsidiary companies. MRCB's subsidiary companies and associated companies are principally engaged in property development and investment, building services, environmental engineering, infrastructure and engineering as well as construction related activities.

2. SHARE CAPITAL

The authorised, issued and paid-up share capital of MRCB as at the LPD are as stated in the table below.

Share capital	No. of MRCB Shares	Par value RM	Total RM
Authorised			
Ordinary shares	5,000,000,000	1.00	5,000,000,000
Issued and paid-up			
Ordinary shares	1,786,580,857	1.00	1,786,580,857

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3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders who hold 5% or more equity interest in MRCB based on the Record of Depositors of MRCB as at the LPD are as stated in the table below.

Name	Country of incorporation	<----------Direct---------->		<----------Indirect---------->	
		No. of MRCB Shares	Percentage of MRCB Shares %	No. of MRCB Shares	Percentage of MRCB Shares %
Employee Provident Fund Board	Malaysia	685,457,897	38.37	-	-
Gapurna Sdn Bhd	Malaysia	298,322,581	16.70	-	-
Lembaga Tabung Haji	Malaysia	180,065,673	10.08	-	-

4. DIRECTORS

As at the LPD, the directors of MRCB and their respective shareholding in MRCB are as stated in the table below.

Name	Nationality	<----------Direct---------->		<----------Indirect---------->	
		No. of MRCB Shares	Percentage of MRCB Shares %	No. of MRCB Shares	Percentage of MRCB Shares %
Tan Sri Azlan Zainol	Malaysian	-	-	-	-
Tan Sri Mohammad Salim Fateh Din	Malaysian	-	-	(1) 298,322,581	16.70
Datuk Shahril Ridza Ridzuan	Malaysian	500,000	0.03	-	-
Dato' Abdul Rahman Ahmad	Malaysian	-	-	-	-
Dato' Chong Pah Aung	Malaysian	-	-	-	-
Jamaludin Zakaria	Malaysian	-	-	-	-

Name	Nationality	<----------Direct---------->		<----------Indirect---------->	
		No. of MRCB Shares	Percentage of MRCB Shares %	No. of MRCB Shares	Percentage of MRCB Shares %
Dato' Johari Razak	Malaysian	-	-	-	-
Rohaya Mohammad Yusof	Malaysian	-	-	-	-

Note:-
(1) Deemed interested by virtue of his interests in Gapurna Sdn Bhd pursuant to Section 6A of the Act.

5. SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURE COMPANIES

The subsidiary companies, associated companies and joint venture companies of MRCB as at the LPD are as stated in the table below.

Name of company	Country of incorporation	Effective equity interest %	Principal activities
Direct subsidiary companies			
Arch Angel Capital Sdn. Bhd.	Malaysia	70.00	Investment, general trading and financial consulting
Cosy Bonanza Sdn. Bhd.	Malaysia	65.70	Property development
348 Sentral Sdn. Bhd.	Malaysia	100.00	Leasing of office and service residence space
59INC Sdn. Bhd.	Malaysia	100.00	Property development and property investment
Country Annexe Sdn. Bhd.	Malaysia	70.00	Construction and property development
Excellent Bonanza Sdn. Bhd.	Malaysia	100.00	Property development
Gapurna Builders Sdn. Bhd.	Malaysia	100.00	Construction and development of property
Gapurna Global Solutions Sdn. Bhd.	Malaysia	100.00	Property and investment holding

Name of company	Country of incorporation	Effective equity interest %	Principal activities
Gapurna Land Sdn. Bhd.	Malaysia	100.00	Construction and development of property
Gelanggang Harapan Construction Sdn. Bhd.	Malaysia	100.00	Land and property development
Kuala Lumpur Sentral Sdn. Bhd.	Malaysia	74.00	Property development
Landas Utama Sdn. Bhd.	Malaysia	100.00	Investment holding (1)
Mafira Holdings Sdn. Bhd.	Malaysia	100.00	Investment holding (1)
Milmix Sdn. Bhd.	Malaysia	100.00	Civil and infrastructure building contractor
MR Construction Sdn. Bhd.	Malaysia	50.80	Construction (2)
MR Securities Sdn. Bhd.	Malaysia	100.00	Investment holding (1)
MRCB Ceramics Sdn. Bhd.	Malaysia	100.00	Manufacturing, distribution and sale of ceramic tiles (1)
MRCB Dotcom Sdn. Bhd.	Malaysia	100.00	Planning and management services (2)
MRCB DMIA JV Sdn. Bhd.	Malaysia	100.00	Pre-operating
MRCB Engineering Sdn. Bhd.	Malaysia	100.00	Engineering and construction services
MRCB Environmental Services Sdn. Bhd.	Malaysia	100.00	Project management services, consultancy services, infrastructure and environmental, engineering and investment holding
MRCB Green Energy Sdn. Bhd.	Malaysia	100.00	Pre-operating
MRCB Land Sdn. Bhd.	Malaysia	100.00	Project management and development services (1)
MRCB Prasarana Sdn. Bhd.	Malaysia	100.00	Project management and investment holding
MRCB Property Management Sdn. Bhd.	Malaysia	100.00	Property investment and management (1)

