

DIRECTORS' COMMENTARY

1 STRUCTURE AND LISTING

On 25 November 2014, Rockcastle's secondary listing on the Alternative Stock Exchange ("AltX") of the Johannesburg Stock Exchange ("JSE") was successfully transferred to the Main Board of the JSE. The Group now maintains primary listings on both the SEM and the JSE. During the six months ended 31 December 2014, Rockcastle successfully raised USD114 million by the issue of 64.2 million shares through a private placement.

2 DISTRIBUTABLE EARNINGS

The Board has declared a dividend of 4.28 USD cents per share for the six months ended 31 December 2014. This represents an increase of 5.2% over the comparable prior period and marginally ahead of the guidance of approximately 5%.

3 OPTION TO RECEIVE A SCRIP DIVIDEND

Given the Group's acquisition and development strategy, and following requests from shareholders, the Board have explored alternatives to paying cash distributions. Subject to regulatory approvals, shareholders will be given the option to receive their dividend either in cash or as a scrip dividend at a ratio of 1.95 new shares for each 100 shares held.

A circular, containing details of this election, accompanied by announcements on the Stock Exchange News Service ("SENS") of the JSE as well as the website of the SEM will be issued in due course.

4 REVIEW

Global listed property counters have continued their strong recovery and many counters are now trading at a premium to their net asset values. This strong performance validates Rockcastle's investment strategy of investing in high growth property stocks and is evidenced by the significant increase in net asset value from USD1.39 to USD1.50. The considerable premium to net asset value of many listed securities supports the Group's strategy of migrating from listed to direct property assets.

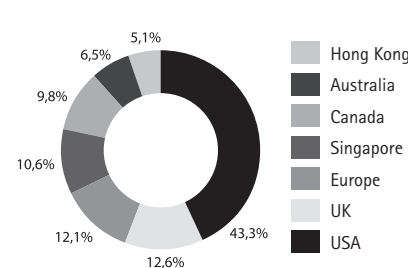
Listed security portfolio

Rockcastle's portfolio of listed property counters has performed well over the period and the portfolio continues to maintain a bias towards quality and high growth counters. The portfolio continues to be heavily focused towards retail. Distribution growth of many of the securities in the portfolio was ahead of forecast, however, this was offset by the depreciation of a number of currencies in which the Group is invested against the USD. Rockcastle's reporting currency is the USD, and the Group policy is not to hedge its currency positions.

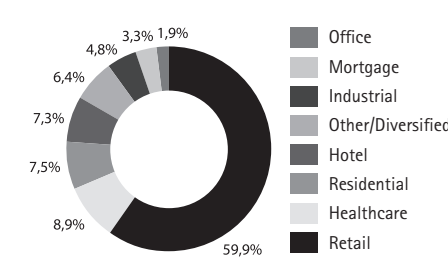
In an environment where low interest rates endure, Real Estate Investment Trusts ("REITs") will continue to perform well.

The Rockcastle management team continues to conduct physical inspections of the underlying properties held by our portfolio counters to accurately and objectively assess both their future growth prospects and their management capabilities. Rockcastle's outperformance can be partially attributed to this strategy.

Geographical profile by market value



Sectoral profile by market value



The following table indicates the Group's top 10 investment holdings by market value as at 31 December 2014:

Counter	Sector	Jurisdiction	Market value at 31 Dec 2014 (USD million)
Hammerson plc	Retail	UK	227.6
Unibail Rodamco	Retail	Europe	181.4
Simon Property Group	Retail	USA	174.4
Avalonbay Communities	Residential	USA	135.6
Ventas Inc	Healthcare	USA	109.1
CapitaMall Trust	Retail	Singapore	105.4
The Link REIT	Retail	Hong Kong	92.3
Ascendas	Industrial	Singapore	87.0
Westfield Group	Retail	Australia	81.5
Hospitality Properties	Hotel	USA	70.1

The most significant change in the portfolio composition is the substantial increase in the Hammerson holding. The decision to increase this stake followed price weakness after a capital raising and detailed physical inspection of the Hammerson assets in the UK and France by senior executives. The investment decision has been validated by the strong performance of the Hammerson share price.

