

DIRECTORS' COMMENTARY

1 STRUCTURE AND LISTING

Rockcastle Global Real Estate Company Limited ("the company") was established on 30 March 2012 in Mauritius as a Category One Global Business License Company. The company and its subsidiaries ("Rockcastle" or "the group") have the primary objective of investing globally in listed real estate securities and direct property. Rockcastle has a primary listing on the Stock Exchange of Mauritius ("SEM") and a secondary listing on the Alternative Exchange ("AltX") of the Johannesburg Stock Exchange ("JSE"). Rockcastle is in the process of migrating its listing on the AltX to the main board of the JSE and will maintain two primary listings going forward. During the year, Rockcastle successfully raised USD475.4 million by the issue of 355.5 million shares through private placings.

2 DISTRIBUTABLE EARNINGS

The board has declared a dividend of 4.18 USD cents per share for the six months ended 30 June 2014. Accordingly, total dividends declared for 2014 are 8.25 USD cents per share, an increase of 4.4% over the annualised dividends for the previous financial period. This is marginally ahead of the guidance of approximately 4%.

3 COMMENTARY

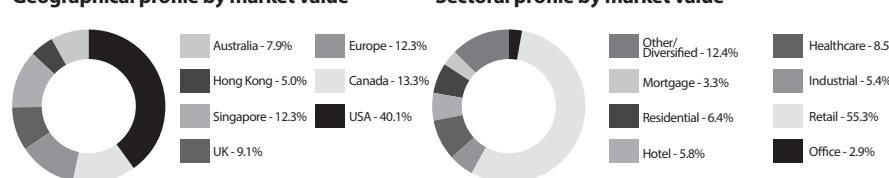
Following the re-rating of the global listed property markets and most listed property counters now trading at a premium to net asset value, the group's strategy is to migrate from listed property counters to direct property assets. The board's view is that direct property assets, particularly in certain countries in Africa and central Europe offer superior value and will achieve attractive growth for the foreseeable future.

Listed security portfolio

With interest rates declining following the financial crisis, interest rate-sensitive sectors such as Real Estate Investment Trusts ("REITs") outperformed equity markets. The board is of the opinion that the moderate pace of global economic growth will underpin real estate stock valuations in 2014/2015 countering rising interest rate trends.

As a result of weaker economic activity, new supply of real estate has been limited to specific geographies and sectors. This demand and supply imbalance should translate into stable or rising rents and thus increased capital values. In this environment, expected increases in income and therefore distributions will more than offset the impact of increasing interest rates. In our view, this trend as well as effective stock selection based on geographies, sectors and business models will support the next stage of real estate value creation. Rockcastle maintained its investments in the developed markets of the USA, UK, Canada, Europe, Singapore, Hong Kong and Australia and continued to shift its focus from higher yielding investments to those with greater growth prospects. The net asset value per share increased from USD1.15 to USD1.39 for the 12 month period ended 30 June 2014. Rockcastle's relative overweight positions in Europe and the UK and successful stock selection contributed to this performance. Rockcastle attributes its successful stock selection to active interaction with management of the counter it invests in and site inspections and evaluations of the underlying physical assets. In excess of one hundred properties were visited in Western and Central Europe, the UK, Canada, the USA and Hong Kong. Management has observed that the distribution growth forecasts provided by counters in the portfolio are well ahead of growth achieved in the past. This promising trend together with a further shift in bias towards higher growth stocks bodes well for Rockcastle's growth in dividends for the 2015 financial year.

Geographical profile by market value



The following table indicates the group's top 10 investment holdings by market value as at 30 June 2014:

Company	Sector	Jurisdiction	Market value as at Jun 2014 (USD Million)
Simon Property	Retail	USA	146.3
Unibail Rodamco	Retail	Europe	132.0
CapitaMall Trust	Retail	Singapore	107.5
Avalonbay Communities	Residential	USA	99.5
Ascendas REIT	Industrial	Singapore	84.7
The Link REIT	Retail	Hong Kong	78.0
Ventas Inc	Healthcare	USA	76.9
British Land	Other/Diversified	United Kingdom	71.9
Hammerson	Retail	United Kingdom	71.2
Hospitality Properties	Hotel	USA	66.9

Direct property

The 12,500m² GLA Kafubu Mall in Ndola, Zambia opened on 24 April 2014. The mall is anchored by Shoprite and includes Foschini, Mr Price, Truworths and a number of other South African retailers. The mall is the dominant shopping and leisure offering in the town and tenants report good trading conditions. Kafubu Mall was developed at a yield of 9.5%.

