

## DIRECTORS' COMMENTARY

### NATURE OF THE BUSINESS

Rockcastle was established in Mauritius as a Category One Global Business License Company. Rockcastle is a hybrid real estate company with a portfolio comprising retail property developments and global listed securities.

### DIVIDEND

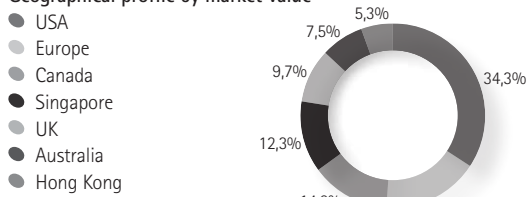
In line with guidance, Rockcastle's dividend for the six month period ended 31 December 2013 increased by 4% on an annualised basis over the previous comparable period to 4.07 USD cents per share (2012: 4.56 USD cents per share for a seven month period).

### REVIEW

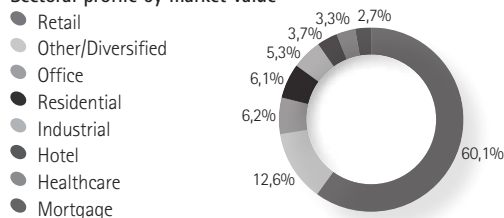
During the six month period, the Company successfully raised USD 235.2 million of equity through the issue of 180 million shares.

Rockcastle's listed securities portfolio remains well diversified with a bias towards developed markets and the retail sector. Rockcastle's loan to value ratio (defined as total interest-bearing borrowings divided by the total assets) was 42.3% as at 31 December 2013.

### Geographical profile by market value



### Sectoral profile by market value



### DEVELOPMENTS

Further progress has been made with the pipeline of direct property developments. An investment in a substantial new retail mall development in Africa is currently being evaluated and additional details will be provided in due course.

The 12 500m<sup>2</sup> Kafubu Mall located in Ndola, Zambia, is on schedule to open in April 2014. The mall will be tenanted by Shoprite, Edcon, Foschini, Pepkor and other national retailers and is over 90% let. Earthworks commenced in October 2013 on Mukuba Mall in Kitwe, Zambia. This 29 000m<sup>2</sup> mall is scheduled to open in April 2015, and will be anchored by Shoprite, Pick n Pay, Woolworths

and Game. Rockcastle has a 50% interest in both developments and will acquire these interests at a 9.5% yield in US dollars. As they are new developments, these investments qualify for attractive tax incentives which have been approved by the Zambian authorities. Rockcastle's intention is to fund 50% of the cost in Zambian Kwachas.

### RISK HEDGING

In accordance with the Company's hedging strategy, Rockcastle entered into a USD 50 million 10-year interest rate swap and a EUR 25 million 7-year interest rate swap. In addition, the Company has entered into the following bond short positions:

Bond short jurisdiction	Date of maturity	Weighted average yield to maturity	Notional amount (million)
USA	2017	0.84%	USD 5
USA	2022	2.10%	USD 30
USA	2023	2.55%	USD 50
Europe	2017	0.36%	EUR 5
Europe	2023	1.77%	EUR 60
Canada	2022	1.88%	CAD 10
Canada	2023	2.49%	CAD 30
UK	2022	2.17%	GBP 20
Australia	2023	3.84%	AUD 20

The Company has not hedged its currency positions.

### OUTLOOK

Although dilutionary in the short-term, Rockcastle has increased its exposure to higher growth stocks which currently trade at lower yields. This will limit income growth to approximately 4% in the current financial year but will benefit growth in the future.

The foregoing forecast statement and the information 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 global macro-economic environment will prevail and no failures of listed REITs will occur.

By order of the Board

Intercontinental Trust Limited

Company Secretary

28 January 2014

## STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 Dec 2013 USD'000	Audited as at 30 Jun 2013 USD'000	Restated as at 31 Dec 2012 USD'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Listed security investments	1 052 690	689 257	235 558
Rockcastle management incentive loans	10 859	4 387	1 575
Loans to development partners	3 327	-	-
<b>Current assets</b>	<b>3 531</b>	<b>3 321</b>	<b>1 963</b>
Cash and cash equivalents	2 374	195	1 961
Trade and other receivables	1 157	3 126	2
<b>Total assets</b>	<b>1 070 407</b>	<b>696 965</b>	<b>239 096</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity attributable to equity holders</b>			
Stated capital	630 983	409 771	144 830
Non-distributable reserves	(36 555)	(8 410)	1 878
Retained income	21 571	-	6 384
<b>Total liabilities</b>	<b>454 408</b>	<b>295 604</b>	<b>86 004</b>
<b>Non-current liabilities</b>			
Interest-bearing borrowings	247 751	66 970	-
<b>Current liabilities</b>	<b>206 657</b>	<b>228 634</b>	<b>86 004</b>
Trade and other payables	1 467	51	228
Interest-bearing borrowings	204 934	228 385	85 776
Income tax payable	256	198	-
<b>Total equity and liabilities</b>	<b>1 070 407</b>	<b>696 965</b>	<b>239 096</b>
Total number of shares in issue	530 000 000	350 000 000	140 000 000
Net asset value per share (USD)	1.16	1.15	1.09