Direct property

Following the opening of Kafubu Mall in Ndola, Zambia, additional land has been purchased to accommodate future expansion.

Construction of Mukuba Mall in Kitwe, Zambia, a 29 000m² regional mall, is progressing ahead of schedule and is due to open in April this year. The mall will be anchored by Game, Pick n Pay, Shoprite and Woolworths, and will include all major national retailers. Rockcastle will acquire its stake at a yield of 9.5%. In line with the long term strategy of investing in developments that have the capacity to achieve and maintain dominance, additional land has been acquired which will facilitate the expansion of the mall when this is required.

The third investment in Zambia, Cosmopolitan Mall in Lusaka, is under construction and will be opened in March 2016. The 25 800m² mall is 90% let and tenants include Shoprite, Game, Edgars, Mr Price and Woolworths. Rockcastle has a 50% share of the three Zambian malls.

Rockcastle's strategy in Poland to invest in Polish retail assets is making progress and the first acquisition in Poland has been concluded. This transaction is a joint venture with an experienced Polish retail developer to construct a 16 500m² mall in the town of Tomaszow Mazowiecki situated 120km south of Warsaw. Rockcastle will hold an 85% stake in the development which is expected to yield 9.5% on completion, with a capital commitment of EUR 25 million. Construction is scheduled to commence in September 2015 and is to be completed by October 2016. The centre will be anchored by an international grocery operator and will include international fashion tenants.

Rockcastle has successfully completed its due diligence for the acquisition of a well-established mall with a GLA of 18 000m². All salient terms pertaining to this transaction have been agreed with the vendor, but the transaction will only be concluded once a satisfactory VAT ruling has been obtained. This is standard for property transactions of this nature in Poland. The property will be acquired at a purchase price of EUR 52 million and a yield of 7.7%. The mall is anchored by an upmarket grocer and includes most international fashion retailers, including Inditex.

Rockcastle is in negotiations with vendors to purchase two further retail properties. Details in this regard will be provided once the transactions have been finalised.

5 CAPITAL STRUCTURE AND HEDGING

In addition to its direct holdings in shares, Rockcastle utilises equity derivatives in its portfolio. The Group also utilises interest rate swaps and bond shorts to hedge its interest rate and capital risks. These bond short positions were substantially reduced during the last 6 months, prior to the recent decline in interest rates. The principal counterparties are BoA Merrill Lynch and Morgan Stanley. Rockcastle intends to make use of term funding from local banks in the underlying property owning vehicles in Poland. Rockcastle's loan to value ratio was 37.5% at 31 December 2014.

6 OUTLOOK

The Board believes that growth in dividends of approximately 5% for the 2015 financial year will be achieved.

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. 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
Mauritius – 10 February 2015

STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 Dec 2014 USD'000	Audited as at 30 Jun 2014 USD'000	Audited as at 31 Dec 2013 USD'000
ASSETS			
Non-current assets	1 856 433	1 587 451	1 066 876
Investment property	3 231	-	-
Investment property under development	7 324	-	-
Listed security investments	1 808 623	1 565 259	1 052 690
Rockcastle management incentive loans	25 162	17 000	10 859
Investment in associate company	7 093	5 192	-
Loan to associate company	5 000	-	-
Loans to development partners	-	-	3 327
Current assets	15 760	19 125	3 531
Investment income receivable	-	6 934	-
Cash and cash equivalents	463	486	2 374
Trade and other receivables	93	3	1 157
Loans to development partners	15 204	11 702	-
Total assets	1 872 193	1 606 576	1 070 407
EQUITY AND LIABILITIES			
Total equity attributable to equity holders	1 155 762	983 184	615 999
Stated capital	985 104	871 154	630 983
Non-distributable reserves	(78 007)	(19 684)	(36 555)
Retained income	248 665	131 714	21 571
Total liabilities	716 431	623 392	454 408
Non-current liabilities	130 778	340 057	247 751
Interest-bearing borrowings	130 778	340 057	247 751
Current liabilities	585 653	283 335	206 657
Trade and other payables	14 568	6 832	1 467
Interest-bearing borrowings	570 822	275 896	204 934
Income tax payable	263	607	256
Total equity and liabilities	1 872 193	1 606 576	1 070 407
Total number of shares in issue	769 700 000	705 500 000	530 000 000
Net asset value per share (USD)	1.50	1.39	1.16

