



MRCB Quill Management Sdn Bhd
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To: Unitholders of MRCB-Quill REIT (“MQREIT”)

Dear Sir/Madam,

ADDENDUM TO CIRCULAR TO UNITHOLDERS DATED 22 NOVEMBER 2016 (“CIRCULAR”) IN RELATION TO:

PART A

- (I) PROPOSED ACQUISITION BY MAYBANK TRUSTEES BERHAD, ACTING SOLELY IN THE CAPACITY AS TRUSTEE FOR AND ON BEHALF OF MQREIT, OF THE PROPERTY (AS DEFINED IN THE CIRCULAR) FROM 348 SENTRAL SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF MALAYSIAN RESOURCES CORPORATION BERHAD (“MRCB”), FOR A PURCHASE CONSIDERATION OF RM640,000,000 TO BE SATISFIED ENTIRELY IN CASH (“PROPOSED ACQUISITION”);**
- (II) PROPOSED PLACEMENT OF UP TO 406,666,667 NEW UNITS (“PLACEMENT UNITS”), REPRESENTING UP TO 38.1% OF THE ENLARGED UNITS IN CIRCULATION, AFTER THE PROPOSED PLACEMENT, BY WAY OF BOOKBUILDING AT AN ISSUE PRICE TO BE DETERMINED LATER (“PROPOSED PLACEMENT”);**
- (III) PROPOSED PLACEMENT TO MRCB FOR AN AMOUNT OF NO LESS THAN RM110,000,000 BUT UP TO RM152,000,000 OF PLACEMENT UNITS, REPRESENTING BETWEEN 9.0% AND 12.4% OF THE ENLARGED UNITS IN CIRCULATION, AFTER THE PROPOSED PLACEMENT, AT AN ISSUE PRICE TO BE DETERMINED LATER, PURSUANT TO THE PROPOSED PLACEMENT;**
- (IV) PROPOSED PLACEMENT TO EMPLOYEES PROVIDENT FUND BOARD OF UP TO 7% OF THE ENLARGED UNITS IN CIRCULATION, AFTER THE PROPOSED PLACEMENT, REPRESENTING UP TO 74,763,336 UNITS, AT AN ISSUE PRICE TO BE DETERMINED LATER, PURSUANT TO THE PROPOSED PLACEMENT;**
- (V) PROPOSED AUTHORITY TO ALLOT AND ISSUE UP TO 31,952,333 NEW UNITS FOR THE PURPOSE OF THE PAYMENT OF MANAGEMENT FEE TO MRCB QUILL MANAGEMENT SDN BHD IN THE FORM OF NEW UNITS; AND**
- (VI) PROPOSED INCREASE IN THE EXISTING APPROVED FUND SIZE OF MQREIT FROM 700,000,000 UNITS TO A MAXIMUM OF 1,100,000,000 UNITS**

PART B

INDEPENDENT ADVICE LETTER FROM AMINVESTMENT BANK BERHAD TO THE NON-INTERESTED UNITHOLDERS OF MQREIT IN RELATION TO THE PROPOSED ACQUISITION AND PROPOSED PLACEMENT

All capitalised terms herein shall have the same meanings as those set out in the Circular unless otherwise stated.

We refer to our Circular to Unitholders dated 22 November 2016 in relation to the Proposals.

On behalf of the Board, we wish to inform that the following parts of the Circular are, by this Addendum, amended and taken to be read as shown herein instead of as printed in the Circular. For ease of reference, all additions to the relevant sections of the Circular are underlined and in bold. All deletions to the relevant sections of the Circular are shown in strikethrough text.

Section 3.1(i) of the Executive Summary – DPU yield is expected to be accretive

Paragraph 1 on page ix shall read as follows:

For the FYE 31 December 2015, the Manager declared and paid approximately 94.3% of the total realised income after taxation or DPU of 8.47 sen. Excluding a one-off gain on divestment of properties of 0.09 sen per Unit, the normalised DPU for the FYE 31 December 2015 was 8.38 sen. The pro forma earnings per Unit after the Proposed Acquisition, Proposed Placement and Proposed Authority is ~~expected to be~~ 7.67 sen (as set out in Section 6.3, Part A of this Circular). The lower pro forma DPU of 7.67 sen based on a 100% payout ratio as compared to the normalised DPU for the FYE 31 December 2015 of 8.38 sen is mainly due to the Property only achieving an occupancy rate of 99.9% in December 2015 from 74% in November 2015, resulting in lower income contribution for the year. Nevertheless, upon completion of the Proposed Acquisition, based on ~~an~~ the existing occupancy rate of 99.9%, the Manager expects the normalised DPU yield for the FYE 31 December 2017 to increase moving forward be accretive as compared to that based on the normalised DPU for the FYE 31 December 2015 of 8.38 sen due to, among others, future increase in net property income from expected rental reversions of current portfolio and the Property as well as payment of Management Fee in Manager's Units.