Name of company	Country of incorporation	Effective equity interest %	Principal activities
Malaysian Resources Development Sdn. Bhd.	Malaysia	100.00	Property development and investment holding
Malaysian Resources Sentral Sdn. Bhd.	Malaysia	100.00	Provision of facility management
MSP	Malaysia	100.00	Property development and property investment
MRCB Utama Sdn. Bhd.	Malaysia	100.00	Property development
Onesentral Park Sdn. Bhd.	Malaysia	100.00	Property development
Paradigma Berkat Sdn. Bhd.	Malaysia	70.00	Property development
Penang Sentral Sdn. Bhd.	Malaysia	100.00	Property development
Prema Bonanza Sdn. Bhd.	Malaysia	51.00	Property development
Puncak Wangi Sdn. Bhd.	Malaysia	100.00	Construction and development of property
Region Resources Sdn. Bhd.	Malaysia	100.00	Engineering and construction services
Sibexlink Sdn. Bhd.	Malaysia	100.00	Sales of business information and website development (3)
Semasa District Cooling Sdn. Bhd.	Malaysia	100.00	One-stop card technology service provider (1)
Semasa Parking Sdn. Bhd	Malaysia	100.00	Car park management
Semasa Sentral Sdn. Bhd.	Malaysia	100.00	Operation, management and maintenance of the Kuala Lumpur Sentral railway station
Semasa Sentral (Penang) Sdn. Bhd.	Malaysia	100.00	Operation, management and maintenance of Penang Sentral
Semasa Services Sdn. Bhd.	Malaysia	100.00	Building services
Sooka Sentral Sdn. Bhd.	Malaysia	100.00	Operation, management and maintenance of retail centre
Superview Development Sdn. Bhd.	Malaysia	100.00	Property development, management and shares trading (3)

Name of company	Country of incorporation	Effective equity interest %	Principal activities
SynarGym Sdn. Bhd.	Malaysia	100.00	Managing and operating a fitness centre
Transmission Technology Sdn. Bhd.	Malaysia	100.00	Engineering, construction services to power transmission systems and buildings
Lotus Terrain Sdn. Bhd.	Malaysia	100.00	Pre-operating
P.J Sentral Development Sdn. Bhd.	Malaysia	100%	Dealing in land, properties and other development related activities
Seleksi Untung Sdn. Bhd.	Malaysia	100%	Pre-operating
Held through 100% ownership by 348 Sentral Sdn. Bhd.			
348 Sentral Office Sdn. Bhd.	Malaysia	100.00	Pre-operating
348 Sentral Service Residence Sdn. Bhd.	Malaysia	100.00	Pre-operating
Held through 100% ownership by Kuala Lumpur Sentral Sdn. Bhd.			
Unity Portfolio Sdn. Bhd.	Malaysia	74.00	Property management
Held through 100% ownership by Gelanggang Harapan Construction Sdn Bhd			
Sanjung Sepang Sdn. Bhd.	Malaysia	100.00	Pre-operating
Held through 100% ownership by MRCB Engineering Sdn. Bhd.			
MRCB (Thailand) Ltd.	Thailand	100.00	Pre-operating
Held through 55% ownership by MRCB Environmental Services Sdn. Bhd.			
MRCB Environment Sdn. Bhd.	Malaysia	55.00	Infrastructure and environmental engineering
Held through 100% ownership by MRCB Prasarana Sdn. Bhd.			
MRCB Lingkaran Selatan Sdn. Bhd.	Malaysia	100.00	Design, development, construction, project management, operations and maintenance of the expressway known as Eastern Dispersal Link, Johor Bahru
Held through 100% ownership by MRCB Lingkaran Selatan Sdn. Bhd.			

