

DIRECTORS' COMMENTARY

1 STRUCTURE AND LISTING

Rockcastle is a Category One Global Business Licence Company registered in Mauritius. The Company has primary listings on both the Stock Exchange of Mauritius Ltd ("SEM") and the JSE Ltd ("JSE"). Its objectives are investing in direct property in growing economies as well as listed real estate securities globally.

Shareholders were provided with the option of electing to receive shares in lieu of cash for the December 2015 interim dividend. In excess of 93% of shareholders opted to take the scrip dividend resulting in the issue of 18.5 million new shares.

2 COMMENTARY

Rockcastle's net asset value per share increased from USD1.56 as at 31 December 2015 to USD1.62 as at 31 March 2016. The Company's loan-to-value ratio was 38.2% at 31 March 2016 compared to 40.2% at 31 December 2015 (the loan-to-value ratio is calculated by dividing net interest-bearing borrowings by total assets).

LISTED SECURITY PORTFOLIO

Global listed property counters delivered robust distribution increases and strong capital growth this quarter in markets that remain volatile. Rockcastle's listed security portfolio continues to be weighted towards the US and the UK with a focus on blue-chip companies with strong balance sheets, proven management teams and quality assets which are well placed to continue to grow their distributions in challenging environments.

The threat of a possible UK exit from the European Union has had a negative impact on share prices of all UK REITs. This has created an opportunity for Rockcastle to increase its investments in UK REITs at attractive prices.

During 2016, REITs will become a stand-alone sector under the Global Industry Classification System (GICS). Management believes this will benefit the listed real estate sector as it will raise visibility and likely lead to new inflows by generalist funds that are currently underweight in the listed property sector.

Rockcastle has entered into a prime brokerage relationship with Goldman Sachs. This has further improved the Company's access to funding at attractive rates.

DIRECT PROPERTY

POLAND AND THE CZECH REPUBLIC

The Company continues to target acquisitions of existing retail properties in its core markets of Poland and the Czech Republic. In addition, progress is being made in extending the existing development pipeline by purchasing development land and the permitting and planning of extensions to the existing portfolio of assets.

Despite the obvious once-off benefits of initial yield spreads, Rockcastle has maintained its disciplined approach to investing in these competitive markets by investing only in properties which have attractive long-term growth prospects. The operational platform in Poland has enabled management to identify additional development opportunities which will offer significant long-term value creation for shareholders and the bias towards development acquisitions will continue. The existing retail centres are all trading on budget and the development projects under construction are on schedule for completion in Q4 2016.

Rockcastle is currently in advanced negotiations on various transactions in Poland and the Czech Republic which, if successfully concluded, will increase its direct retail property portfolio by in excess of EUR300 million. In addition, Rockcastle is in discussions with New Europe Property Investments plc to set up a joint management structure for the Czech Republic. A further announcement providing details on acquisitions will be made in due course.

ZAMBIA

In March 2016, the 26 000m² GLA Cosmopolitan Mall located in Lusaka, Zambia opened for trading. The mall is anchored by Game and Shoprite, and includes Ackermans, Edgars, Foschini, Innscore, Jet, Mr Price, Pep, Truworths and Woolworths. The Company acquired a 50% interest on completion at a yield of 9.5% in US Dollars. As previously announced, the board concluded that the operational focus in Central and Eastern Europe is a greater priority strategically and accordingly mandated the sale of this asset.

3 OUTLOOK

The Company's forecast growth in dividends for the six months to 30 June 2016 remains at the lower end of the guidance of 8%-10%.

As the Company changed its financial year end from 30 June to 31 December in the current year, forecast guidance for the six months to 31 December 2016 will be provided at the time of the Company's June 2016 interim results announcement.