The development of the 29,000m² GLA Mukuba Mall in Kitwe, Zambia is proceeding well and beneficial occupation of tenants is scheduled to take place 3 months earlier than anticipated. As a result, the mall will open ahead of the initial projected opening date of April 2015 at a yield of 9.5%. Rockcastle has agreed to acquire a 50% interest in the 26,000m² GLA Cosmopolitan Mall in Lusaka, Zambia at a yield of 9.5%. The mall will be anchored by Game and Shoprite, and include Edcon, Foschini, Pepkor, Toys "R" Us and Inncosar as tenants. The site for the mall is situated to the south of Lusaka on Kafue Road, the primary transport route between Zambia, South Africa, Botswana and Zimbabwe.

Rockcastle has agreed to acquire an office building in Kingston-Upon-Thames in the United Kingdom to house its European office. The building has a GLA of 540m², is currently fully tenanted and Rockcastle will occupy an 85m² section which will be available in early 2015. It is not Rockcastle's intention to invest in additional properties in the United Kingdom.

Consistent with its strategy of migrating from indirect to direct property investments, Rockcastle is in negotiations to acquire a number of retail properties in Poland. Terms have been agreed pertaining to the acquisition of a 30,000m² GLA mall which dominates its catchment area and is tenanted predominantly by national and international retailers. The acquisition is subject *inter alia* to a due diligence which will be completed by mid October 2014. The property is being acquired at a purchase price of approximately EUR53 million and a yield of 8%. The acquisition will be yield accretive.

4 CAPITAL STRUCTURE AND HEDGING

In addition to its direct holdings in shares, Rockcastle utilises equity derivatives in its portfolio. Rockcastle also utilises interest rate swaps and bond shorts to hedge its interest rate and capital risks. The principal counter parties are Morgan Stanley and BoA Merrill Lynch. The group has not hedged its currency positions but continues to fund the purchase of counters in the currency in which that stock is denominated. Rockcastle's loan to value ratio was 38.3% as at 30 June 2014.

Hedging

Interest rate swaps expiry (financial year)	Equivalent amount USD'000	Average swap rate
Jun 2021	34 130	2.08%
Jun 2022	-	-
Jun 2023	-	-
Jun 2024	120 956	2.69%
Jun 2025	40 478	2.35%
195 564	2.20%	

Bond short maturity profile (financial year)	Equivalent amount USD'000	Average rate
Jun 2018	11 841	0.51%
Jun 2019	-	-
Jun 2020	-	-
Jun 2021	-	-
Jun 2022	9 900	1.94%
Jun 2023	287 674	2.23%
Jun 2024	30 642	2.60%
340 057	2.20%	

5 SUMMARY OF FINANCIAL PERFORMANCE

	Jun 2014	Dec 2013	Jun 2013	Dec 2012
Dividend/distribution per share	4.18 USD cents	4.07 USD cents	4.00 USD cents	4.56 USD cents*
Shares in issue	705 500 000	530 000 000	350 000 000	140 000 000
Net asset value per share	USD 1.39	USD 1.16	USD 1.15	USD 1.09
Loan to value ratio**	38.3%	42.3%	42.4%	35.9%

* For the 7 month period to Dec 2012.

** The loan to value ratio is calculated by dividing net interest-bearing borrowings by total assets.

6 OUTLOOK

Based on projections provided by the management of the counters in which Rockcastle invests and Rockcastle's projections for its direct property investments, the board forecasts growth in dividends of approximately 5% for the 2015 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 group's external auditors.

By order of the board

Intercontinental Trust Limited

Company Secretary

Mauritius - 12 August 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited Jun 2014 USD'000	Audited Jun 2013 USD'000
Non-current assets	1 587 451	693 644
Listed security investments	1 565 259	689 257
Rockcastle management incentive loans	17 000	4 387
Investment in associate company	5 192	-
Current assets	19 125	3 322
Investment income receivable	6 934	3 127
Cash and cash equivalents	486	195
Trade and other receivables	3	-
Loans to development partners	11 702	-
Total assets	1 606 576	696 966
EQUITY AND LIABILITIES		
Total equity attributable to equity holders	983 184	401 361
Stated capital	871 154	409 771
Retained income/(loss)	131 714	(8 410)
Non-distributable reserves	(19 684)	-
Total liabilities	623 392	295 605
Non-current liabilities	340 057	66 970
Interest-bearing borrowings	340 057	66 970
Current liabilities	283 335	228 635
Trade and other payables	6 832	52
Interest-bearing borrowings	275 896	228 385
Income tax payable	607	198
Total equity and liabilities	1 606 576	696 966

