

## DIRECTORS' COMMENTARY

### STRUCTURE AND LISTING OF ROCKCASTLE

Rockcastle was incorporated on 30 March 2012 in Mauritius as a Category One Global Business License Company with the primary objective of investing globally in listed real estate assets and direct property in developed and developing markets. Rockcastle has been listed on the Stock Exchange of Mauritius Limited ("SEM") since 5 June 2012 and also listed on the Alternative Exchange of the Johannesburg Stock Exchange on 26 July 2012. During the fifteen month period since incorporation, the Company has successfully raised USD 409,8 million of capital through the issue of 350 million shares.

### DISTRIBUTABLE EARNINGS

The Company's portfolio performed in line with guidance and achieved an annualised yield of 7,9% based on the initial listing price of USD 1,00 per share. The Board has proposed a distribution of 4,00 USD cents per share for the six months ended June 2013. This distribution will require approval by shareholders at the Special General Meeting on 13 September 2013. The distribution per share paid for the period ended 31 December 2012 was 4,56 USD cents, accordingly the cumulative distribution for the 15 month period ended June 2013 will be 8,56 USD cents per share.

### COMMENTARY

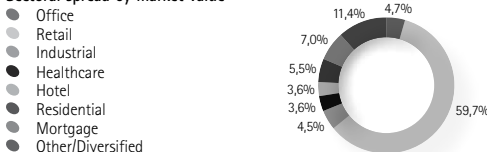
Rockcastle invested in the developed markets of the USA, UK, Canada, Europe, Singapore, Hong Kong and Australia. The investments were made through a combination of direct holdings in shares or, where there were significant gearing and withholding tax benefits, through equity derivative instruments. Gearing, which is earnings enhancing, has been employed since listing. Rockcastle's gearing ratio (defined as total interest-bearing borrowings divided by the total assets) was 42,4% as at June 2013.

Rockcastle focused on investments in quality Real Estate Investment Trusts ("REITs") offering growth in distributions with well-covered payout ratios. In addition, to ensure that the yield target was achieved, the portfolio included investments in mortgage REITs. The holding of mortgage REITs comprised 7,0% of the market value of the portfolio at the financial year end and has since been reduced to 3,5% of the portfolio's market value. The portfolio remains well diversified by property type and jurisdiction. The portfolio is focused on retail properties which constituted 59,7% of investments as at 30 June 2013.

### Geographical spread by market value



### Sectoral spread by market value



The following table indicates the Company's top 10 investment holdings by market value as at 30 June 2013:

Name	Sector	Jurisdiction	Market value June 2013 USD million
Unibail Rodamco	Retail	Europe	50,0
Simon Property	Retail	USA	48,2
CapitaMall Trust	Retail	Singapore	44,0
Avalonbay Communities	Residential	USA	37,8
The Link REIT	Retail	Hong Kong	33,4
Hammerson	Retail	UK	29,7
Ascendas REIT	Industrial	Singapore	28,9
British Land	Other/Diversified	UK	28,4
Corio	Retail	Europe	28,0
Riocan REIT	Retail	Canada	27,6

In line with Rockcastle's strategy of acquiring direct property assets, the Board has agreed to acquire a 50% interest in Kafubu Mall on completion. This 12 500m<sup>2</sup> retail property is located in Ndola, Zambia and is anchored by Checkers and includes Foschini, Mr Price, Truworths and a number of other South African retailers. The developer will retain a 50% interest in the development and will also provide property management services. The Kafubu Mall is scheduled to open in April 2014.

Rockcastle has in principle agreed to acquire interests in two further retail developments in Zambia, details of which will be announced once the agreements have been finalised.

### CAPITAL STRUCTURE

In addition to equity raisings, the Company has obtained debt funding from Morgan Stanley and Bank of America Merrill Lynch. Subsequent to the financial year end, interest rate risk has been hedged by way of interest rate swaps. To further provide a capital and interest rate hedge, the Company has utilised bond shorts totalling USD 67 million for periods of between four and ten years. Bond shorts also provide gearing and the position has increased to USD 141 million after June 2013. The Company has not hedged its currency positions.

### OUTLOOK

The Company is actively pursuing additional direct property acquisitions in Africa in partnership with established South African property developers.

Rockcastle has negotiated lower spreads on its facilities due to its increased size. In addition, Rockcastle has increased focus on assets which are expected to achieve long-term growth in distributions. Annualised distributions are forecast to increase by approximately 5% for the 2014 financial year.