SEGMENTAL REPORTING

	Unaudited for the six months ended 31 Dec 2014 USD'000	Audited for the six months ended 31 Dec 2013 USD'000
Profit/(loss) before income tax expense		
Australia	21 581	(2 894)
Canada	(7 967)	(226)
Europe	(3 406)	9 765
UK	15 823	6 935
Hong Kong	14 691	261
Singapore	12 573	(2 682)
USA	77 345	(17 153)
Zambia	1 563	-
Corporate	(43 822)	(325)
	88 381	(6 319)

	Unaudited as at 31 Dec 2014 USD'000	Audited as at 30 Jun 2014 USD'000	Audited as at 31 Dec 2013 USD'000
Total assets			
Australia	117 778	125 174	78 849
Canada	177 846	209 459	146 930
Europe	225 767	193 275	177 787
UK	230 972	143 045	102 053
Hong Kong	92 313	79 592	55 614
Singapore	192 388	192 218	129 477
USA	782 659	629 916	365 411
Zambia	27 297	16 894	-
Corporate	25 173	17 003	14 286
	1 872 193	1 606 576	1 070 407

STATEMENT OF COMPREHENSIVE INCOME

	Unaudited for the six months ended 31 Dec 2014 USD'000	Audited for the six months ended 31 Dec 2013 USD'000	Unaudited for the three months ended 31 Dec 2014 USD'000	Audited for the three months ended 31 Dec 2013 USD'000
Rental revenue	16	-	16	-
Dividends received from listed security investments	30 815	14 976	20 943	8 812
Income from associate	1 563	-	1 492	-
Fair value gain/(loss) on listed security investments	125 229	(24 962)	163 707	(11 862)
Foreign exchange (loss)/gain	(44 164)	69	(25 900)	(4 311)
Operating expenses	(868)	(480)	(525)	(284)
Profit/(loss) before net finance (costs)/income	112 591	(10 397)	159 733	(7 645)
Net finance (costs)/income	(24 210)	4 078	(14 003)	5 778
Finance income	1 210	7 913	671	7 240
Interest on Rockcastle management incentive loans	527	61	313	39
Interest on development partner loans	683	-	358	-
Unrealised fair value gain on interest rate derivatives	-	1 053	-	1 436
Unrealised fair value gain on bond shorts	-	6 799	-	5 765
Finance costs	(25 420)	(3 835)	(14 674)	(1 462)
Interest on borrowings	(9 934)	(3 835)	(4 218)	(1 462)
Unrealised fair value loss on interest rate derivatives	(6 648)	-	(4 756)	-
Unrealised fair value loss on bond shorts	(8 838)	-	(5 700)	-
Profit/(loss) before income tax expense	88 381	(6 319)	145 730	(1 867)
Income tax expense	(263)	(255)	(146)	(36)
Profit/(loss) for the period attributable to equity holders	88 118	(6 574)	145 584	(1 903)
Total comprehensive income/ (loss) for the period	88 118	(6 574)	145 584	(1 903)
Weighted average number of shares in issue	736 902 174	397 704 918	768 304 348	517 978 022
Basic earnings/(loss) per share and headline earnings/(loss) per share (USD cents)	11.96	(1.65)	18.95	(0.37)