## STATEMENT OF COMPREHENSIVE INCOME

	Unaudited for the six months ended 31 Dec 2013 USD'000	Restated for the six months ended 31 Dec 2012 USD'000	Unaudited for the three months ended 31 Dec 2013 USD'000	Restated for the three months ended 31 Dec 2012 USD'000
Dividends received from listed security investments	14 976	1 842	8 812	912
Fair value (loss)/gain on listed security investments	(24 962)	5 487	(11 862)	6 033
Foreign exchange gain/(loss)	69	1 741	(4 311)	368
Operating expenses	(480)	(124)	(284)	(63)
Listing expenses	-	(314)	-	-
<b>(Loss)/profit before net finance income/(costs)</b>	<b>(10 397)</b>	<b>8 632</b>	<b>(7 645)</b>	<b>7 250</b>
<b>Net finance income/(costs)</b>	<b>4 078</b>	<b>(265)</b>	<b>5 778</b>	<b>(222)</b>
Finance income	7 913	103	7 240	103
Interest received	61	-	39	-
Fair value gain on interest rate derivatives	1 053	-	1 436	-
Fair value gain on bond shorts	6 799	103	5 765	103
Finance costs	(3 835)	(368)	(1 462)	(325)
Interest on borrowings	(3 835)	(368)	(1 462)	(325)
<b>(Loss)/profit before income tax expense</b>	<b>(6 319)</b>	<b>8 367</b>	<b>(1 867)</b>	<b>7 028</b>
Income tax expense	(255)	(34)	(36)	(24)
<b>(Loss)/profit for the period attributable to equity holders</b>	<b>(6 574)</b>	<b>8 333</b>	<b>(1 903)</b>	<b>7 004</b>
<b>Total comprehensive (loss)/profit for the period</b>	<b>(6 574)</b>	<b>8 333</b>	<b>(1 903)</b>	<b>7 004</b>
Weighted average number of shares in issue	397 704 918	60 441 182	517 978 022	123 802 198
Basic (loss)/earnings per share and headline (loss)/earnings per share (USD cents)	(1.65)	13.79	(0.37)	5.66

There are no reconciling items between basic (loss)/earnings and headline (loss)/earnings.  
Rockcastle has no dilutionary instruments in issue.

## STATEMENT OF CHANGES IN EQUITY

	Stated capital USD'000	Retained income USD'000	Non- distributable reserves USD'000	Total USD'000
<b>Unaudited</b>				
<b>Restated for the six months ended 31 December 2012</b>				
<b>Opening balance</b>	6 201	-	(71)	6 130
Issue of shares	138 629	-	-	138 629
Total comprehensive income for the period	-	8 333	-	8 333
Transfer to non-distributable reserves	-	(1 949)	1 949	-
<b>Balance at 31 December 2012</b>	<b>144 830</b>	<b>6 384</b>	<b>1 878</b>	<b>153 092</b>
<b>Restated for the six months ended 30 June 2013</b>				
<b>Opening balance</b>	144 830	6 384	1 878	153 092
Issue of shares	264 941	-	-	264 941
Dividend paid	-	(6 384)	-	(6 384)
Total comprehensive loss for the period	-	(10 288)	-	(10 288)
Transfer to non-distributable reserves	-	10 288	(10 288)	-
<b>Balance at 30 June 2013</b>	<b>409 771</b>	<b>-</b>	<b>(8 410)</b>	<b>401 361</b>
<b>Unaudited for the six months ended 31 December 2013</b>				
<b>Balance at 30 June 2013 restated</b>	409 771	-	(8 410)	401 361
Issue of shares	235 212	-	-	235 212
Distribution	(14 000)	14 000	-	-
Recategorisation of reserves	-	(14 000)	-	(14 000)
Total comprehensive loss for the period	-	(6 574)	-	(6 574)
Transfer to non-distributable reserves	-	28 145	(28 145)	-
<b>Balance at 31 December 2013</b>	<b>630 983</b>	<b>21 571</b>	<b>(36 555)</b>	<b>615 999</b>

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

Company secretary Intercontinental Trust Limited

Registered address Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius

Transfer secretary in South Africa Link Market Services South Africa Proprietary Limited

JSE sponsor Java Capital

SEM sponsor Capital Market Brokers Limited

## RECONCILIATION OF (LOSS)/PROFIT FOR THE PERIOD TO DISTRIBUTABLE EARNINGS

	Unaudited for the six months ended 31 Dec 2013 USD'000	Restated for the nine months ended 31 Dec 2012 USD'000
(Loss)/profit for the period attributable to equity holders	(6 574)	8 261
Income tax expense	255	33
Tax on accrued dividends	(358)	(101)
Foreign exchange gain	(69)	(1 762)
Fair value loss/(gain) on listed security investments	24 962	(5 609)
Fair value gain on bond shorts	(6 799)	(103)
Fair value gain on interest rate derivatives	(1 053)	-
Dividends received from listed security investments	(14 976)	(1 858)
Accrued income from listed security investments	20 711	4 106
Shares issued cum distribution	5 472	2 892
Listing expenses	-	525
Distributable earnings for the period	21 571	6 384
Less: interim dividend declared	(21 571)	(6 384)
Earnings not distributed	-	-
Number of shares entitled to distribution	530 000 000	140 000 000