Name of company	Country of incorporation	Effective equity interest %	Principal activities
MRCB Southern Link Berhad	Malaysia	100.00	Design, development, construction, project management and financing of expressway and infrastructure related project
Held through 100% ownership by Malaysian Resources Development Sdn. Bhd.			
MRCB International Sdn Bhd (formerly known as Bitar Enterprises Sdn. Bhd.)	Malaysia	100.00	Property development and investment holding [(1)]
Held through 100% ownership by Bitar Enterprises Sdn. Bhd.			
MRCB Land (Australia) Pty. Ltd.	Australia	70.00	Property development
Held through 100% ownership by MRCB Land (Australia) Pty. Ltd.			
MRCB Project Incorporated Pty. Ltd.	Australia	70.00	Property development [(1)]
Held through 100% ownership by MRCB Land Sdn. Bhd.			
Crystal Hallmark Sdn. Bhd.	Malaysia	100.00	Property development (Pre-operating)
Efficient Class Sdn Bhd.	Malaysia	100.00	Property development (Pre-operating)
Pinnacle Paradise Sdn Bhd.	Malaysia	100.00	Property development (Pre-operating)
Subang Sentral Sdn Bhd (formerly known as Aroma Sakti Sdn Bhd)	Malaysia	100.00	Property development (Pre-operating)
Esquire Moments Sdn Bhd	Malaysia	100.00	Property development (Pre-operating)
Rukun Juang Sdn Bhd	Malaysia	100.00	Property development (Pre-operating)
Legasi Azam Sdn Bhd	Malaysia	100.00	Property development (Pre-operating)
Stigma Tiara Sdn Bhd	Malaysia	100.00	Property development (Pre-operating)
Held through 100% ownership by Malaysian Resources Development Sdn. Bhd.			

Name of company	Country of incorporation	Effective equity interest %	Principal activities
Golden East Corporation Sdn. Bhd.	Malaysia	100.00	Property development and management [1]
Sunrise Properties Sdn. Bhd.	Malaysia	100.00	Property development [1]
Taiyee Development Sdn. Bhd.	Malaysia	100.00	Property development [2]
MRCB Property Development Sdn. Bhd.	Malaysia	100.00	Investment holding [1]
Held through 70% ownership by Malaysian Resources Development Sdn. Bhd.			
Seri Iskandar Development Corporation Sdn. Bhd.	Malaysia	70.00	Property development
Held through 38.6% ownership by Mafira Holdings Sdn. Bhd.			
Zen Concrete Industries Sdn. Bhd.	Malaysia	38.60	Manufacturing and sale of pre-stressed spun concrete poles [4]
Held through 100% ownership by MR Securities Sdn. Bhd.			
Semasa Security Sdn. Bhd.	Malaysia	100.00	Security guard services [1]
Associates			
One IFC Sdn. Bhd.	Malaysia	30.00	Investment holding
Suasana Sentral Two Sdn. Bhd.	Malaysia	30.00	Property development
Ekovest-MRCB JV Sdn. Bhd.	Malaysia	40.00	Project Coordinator and manager for “River of Life” project
UEMB – MRCB JV Sdn. Bhd.	Malaysia	49.00	Project Management
Kota Francais (M) Sdn. Bhd.	Malaysia	20.00	Franchising property management and consultancy [4]
Ekovest-MRCB Construction Sdn Bhd	Malaysia	40.00	Pre-operating
Joint Ventures			
Nu Sentral Sdn. Bhd.	Malaysia	51.00	Property investment and management

Name of company	Country of incorporation	Effective equity interest %	Principal activities
Bisraya Construction-MRCB Engineering Consortium	Unincorporated	30.00	Engineering services and construction
KONSORTIUM KOP-HG-MRCB-ISOPLAS	Unincorporated	100.00	Design and build transmission line and substation
TTSB-SPK Consortium	Unincorporated	100.00	Design and build transmission line and substation

Notes:-
(1) Dormant.
(2) Under members' voluntary liquidation.
(3) Under creditors' voluntary liquidation.
(4) Under court order creditor liquidation.

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6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of MRCB based on the audited consolidated financial statements of MRCB for the past five financial years from FYE 31 December 2009 to FYE 31 December 2013 are as stated in the table below.