STATEMENT OF CHANGES IN EQUITY

	Stated capital USD'000	Retained income/ (loss) USD'000	Non- distributable reserves* USD'000	Total USD'000
Audited for the six months ended 31 December 2013				
Opening balance	409 771	(8 410)	-	401 361
Issue of shares	235 212	-	-	235 212
Reclassification of stated capital	-	-	-	-
Recategorisation of reserves	(14 000)	14 000	-	-
Distribution paid	-	(14 000)	-	(14 000)
Total comprehensive loss for the period	-	(6 574)	-	(6 574)
Transfer to non-distributable reserves	-	36 555	(36 555)	-
Balance at 31 December 2013	630 983	21 571	(36 555)	615 999
Audited for the six months ended 30 June 2014				
Opening balance	630 983	21 571	(36 555)	615 999
Issue of shares	240 171	-	-	240 171
Dividends declared	-	(21 571)	-	(21 571)
Total comprehensive income for the period	-	148 585	-	148 585
Transfer to non-distributable reserves	-	(16 871)	16 871	-
Balance at 30 June 2014	871 154	131 714	(19 684)	983 184
Unaudited for the six months ended 31 December 2014				
Opening Balance	871 154	131 714	(19 684)	983 184
Issue of shares	113 950	-	-	113 950
Dividends declared	-	(29 490)	-	(29 490)
Total comprehensive income for the period	-	88 118	-	88 118
Transfer to non-distributable reserves	-	58 323	(58 323)	-
Balance at 31 December 2014	985 104	248 665	(78 007)	1 155 762

* Rockcastle's policy on non-distributable reserves is set out in the 'Notes' section of this announcement.

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

	Unaudited for the six months ended 31 Dec 2014 USD'000	Audited for the six months ended 31 Dec 2013 USD'000
Profit/(loss) for the period attributable to equity holders	88 118	(6 574)
Income tax expense	263	255
Tax on accrued dividends	(328)	(358)
Foreign exchange loss/(gain)	44 164	(69)
Fair value (gain)/loss on listed security investments	(125 229)	24 962
Fair value loss/(gain) on bond shorts	8 838	(6 799)
Fair value loss/(gain) on interest rate derivatives	6 648	(1 053)
Dividends received from listed security investments	(30 815)	(14 976)
Accrued income from listed security investments	41 234	20 711
Adjustment to income from associate	(1 388)	-
Shares issued cum distribution	1 438	5 472
Distributable earnings for the period	32 943	21 571
Less: interim dividend declared	(32 943)	(21 571)
Earnings not distributed	-	-
Number of shares entitled to distribution	769 700 000	530 000 000

STATEMENT OF CASH FLOWS

	Unaudited for the six months ended 31 Dec 2014 USD'000	Audited for the six months ended 31 Dec 2013 USD'000
Cash inflow from operating activities	30 386	14 962
Cash outflow from investing activities	(200 516)	(398 124)
Cash inflow from financing activities	170 107	385 341
(Decrease)/increase in cash and cash equivalents	(23)	2 179
Cash and cash equivalents at beginning of period	486	195
Cash and cash equivalents at end of period	463	2 374
Cash and cash equivalents comprise:		
Current accounts	463	2 374

NOTES

The Group is required to publish financial results for the three months and the six months ended 31 December 2014 in terms of the Listing Rule 12.19 of the SEM. Accordingly, this announcement presents the financial results of the Group in respect of the period from 1 October 2014 to 31 December 2014, the period from 1 July 2014 to 31 December 2014 as well as the comparative results from the prior period.

The accounting policies which have been applied are consistent with those used in the preparation of the audited financial statements for the year ended 30 June 2014. Non-distributable reserves arise from any accumulated losses pertaining to changes in the fair value of the assets and liabilities in the Group on a US Dollar basis. The Group does not consider such reserves to be distributable.

The condensed unaudited consolidated interim financial statements ("financial statements") for the three months and the six months ended 31 December 2014 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.