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited for the year ended Jun 2014 USD'000	Audited for the 15 months ended Jun 2013 USD'000
Dividends received from listed security investments	54 088	17 736
Income from associate	35	-
Fair value gain/(loss) on listed security investments	105 081	(11 056)
Foreign exchange gain/(loss)	6 915	(8 103)
Operating expenses	(1 327)	(553)
Listing expenses	-	(525)
Profit/(loss) before net finance income	164 792	(2 501)
Net finance (costs)/income	(22 174)	673
Finance income	753	2 638
Interest on Rockcastle management incentive loans	441	22
Unrealised fair value gain on bond shorts	-	2 616
Interest on development partner loan	312	-
Finance costs	(22 927)	(1 965)
Interest on borrowings	(9 667)	(1 965)
Unrealised fair value loss on interest rate derivatives	(4 667)	-
Unrealised fair value loss on bond shorts	(8 593)	-
Profit/(loss) before income tax expense	142 618	(1 828)
Income tax expense	(607)	(198)
Profit/(loss) for the year/period attributable to equity holders	142 011	(2 026)
Total comprehensive income/(loss) for the year/period	142 011	(2 026)
Weighted average number of shares in issue	478 682 693	113 956 558
Basic earnings/(loss) per share from continuing operations (USD cents)*	29.67	(1.78)
Headline earnings/(loss) per share from continuing operations (USD cents)*	29.67	(1.78)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Audited	Stated capital USD'000	Retained income/(loss) USD'000	Non-distributable reserves USD'000	Total USD'000
Balance at 30 March 2012	-	-	-	-
Transactions with equity holders	409 771	(6 384)	-	403 387
- Issue of shares	409 771	-	-	409 771
- Dividend declared (interim)	-	(6 384)	-	(6 384)
Total comprehensive loss for the period	-	(2 026)	-	(2 026)
Balance at 30 June 2013	409 771	(8 410)	-	401 361
Transactions with equity holders	461 383	(21 571)	-	439 812
- Issue of 90 million shares on 15 October 2013	118 232	-	-	118 232
- Issue of 90 million shares on 10 December 2013	116 975	-	-	116 975
- Issue of 175.5 million shares on 30 May 2014	240 176	-	-	240 176
- Reclassification of stated capital	(14 000)	14 000	-	-
- Distribution declared	-	(14 000)	-	(14 000)
- Dividends declared	-	(21 571)	-	(21 571)
Total comprehensive income for the year	-	142 011	-	142 011
Total profit for the year	-	142 011	-	142 011
Total other comprehensive income for the year	-	-	-	-
Transfer to non-distributable reserves	-	19 684	(19 684)	-
Balance at 30 June 2014	871 154	131 714	(19 684)	983 184

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited for the year ended Jun 14 USD'000	Audited for the 15 months ended Jun 13 USD'000
Cash inflow from operating activities	41 952	11 641
Cash outflow from investing activities	(793 478)	(712 804)
Cash inflow from financing activities	751 817	701 358
Increase in cash and cash equivalents	291	195
Cash and cash equivalents at beginning of year/period	195	-
Cash and cash equivalents at end of year/period	486	195
Current accounts	486	195

RECONCILIATION OF PROFIT/(LOSS) FOR THE YEAR/PERIOD TO HEADLINE EARNINGS AND DISTRIBUTABLE EARNINGS

	Unaudited for the year ended Jun 2014 USD'000	Unaudited for the 15 months ended Jun 2013 USD'000
Profit/(loss) for the year/period attributable to equity holders	142 011	(2 026)
Basic profit/(loss) for the year/period and headline earnings/(loss) for the year/period	142 011	(2 026)
Foreign exchange (gain)/loss	(6 915)	8 103
Unrealised fair value loss/(gain) on bond shorts	8 593	(2 616)
Fair value (gain)/loss on listed security investments	(105 081)	11 056
Unrealised fair value loss on interest rate derivatives	4 667	-
Dividends received from listed security investments	(54 088)	(17 736)
Accrued income from listed securities investments	50 399	15 452
Adjustment to taxation for accrued income	56	95
Shares issued <i>cum</i> dividend	11 419	8 996
Listing expenses	-	525
Distributable earnings for the year/period	51 061	21 849
Less:	(51 061)	(20 384)
Interim dividend declared	(21 571)	(6 384)
Final dividend/distribution declared	(29 490)	(14 000)
Earnings not distributed	-	1 465
Number of shares entitled to dividend	705 500 000	350 000 000
Distributable earnings per share (USD cents)	8.25	8.98
Less (USD cents per share):	(8.25)	(8.56)
Interim dividend per share (USD cents) - declared	(4.07)	(4.56)
Final dividend per share (USD cents) - declared	(4.18)	(4.00)
Distributable earnings per share not distributed (USD cents)	-	0.42