	FYE 31 December 2009 RM'000	FYE 31 December 2010 RM'000	FYE 31 December 2011 RM'000	FYE 31 December 2012 RM'000	FYE 31 December 2013 RM'000
Revenue	921,616	1,067,579	1,226,705	1,243,511	940,910
Profit before taxation/(loss before taxation)	46,492	97,575	123,313	124,922	(110,367)
Taxation	(9,009)	(23,781)	(15,326)	(35,300)	(12,481)
Profit after taxation/(loss after taxation)	37,483	73,794	107,987	89,622	(122,848)
Minority interest	2,859	6,526	14,463	31,045	(8,819)
Profit attributable to equity holders of the company/(loss attributable to equity holders of the company)	34,624	67,268	93,524	60,122	(109,132)
No. of MRCB Shares in issue ('000)	907,625	1,382,432	1,386,155	1,387,811	1,651,311
Earnings per MRCB Share/(loss per MRCB Share) (sen)	3.80	5.19	6.75	4.34	(7.38)
Dividend per MRCB Share (sen)	1.00	1.50	2.00	2.00	1.00
Current ratio (times)	2.15	1.60	1.41	1.12	1.01
Total shareholders' funds	671,919	1,286,225	1,371,780	1,413,796	1,675,416
Net assets per MRCB Share (RM)	0.74	0.93	0.99	1.02	1.01

7. STATEMENT OF ASSETS AND LIABILITIES

The statements of assets and liabilities of MRCB based on the audited consolidated statements of financial position of MRCB as at 31 December 2012 and 31 December 2013 are as stated in the table below.

	As at 31 December 2012 RM'000	As at 31 December 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	38,750	37,879
Investment properties	1,040,695	857,481
Land held for property development	620,904	818,996
Associates	61,382	90,957
Joint venture	93,367	94,988
Long term loan and receivables	81,963	531,909
Available for sale financial assets	577	577
Intangible assets	74,888	291,100
Deferred tax assets	39,108	33,513
Total non-current assets	**2,051,634**	**2,757,400**
Current assets		
Inventories	9,749	8,399
Property development costs	481,761	716,443
Trade and other receivables	1,428,661	649,160

	As at 31 December 2012 RM'000	As at 31 December 2013 RM'000
Amount due from joint venture	749	537
Tax recoverable	12,406	10,480
Financial assets at fair value through profit or loss	3,984	4,533
Deposits, cash and bank balances	644,201	603,435
Total current assets	**2,581,511**	**1,992,987**
Assets held for sale	**1,321,672**	**1,852,337**
Total assets	**5,954,817**	**6,602,724**
LIABILITIES		
Non-current liabilities		
Loan stock	14,845	7,000
Provisions for other liabilities and charges	-	10,609
Post-employment benefit obligations	17,081	16,396
Long term borrowings	890,040	908,986
Long term liabilities	153	123
Deferred tax liabilities	51,221	95,068
Total non-current liabilities	**973,340**	**1,038,182**
Current liabilities		
Provisions for other liabilities and charges	60,498	81,363

	As at 31 December 2012 RM'000	As at 31 December 2013 RM'000
Trade and other payables	893,722	1,020,749
Current tax liabilities	9,915	9,639
Senior and Junior Sukuk	1,058,471	1,058,462
Short term borrowings	1,360,941	1,535,851
Guaranteed return to a non-controlling interest	115,000	115,000
Total current liabilities	**3,498,547**	**3,821,064**
Liabilities associated with assets held for sale	**-**	**6,744**
Total liabilities	**4,471,887**	**4,865,990**
EQUITY ATTRIBUTABLE TO SHAREHOLDERS		
Share capital	1,387,811	1,651,311
Share premium	134,475	247,780
Accumulated losses	(140,759)	(275,056)
Other reserves	32,269	51,381
Total equity attributable to equity holders of MRCB	**1,413,796**	**1,675,416**
Non-controlling interest	**69,134**	**61,318**
Total equity	**1,482,930**	**1,736,734**
Total equity and liabilities	**5,954,817**	**6,602,724**

1. HISTORY AND PRINCIPAL ACTIVITIES

QESB was incorporated in Malaysia under the Act on 13 October 1997 under the name of Soreka Design Sdn Bhd. It assumed its present name on 10 October 2002.

QESB is principally an investment holding company.

2. SHARE CAPITAL

The authorised, issued and paid-up share capital of QESB as at the LPD are as stated in the table below.