The foregoing forecast statement and the forecasts underlying such statement are the responsibility of the Board and have not been reviewed or reported on by the Company's external auditors. The forecast is based on the assumptions that a stable macro-economic environment will prevail and that no major currency fluctuations or failures of listed REITs will occur.

By order of the Board

Intercontinental Trust Limited  
 Company Secretary

14 August 2013

## STATEMENT OF FINANCIAL POSITION

	Audited June 2013 USD
<b>ASSETS</b>	
Non-current assets	693 644 844
Listed security investments	689 257 356
Rockcastle Management Incentive Scheme loans	4 387 488
Current assets	3 321 011
Investment income receivable	3 126 104
Cash and cash equivalents	194 907
<b>Total assets</b>	<b>696 965 855</b>
<b>EQUITY AND LIABILITIES</b>	
Total equity attributable to equity holders	401 361 060
Stated capital	409 771 358
Retained loss	(8 410 298)
<b>Total liabilities</b>	<b>295 604 795</b>
Non-current liabilities	66 970 123
Interest-bearing borrowings	66 970 123
Current liabilities	228 634 672
Trade and other payables	51 444
Income tax payable	198 352
Interest-bearing borrowings	228 384 876
<b>Total equity and liabilities</b>	<b>696 965 855</b>

## STATEMENT OF COMPREHENSIVE INCOME

	Audited for the 15 months ended June 2013 USD
Dividends received from listed security investments	17 736 162
Fair value loss on listed security investments	(11 055 611)
Foreign exchange loss	(8 102 911)
Administrative expenses	(552 532)
Listing costs	(524 562)
<b>Loss before net finance income</b>	<b>(2 499 454)</b>
<b>Net finance income</b>	<b>671 508</b>
Finance income	2 637 481
Interest on Rockcastle Management Incentive Scheme loans	21 565
Fair value gain on bond shorts	2 615 916
Finance costs	(1 965 973)
Interest on borrowings	(1 965 973)
<b>Loss before income tax expense</b>	<b>(1 827 946)</b>
Income tax expense	(198 352)
<b>Loss for the period attributable to equity holders</b>	<b>(2 026 298)</b>
<b>Total comprehensive loss for the period</b>	<b>(2 026 298)</b>
Total shares in issue	350 000 000
Net asset value per share (USD)	1,15
Weighted average number of shares in issue	113 956 558
Basic loss per share (USD cents)*	(1,78)
Headline loss per share (USD cents)*	(1,78)

\*The Company has no dilutionary instruments in issue.

## STATEMENT OF CHANGES IN EQUITY

Audited	Stated capital USD	Retained loss USD	Total USD
Balance at 30 March 2012*	-	-	-
Transactions with equity holders	409 771 358	(6 384 000)	403 387 358
- Issue of 1 000 shares on 30 March 2012	1 000	-	1 000
- Issue of 6 200 000 shares on 5 June 2012	6 200 000	-	6 200 000
- Issue of 10 000 000 shares on 26 July 2012	9 916 450	-	9 916 450
- Issue of 101 799 000 shares on 24 August 2012	104 852 970	-	104 852 970
- Issue of 22 000 000 shares on 6 December 2012	23 859 859	-	23 859 859
- Issue of 80 000 000 shares on 11 March 2013	95 972 819	-	95 972 819
- Issue of 130 000 000 shares on 20 June 2013	168 968 260	-	168 968 260
- Dividend declared (interim)	-	(6 384 000)	(6 384 000)
Total comprehensive loss for the period	-	(2 026 298)	(2 026 298)
<b>Balance at 30 June 2013</b>	<b>409 771 358</b>	<b>(8 410 298)</b>	<b>401 361 060</b>

\*As Rockcastle was incorporated during the period ended June 2013 there are no opening balances reflected in the statement of changes in equity.

## RECONCILIATION OF LOSS FOR THE PERIOD TO HEADLINE LOSS AND DISTRIBUTABLE EARNINGS

	Unaudited for the 15 months ended June 2013 USD
Loss for the period attributable to equity holders	(2 026 298)
<b>Basic and headline loss for the period*</b>	<b>(2 026 298)</b>
Foreign exchange loss	8 102 911
Fair value gain on bond shorts	(2 615 911)
Fair value loss on listed security investments	11 055 611
Dividends received from listed security investments	(17 736 162)
Accrued income from listed security investments	15 453 098
Adjustment to taxation for accrued income	95 292
Shares issued cum distribution	8 996 242
Listing costs	524 562
Distributable earnings for the period	21 849 340
Less:	(20 384 000)
Interim distribution declared	(6 384 000)
Final distribution proposed	(14 000 000)
Earnings not distributed	1 465 340
<b>Distributable earnings per share (USD cents)</b>	<b>8,98</b>
Less (per share USD cents):	(8,56)
Interim distribution per share declared (USD cents)*	(4,56)
Final distribution per share proposed (USD cents)	(4,00)
<b>Earnings per share not distributed (USD cents)</b>	<b>0,42</b>

\*Based on 140 000 000 shares in issue at 31 December 2012.