Section 6 of the Executive Summary – EFFECTS OF THE PROPOSALS

Insertion of a new paragraph immediately after the table on pro forma earnings on page xii as follows:

Nevertheless, upon completion of the Proposed Acquisition, based on the existing occupancy rate of 99.9%, the Manager expects the normalised DPU yield for the FYE 31 December 2017 to be accretive as compared to that based on the normalised DPU for FYE 31 December 2015 of 8.38 sen due to, among others, future increase in net property income from expected rental reversions of current portfolio and the Property as well as payment of Management Fee in Manager's Units.

Section 3.1(i) of Part A of the Circular – DPU yield is expected to be accretive

Paragraph 3 of Section 3.1(i) of Part A of the Circular on page 18 shall read as follows:

Nevertheless, upon completion of the Proposed Acquisition, based on the existing occupancy rate of 99.9%, the Manager expects the normalised DPU yield for the FYE 31 December 2017 to increase moving forward be accretive as compared to that based on the normalised DPU for FYE 31 December 2015 of 8.38 sen based on the following envisaged broad parameters of the Proposals:

- (a) future increase in net property income from expected rental reversions of the current portfolio and the Property;
- (b) a portion of the estimated Management Fee pursuant to the Proposed Authority is paid in new Units;
- (c) distribution of at least 90.0% of the net realised income of MQREIT; and
- (d) the Purchase Consideration is funded by an optimal combination of borrowings and proceeds from the Proposed Placement as set out in Section 2.1.5 above.

Section 6.3 of Part A of the Circular – Earnings and distributable income

Paragraph 2 on page 33 shall read as follows:

The Manager intends to distribute at least 90.0% of the distributable income of MQREIT for each financial year. For the FYE 31 December 2015, the Manager declared and paid total distribution of RM50,919,471, representing approximately 94.3% of the total realised income after taxation or DPU of 8.47 sen. Excluding a one-off gain on divestment of properties of 0.09 sen per Unit, the normalised DPU for the FYE 31 December 2015 was 8.38 sen. The pro forma earnings per Unit after the Proposed Acquisition, Proposed Placement and Proposed Authority is ~~expected to be~~ 7.67 sen as set out in the table above. The lower pro forma DPU of 7.67 sen based on a 100% payout ratio as compared to the normalised DPU for the FYE 31 December 2015 of 8.38 sen is mainly due to the Property only achieving an occupancy rate of 99.9% in December 2015 from 74% in November 2015, resulting in lower income contribution for the year. Nevertheless, upon completion of the Proposed Acquisition, based on ~~an~~ the existing occupancy rate of 99.9%, the Manager expects the normalised DPU yield for the FYE 31 December 2017 to increase moving forward be accretive as compared to that based on the normalised DPU for FYE 31 December 2015 of 8.38 sen due to, among others, future increase in net property income from expected rental reversions of current portfolio and the Property as well as payment of Management Fee in Manager's Units.

Paragraph 4 on page 33 shall read as follows:

Any issuance of new Units pursuant to the Proposed Placement and Proposed Authority will dilute the DPU, given the enlarged number of Units in circulation, the quantum of which would depend on the actual number of new Units to be issued which, in turn, would depend on the actual issue price. Nevertheless, upon completion of the Proposed Acquisition, based on the existing occupancy rate of 99.9%, the Manager expects the normalised DPU yield for the FYE 31 December 2017 to increase moving forward (to the normalised DPU for the FYE 31 December 2015 of 8.38 sen) be accretive as compared to that based on the normalised DPU for FYE 31 December 2015 of 8.38 sen due to, among others, the future increase in net property income from expected rental reversions of the current portfolio and the Property as well as payment of Management Fee in Manager's Units.

Section 6.4 of Part A of the Circular – NAV per Unit and gearing

Insertion of a new row below "NAV per Unit – Before income distribution" in the table on page 33 as follows:

	Audited as at 31 December 2015	After the Proposed Acquisition and Proposed Placement
NAV per Unit (RM)		
- Before income distribution	1.37	1.28
- <u>After income distribution⁽²⁾</u>	<u>1.32</u>	<u>1.25</u>

Save for the above, all other information as contained in the Circular remains unchanged.

We apologise for any inconvenience caused.

Yours faithfully
for and on behalf of the Board
MRCB QUILL MANAGEMENT SDN BHD
(as Manager of MRCB-Quill REIT)

Dr. Roslan A. Ghaffar
Independent Non-Executive Director

25 November 2016