Share capital	No. of QESB Shares	Par value RM	Total RM
Authorised			
Ordinary shares	5,000,000	1.00	5,000,000
Issued and paid-up			
Ordinary shares	1,500,000	1.00	1,500,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders who hold 5% or more equity interest in QESB based on the Register of Members of QESB as at the LPD are as stated in the table below.

Name	Nationality	<----------Direct---------->		<----------Indirect---------->	
		No. of QESB Shares	Percentage of QESB Shares %	No. of QESB Shares	Percentage of QESB Shares %
Dato' Dr Low Moi Ing, J.P.	Malaysian	750,000	50.00	-	-
Dato' Michael Ong Leng Chun	Malaysian	750,000	50.00	-	-

4. DIRECTORS

As at the LPD, the directors of QESB and their respective shareholding in QESB are as stated in the table below.

Name	Nationality	<----------Direct---------->		<---------Indirect---------->	
		No. of QESB Shares	Percentage of QESB Shares %	No. of QESB Shares	Percentage of QESB Shares %
Dato' Dr Low Moi Ing, J.P.	Malaysian	750,000	50.00	-	-
Dato' Michael Ong Leng Chun	Malaysian	750,000	50.00	-	-

5. SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURE COMPANIES

QESB does not have any subsidiary company, associated company or joint venture company as at the LPD.

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6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of QESB based on the audited financial statements of QESB for the past five financial years from FYE 31 December 2009 to FYE 31 December 2013 are as stated in the table below.

	FYE 31 December 2009 RM'000	FYE 31 December 2010 RM'000	FYE 31 December 2011 RM'000	FYE 31 December 2012 RM'000	FYE 31 December 2013 RM'000
Revenue	1,804	1,768	1,907	1,901	1,922
Profit before taxation	1,073	1,063	1,147	1,175	988
Taxation	(250)	(236)	(270)	(272)	(270)
Profit after taxation	823	827	877	903	718
No. of QESB Shares in issue ('000)	1,500	1,500	1,500	1,500	1,500
Earnings per QESB Share (RM)	0.55	0.55	0.58	0.60	0.48
Dividend per QESB Share (sen)	206.67	-	873.33	100.00	-
Current ratio (times)	25.96	1.28	17.21	12.11	17.82
Total shareholders' funds	26,303	27,130	14,906	14,310	15,028
Net assets per QESB Share (RM)	17.54	18.09	9.94	9.54	10.02

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7. STATEMENT OF ASSETS AND LIABILITIES

The statements of assets and liabilities of QESB based on the audited statements of financial position of QESB as at 31 December 2012 and 31 December 2013 are as stated in the table below.

	As at 31 December 2012 RM'000	As at 31 December 2013 RM'000
ASSETS		
Non-current assets		
Investment	24,047	24,097
Total non-current assets	24,047	24,097
Current assets		
Other receivables	1,156	2,035
Cash and bank balances	261	50
Total current assets	1,417	2,085
Total assets	25,464	26,182
LIABILITIES		
Non-current liabilities		
Borrowings – secured	11,037	11,037
Total non-current liabilities	**11,037**	**11,037**
Current liabilities		

	As at 31 December 2012 RM'000	As at 31 December 2013 RM'000
Other payables and accruals	97	97
Taxation	20	20
Total current liabilities	117	117
Total liabilities	11,154	11,154
EQUITY ATTRIBUTABLE TO SHAREHOLDERS		
Ordinary shares	1,500	1,500
Retained profits	12,810	13,528
Total equity	14,310	15,028
Total equity and liabilities	25,464	26,182

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1. HISTORY AND PRINCIPAL ACTIVITY

QLSB was incorporated in Malaysia under the Act on 14 October 1997 under the name of Soreka Construction Sdn Bhd. It assumed its present name on 27 September 2002.

QLSB is principally involved in letting and management of properties, property investment and investment holding.

2. SHARE CAPITAL

The authorised, issued and paid-up share capital of QLSB as at the LPD are as stated in the table below.

Share capital	No. of QLSB Shares	Par value RM	Total RM
Authorised			
Ordinary shares	5,000,000	1.00	5,000,000
Issued and paid-up			
Ordinary shares	2,500,000	1.00	2,500,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders who hold 5% or more equity interest in QLSB based on the Register of Members of QLSB as at the LPD are as stated in the table below.