NOTES

1 PREPARATION, ACCOUNTING POLICIES AND AUDIT OPINION

The summarised audited consolidated financial statements for the year ended 30 June 2014 have been prepared in accordance with the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the requirements of IAS 34: *Interim Financial Reporting*, the JSE Listings Requirements, the SEM Listing Rules and the requirements of the Mauritian Companies Act 2001.

The group is required to publish financial results for the year ended 30 June 2014 in terms of the Listing Rule 12.14 of the SEM. This report was compiled under the supervision of Nick Matulovich CA(SA), the chief financial officer.

This communiqué 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 consolidated financial statements. The directors are not aware of any matters or circumstances arising subsequent to the year ended 30 June 2014 that require any additional disclosure or adjustment to the financial statements. These summarised audited consolidated financial statements were approved by the board on 12 August 2014.

BDO & Co have issued their unmodified audit opinion on the group's financial statements for the year ended 30 June 2014. These summarised audited consolidated financial statements have been derived from the group financial statements and are, in all material respects, consistent with the group financial statements. A copy of their audit report is available for inspection at Rockcastle's registered address.

Copies of the summarised audited consolidated 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 2007, are available free of charge, upon request at Rockcastle's registered address.

Contact person: Mr Kesaven Moothoosamy

2 SEGMENTAL ANALYSIS

	Audited Jun 2014 USD'000	Audited Jun 2013 USD'000
Total assets		
Australia	125 174	52 824
Canada	209 459	90 125
Europe	193 275	135 869
United Kingdom	143 045	58 107
Hong Kong	79 592	33 866
Singapore	192 218	72 900
United States of America	629 916	248 888
Zambia	5 192	-
Corporate	28 705	4 387
Total	1 606 576	696 966

	Audited for the year ended Jun 2014 USD'000	Audited for the 15 months ended Jun 2013 USD'000
Profit/(loss) before income tax expense		
Australia	8 845	3 992
Canada	11 588	(3 609)
Europe	30 319	2 215
United Kingdom	21 544	1 217
Hong Kong	9 031	328
Singapore	6 371	(856)
United States of America	48 544	4 044
Zambia	35	-
Corporate	6 341	(9 159)
Total	142 618	(1 828)

3 PAYMENT OF FINAL DIVIDEND

The board has approved and notice is hereby given that a final cash dividend of 4.18 USD cents per share, being number 4 for Rockcastle, has been declared in respect of the six months ended 30 June 2014. The salient dates for the dividend are set out below:

Finalisation date (last day to announce exchange rate):	Friday, 22 August 2014
Last day to trade <i>cum</i> dividend (JSE):	Friday, 29 August 2014
Securities trade <i>ex</i> dividend (JSE):	Monday, 1 September 2014
Last day to trade <i>cum</i> dividend (SEM):	Tuesday, 2 September 2014
Securities trade <i>ex</i> dividend (SEM):	Wednesday, 3 September 2014
Record date (JSE and SEM):	Friday, 5 September 2014
Payment date:	Monday, 8 September 2014

No dematerialisation or rematerialisation of share certificates, nor transfer of shares between sub-registers in Mauritius and South Africa will take place between Monday, 1 September 2014 and Friday, 5 September 2014. Shareholders on the South African sub-register will receive dividends in South African Rand, based on the exchange rate to be obtained by the group on or before Friday, 22 August 2014. A further announcement in this regard will be made on or before Friday, 22 August 2014.

Directors Mark Olivier (chairman); Spiro Noussis*; Nick Matulovich*; Andries de Lange; Rory Kirk; Andre van der Veer; Yan Ng; Paul Pretorius* (*executive director)

Changes to the board of directors Stephen Delport*, Craig Hollowes* and Alexandru Morar resigned from the board with effect from 14 May 2014. Andre van der Veer, Nick Matulovich* and Spiro Noussis* were appointed to the board with effect from 14 May 2014 (*executive director)

Company secretary Intercontinental Trust Limited

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

JSE sponsor Java Capital

SEM sponsor Capital Markets Brokers Limited