\*There are no reconciling items between basic and headline loss for the period.

## SUMMARISED STATEMENT OF CASH FLOWS

	Audited for the 15 months ended June 2013 USD
Cash inflow from operating activities	5 256 000
Cash outflow from investing activities	(712 803 366)
Cash inflow from financing activities	707 742 273
<b>Net increase in cash and cash equivalents</b>	<b>194 907</b>
Cash and cash equivalents at the beginning of the period	-
<b>Cash and cash equivalents at the end of the period</b>	<b>194 907</b>

## NOTES

### 1 PREPARATION, ACCOUNTING POLICIES AND AUDIT OPINION

The summarised audited financial statements for the fifteen months ended 30 June 2013 have been prepared in accordance with the measurement and recognition requirements of IFRS, the requirements of IAS 34: Interim Financial Reporting, the JSE Listings Requirements, the SEM Listing Rules, the Mauritian Securities Act 2005, and the requirements of the Mauritian Companies Act 2001.

The Company is required to publish financial results for the fifteen months ended 30 June 2013 in terms of the Listing Rule 12.14 of the SEM.

## NOTES (CONTINUED)

This report was compiled under the supervision of Stephen Delpont, the financial director.

This communique is issued pursuant to SEM Listing Rule 12.14 and section 88 of the Mauritian Securities Act 2005. The Board accepts full responsibility for the accuracy of the information contained in these summarised audited financial statements. The Directors are not aware of any matters or circumstances arising subsequent to the period ended 30 June 2013 that require any additional disclosure or adjustment to the summarised audited financial statements. Comparative information is not included as this is the first period of Rockcastle's operations.

These summarised audited financial statements were approved by the Board on 14 August 2013.

BDO & Co Ltd have issued their unmodified audit opinion on the financial statements for the fifteen months ended 30 June 2013. These summarised financial statements have been derived from the Company financial statements and are, in all material respects, consistent with the Company financial statements. A copy of their audit report is available for inspection at Rockcastle's registered office.

Copies of the summarised audited financial statements and the Statement of direct and indirect interests of each senior officer of the Company, pursuant to rule 7(d) of the Securities (Disclosure Obligations of Reporting Issuers) Rules of Mauritius 2007, are available free of charge, upon request at the Registered Office of the Company at Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius.

Contact person: Mr Kesaven Moothoosamy

### 2 SEGMENTAL ANALYSIS

	Audited June 2013 USD
<b>Net assets</b>	
Australia	52 823 234
Canada	90 125 017
Europe	135 868 935
Hong Kong	33 866 673
Singapore	72 900 220
UK	58 106 445
USA	248 887 843
Corporate	4 387 488
<b>Total</b>	<b>696 965 855</b>

	Audited for the 15 months ended June 2013 USD
<b>Loss before income tax expense</b>	

Australia	3 991 640
Canada	(3 608 808)
Europe	2 214 882
Hong Kong	327 965
Singapore	(855 967)
UK	1 217 106
USA	4 043 676
Corporate and foreign exchange loss	(9 158 440)
<b>Total</b>	<b>(1 827 946)</b>

### 3 FINAL DISTRIBUTION DETAILS

The Board has proposed a final distribution of 4,00 USD cents per share, being number 2 for Rockcastle, in respect of the period from 1 January 2013 to 30 June 2013. This distribution requires approval by shareholders at the Special General Meeting on 13 September 2013. Further details and salient dates pertaining to the final distribution will be published in due course.

**Directors** Mark Olivier (chairman); Craig Hallows\*; Stephen Delpont\*; Andries de Lange; Rory Kirk; Alexandru Morar; Yan Ng; Guillaume Pretorius\* (\*executive director)

**Company secretary** Intercontinental Trust Limited

**Registered address** Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius  
**Transfer secretaries** Link Market Services South Africa Proprietary Limited 13<sup>th</sup> Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001

**JSE sponsor** Java Capital

**SEM sponsor** Capital Market Brokers Limited