Name	Nationality	<----------Direct---------->		<----------Indirect---------->	
		No. of QLSB Shares	Percentage of QLSB Shares %	No. of QLSB Shares	Percentage of QLSB Shares %
Dato' Dr Low Moi Ing, J.P.	Malaysian	1,250,000	50.00	-	-
Dato' Michael Ong Leng Chun	Malaysian	1,250,000	50.00	-	-

4. DIRECTORS

As at the LPD, the directors of QLSB and their respective shareholding in QLSB are as stated in the table below.

Name	Nationality	<----------Direct---------->		<----------Indirect---------->	
		No. of QLSB Shares	Percentage of QLSB Shares %	No. of QLSB Shares	Percentage of QLSB Shares %
Dato' Dr Low Moi Ing, J.P.	Malaysian	1,250,000	50.00	-	-
Dato' Michael Ong Leng Chun	Malaysian	1,250,000	50.00	-	-

5. SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURE COMPANIES

QLSB does not have any subsidiary company, associated company or joint venture company as at the LPD.

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6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of QLSB based on the audited financial statements of QLSB for the past five financial years from FYE 31 December 2009 to FYE 31 December 2013 are as stated in the table below.

	FYE 31 December 2009 RM'000	FYE 31 December 2010 RM'000	FYE 31 December 2011 RM'000	FYE 31 December 2012 RM'000	FYE 31 December 2013 RM'000
Revenue	3,949	3,871	4,174	4,169	4,213
Profit before taxation	2,196	2,187	2,383	2,645	2,482
Taxation	(560)	(551)	(610)	(627)	(627)
Profit after taxation	1,636	1,636	1,773	2,018	1,855
No. of QLSB Shares in issue ('000)	2,500	2,500	2,500	2,500	2,500
Earnings per QLSB Share (RM)	0.65	0.65	0.71	0.81	0.74
Dividend per QLSB Share (sen)	240.00	-	1,888.40	100.00	-
Current ratio (times)	4.49	1.59	19.30	6.68	4.63
Total shareholders' funds	94,676	96,312	50,876	50,394	52,249
Net assets per QLSB Share (RM)	37.87	38.52	20.35	20.16	20.90

7. STATEMENT OF ASSETS AND LIABILITIES

The statements of assets and liabilities of QLSB based on the audited statements of financial position of QLSB as at 31 December 2012 and 31 December 2013 are as stated in the table below.

	As at 31 December 2012 RM'000	As at 31 December 2013 RM'000
ASSETS		
Non-current assets		
Investment	52,643	52,775
Receivables	33,832	33,831
Total non-current assets	86,475	86,606
Current assets		
Other receivables and deposits	18,443	18,443
Cash deposits (pledged)	6,925	11,647
Cash and bank balances	409	72
Total current assets	25,777	30,162
Total assets	112,252	116,768
LIABILITIES		
Non-current liabilities		
Unrated fixed rate exchangeable bonds	58,000	58,000
Total non-current liabilities	**58,000**	**58,000**

	As at 31 December 2012 RM'000	As at 31 December 2013 RM'000
Current liabilities		
Other payables and accruals	3,818	6,519
Taxation	40	-
Total current liabilities	3,858	6,519
Total liabilities	61,858	64,519
EQUITY ATTRIBUTABLE TO SHAREHOLDERS		
Ordinary shares	2,500	2,500
Retained Profits	47,894	49,749
Total equity	50,394	52,249
Total equity and liabilities	112,252	116,768

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1. HISTORY AND PRINCIPAL ACTIVITY

QPSB was incorporated in Malaysia under the Act on 23 August 1991 under the name of Capitol Gardens Sdn Bhd. It assumed its present name on 15 September 2000.

QPSB is principally an investment holding company.

2. SHARE CAPITAL

The authorised, issued and paid-up share capital of QPSB as at the LPD are as stated in the table below.

Share capital	No. of QPSB Shares	Par value RM	Total RM
Authorised			
Ordinary shares	5,000,000	1.00	5,000,000
Issued and paid-up			
Ordinary shares	1,500,000	1.00	1,500,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders who hold 5% or more equity interest in QPSB based on the Register of Members of QPSB as at the LPD are as stated in the table below.

Name	Nationality	<----------Direct---------->		<----------Indirect---------->	
		No. of QPSB Shares	Percentage of QPSB Shares %	No. of QPSB Shares	Percentage of QPSB Shares %
Dato' Dr Low Moi Ing, J.P.	Malaysian	750,000	50.00	-	-
Dato' Michael Ong Leng Chun	Malaysian	750,000	50.00	-	-

4. DIRECTORS

As at the LPD, the directors of QPSB and their respective shareholding in QPSB are as stated in the table below.