## STATEMENT OF CASH FLOWS

	Unaudited for the six months ended 31 Dec 2013 USD'000	Unaudited for the six months ended 31 Dec 2012 USD'000
Cash inflow from operating activities	14 962	1 014
Cash outflow from investing activities	(398 124)	(229 762)
Cash inflow from financing activities	385 341	230 709
<b>Increase in cash and cash equivalents</b>	<b>2 179</b>	<b>1 961</b>
Cash and cash equivalents at beginning of period	195	-
<b>Cash and cash equivalents at end of period</b>	<b>2 374</b>	<b>1 961</b>
Current accounts	2 374	1 961

## SEGMENTAL REPORTING

	Unaudited for the six months ended 31 Dec 2013 USD'000	Restated for the six months ended 31 Dec 2012 USD'000
<b>(Loss)/profit before income tax expense</b>	<b>(2 894)</b>	<b>159</b>
Australia	(226)	742
Canada	9 765	3 673
Europe	6 935	893
UK	261	922
Hong Kong	(2 682)	1 428
Singapore	(17 153)	(613)
USA	(325)	1 163
Corporate	(6 319)	8 367

	Unaudited as at 31 Dec 2013 USD'000	Audited as at 30 Jun 2013 USD'000	Restated as at 31 Dec 2012 USD'000
<b>Total assets</b>	<b>1 070 407</b>	<b>696 965</b>	<b>239 096</b>
Australia	78 849	52 823	25 046
Canada	146 930	90 125	19 030
Europe	177 787	135 869	43 869
UK	102 053	58 106	15 572
Hong Kong	55 614	33 867	12 935
Singapore	129 477	72 900	32 964
USA	365 411	248 888	86 143
Corporate	14 286	4 387	3 537

## NOTES

The Company is required to publish financial results for the three months and six months ended 31 December 2013 in terms of the Listing Rule 12.19 of the SEM. Accordingly, this announcement presents the financial results of the Company in respect of the period from 1 October 2013 to 31 December 2013, the period from 1 July 2013 to 31 December 2013, as well as the restated comparative results from the prior period.

The comparative results disclosed in this announcement have been restated from a disclosure perspective to ensure the comparability of information for the users of the financial statements. The disclosure of the financial results for the three months and six months ended 31 December 2012 have accordingly been restated to ensure consistency between the comparative information and the current period's information using the accounting policies and disclosures currently applied. The accounting policies which have been applied are consistent with those used in the preparation of the audited financial statements for the 15 month period ended 30 June 2013. Non-distributable reserves arose from net changes in the fair value of the assets in the Company on a US Dollar basis.

The abridged unaudited interim financial statements ("financial statements") for the three months and six months ended 31 December 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 and the Securities Act of Mauritius 2005.

The financial statements have not been reviewed or reported on by the Company's external auditors.

These financial statements were approved by the Board on 28 January 2014.

Copies of the financial statements and the Statement of direct and indirect interests of each officer of the Company, pursuant to rule 8(2)(m) 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

### DIVIDEND DECLARATION

The Board has approved and notice is hereby given that a cash dividend of 4.07 USD cents per share, being distribution number 3 for Rockcastle, has been declared in respect of the six months from 1 July 2013 to 31 December 2013.

The salient dates for the dividend are set out below:

Last day to trade cum dividend (JSE)	Friday, 28 February 2014
Securities trade ex dividend (JSE)	Monday, 3 March 2014
Last day to trade cum dividend (SEM)	Tuesday, 4 March 2014
Securities trade ex dividend (SEM)	Wednesday, 5 March 2014
Record date (JSE and SEM)	Friday, 7 March 2014
Payment date	Monday, 10 March 2014

### PAYMENT DATE

No dematerialisation or rematerialisation of share certificates, nor transfer of shares between sub-registers in Mauritius and South Africa will take place between Monday, 3 March 2014 and Friday, 7 March 2014, both days inclusive. Shareholders on the South African sub-register will receive dividends in South African Rand, based on the exchange rate to be obtained by the Company on or before Friday, 21 February 2014. A further announcement in this regard will be made on or before Friday, 21 February 2014.

This communiqué is issued pursuant to SEM Listing Rules 12.20 and section 88 of the Securities Act of Mauritius 2005. The Board accepts full responsibility for the accuracy of the information contained in these financial statements. The directors are not aware of any matters or circumstances arising subsequent to the period ended 31 December 2013 that require any additional disclosure or adjustment to the financial statements.