Name	Nationality	<----------Direct---------->		<----------Indirect---------->	
		No. of QPSB Shares	Percentage of QPSB Shares %	No. of QPSB Shares	Percentage of QPSB Shares %
Dato' Dr Low Moi Ing, J.P.	Malaysian	750,000	50.00	-	-
Dato' Michael Ong Leng Chun	Malaysian	750,000	50.00	-	-

5. SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURE COMPANIES

QPSB does not have any subsidiary company, associated company or joint venture company as at the LPD.

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6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of QPSB based on the audited financial statements of QPSB for the past five financial years from FYE 31 December 2009 to FYE 31 December 2013 are as stated in the table below.

	FYE 31 December 2009 RM'000	FYE 31 December 2010 RM'000	FYE 31 December 2011 RM'000	FYE 31 December 2012 RM'000	FYE 31 December 2013 RM'000
Revenue	3,725	3,651	3,937	3,935	3,972
Profit before taxation	2,095	2,054	2,239	2,505	2,339
Taxation	(534)	(510)	(551)	(621)	(602)
Profit after taxation	1,561	1,544	1,688	1,884	1,737
No. of QPSB Shares in issue ('000)	1,500	1,500	1,500	1,500	1,500
Earnings per QPSB Share (RM)	1.04	1.03	1.13	1.26	1.16
Dividend per QPSB Share (sen)	-	-	2,760.00	166.67	-
Current ratio (times)	17.02	1.94	27.02	23.65	30.11
Total shareholders' funds	69,788	71,332	31,621	31,005	32,742
Net assets per QPSB Share (RM)	46.53	47.55	21.08	20.67	21.83

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7. STATEMENT OF ASSETS AND LIABILITIES

The statements of assets and liabilities of QPSB based on the audited statements of financial position of QPSB as at 31 December 2012 and 31 December 2013 are as stated in the table below.

	As at 31 December 2012 RM'000	As at 31 December 2013 RM'000
ASSETS		
Non-current assets		
Investment	49,653	50,208
Total non-current assets	49,653	50,208
Current assets		
Other deposit and prepayment	10	10
Amount owing by affiliated companies	3,312	5,127
Tax recoverable	239	279
Bank balances	768	95
Total current assets	4,329	5,511
Total assets	53,982	55,719
LIABILITIES		
Non-current liabilities		
Borrowing – Secured	22,794	22,794

	As at 31 December 2012 RM'000	As at 31 December 2013 RM'000
Total non-current liabilities	**22,794**	**22,794**
Current liabilities		
Accruals	183	183
Total current liabilities	183	183
Total liabilities	22,977	22,977
EQUITY ATTRIBUTABLE TO SHAREHOLDERS		
Share capital	1,500	1,500
Retained profits	29,505	31,242
Total equity	31,005	32,742
Total equity and liabilities	53,982	55,719

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1. Dato' Dr. Low Moi Ing J.P

(i)	Age	:	54
(ii)	Nationality	:	Malaysian
(iii)	Occupation	:	Company Director
(iv)	Address	:	22B-11-2, Araville Condominium, 22 Jalan Kapas, Bukit Bandaraya, Bangsar, 59100 Kuala Lumpur.

2. Dato' Michael Ong Leng Chun

(i)	Age	:	58
(ii)	Nationality	:	Malaysian
(iii)	Occupation	:	Company Director
(iv)	Address	:	22B-11-2, Araville Condominium, 22 Jalan Kapas, Bukit Bandaraya, Bangsar, 59100 Kuala Lumpur.

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1. CONSENTS

1.1 Principal Adviser

HLIB, being the Principal Adviser for the Proposals has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this IAC.

1.2 Independent Adviser

KAF Investment, being the Independent Adviser for the Proposed Exemption has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this IAC.

1.3 Valuer

C H Williams Talhar & Wong Sdn Bhd, being the Valuer for the Property has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this IAC.

2. OTHER MATTERS

The non-interested Unitholders should also refer to the Circular for, among others, the following information:-

(i) Material commitments and contingent liabilities of QCT;

(ii) Material litigation involving the Property;

(iii) Documents available for inspection;

(iv) Notice of Meeting with the Proxy Form; and

(v) All other information relating to the Proposals that is contained in the Circular.