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 – 4 May 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 Mar 2016 USD'000	Audited as at 30 Jun 2015 USD'000	Unaudited as at 31 Mar 2015 USD'000
ASSETS			
Non-current assets	2 445 669	2 295 139	2 250 178
Investment property	349 455	59 123	59 523
Investment property under development	38 122	7 436	8 048
Listed security investments	2 000 126	2 161 724	2 146 323
Property, plant and equipment	154	-	-
Investment in and loans to joint ventures	31 597	41 727	11 193
Rockcastle management incentive loans	26 215	25 129	-
Current assets	25 402	31 366	18 288
Investment income receivable	-	7 589	-
Cash and cash equivalents	19 114	3 035	1 079
Trade and other receivables	6 288	15 410	803
Loans to development partners	-	5 332	16 406
Total assets	2 471 071	2 326 505	2 268 466
EQUITY AND LIABILITIES			
Total equity attributable to equity holders	1 503 968	1 241 128	1 254 512
Stated capital	1 351 387	1 180 670	1 017 378
Retained income	330 897	183 601	358 602
Non-distributable reserves	(171 612)	(123 947)	(121 468)
Currency translation reserve	(6 704)	804	-
Minority interest	5	-	-
Total equity	1 503 973	1 241 128	1 254 512
Total liabilities	967 098	1 085 377	1 013 954
Non-current liabilities	55 066	16 614	5 000
Interest-bearing borrowings	55 066	16 614	5 000
Current liabilities	912 032	1 068 763	1 008 954
Trade and other payables	22 941	4 966	4 906
Interest-bearing borrowings	888 328	1 063 777	1 003 635
Income tax payable	763	20	413
Total equity and liabilities	2 471 071	2 326 505	2 268 466
Total number of shares in issue	930 994 319	847 862 018	784 369 955
Net asset value per share (USD)	1.62	1.46	1.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited for the nine months ended 31 Mar 2016 USD'000	Unaudited for the nine months ended 31 Mar 2015 USD'000	Unaudited for the three months ended 31 Mar 2016 USD'000	Unaudited for the three months ended 31 Mar 2015 USD'000
Net rental and related revenue	10 337	252	5 718	236
Dividends received from listed security investments	49 998	50 284	17 268	19 469
Income/(loss) from joint ventures	609	756	-	(807)
Fair value gain on investment property and listed security investments	153 971	252 004	90 895	126 775
Foreign exchange gain/(loss)	7 317	(79 561)	6 092	(35 397)
Operating expenses	(2 306)	(1 565)	(1 001)	(697)
Profit before net finance costs	219 926	222 170	118 972	109 579
Net finance costs	(39 523)	(34 145)	(20 879)	(10 307)
Finance income	2 014	1 893	612	311
Interest received	2 014	1 893	612	311
Finance costs	(41 537)	(36 038)	(21 491)	(10 618)
Interest on borrowings	(14 975)	(12 634)	(4 681)	(2 700)
Capitalised interest	478	-	(46)	-
Fair value adjustment on interest rate derivatives	(27 040)	(11 992)	(16 764)	(5 344)
Fair value adjustment on bond shorts	-	(11 412)	-	(2 574)
Profit before income tax expense	180 403	188 025	98 093	99 272
Income tax expense	(770)	(413)	(491)	(150)
Profit for the period	179 633	187 612	97 602	99 122
OTHER COMPREHENSIVE INCOME NET OF TAX				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	(7 508)	-	(10 581)	-
Total comprehensive income for the period	172 125	187 612	87 021	99 122
Profit for the period attributable to:				
Equity holders of the company	179 640	187 612	97 609	99 122
Minority interest	(7)	-	(7)	-
Total comprehensive income for the period attributable to:	172 146	187 612	87 042	99 122
Equity holders of the company	(21)	-	(21)	-
Minority interest	172 125	187 612	87 021	99 122
Weighted average number of shares in issue	896 142 308	768 942 172	917 204 356	770 337 824
Basic earnings per share* from continuing operations (USD cents)	20.05	24.40	10.64	12.92
Headline earnings per share* from continuing operations (USD cents)	20.12	24.40	10.64	12.92

*Rockcastle has no dilutionary instruments in issue.

RECONCILIATION OF PROFIT FOR THE PERIOD TO HEADLINE EARNINGS

	Unaudited for the nine months ended 31 Mar 2016 USD'000	Unaudited for the nine months ended 31 Mar 2015 USD'000
Basic earnings - profit for the period attributable to equity holders	179 640	187 612
Adjusted for:		
- fair value adjustment on sale of interest in joint ventures	706	-
Headline earnings	180 346	187 612
Headline earnings per share (USD cents)	20.12	24.40

Directors Mark Olivier (chairman); Spiro Nouis (CEO)*; Nick Matulovich*; Barry Stuhler; Rory Kirk; Andre van der Veer; Yan Ng; Karen Bodenstein* (*executive director)
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Registered address c/o Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebene, 72201, Mauritius
Transfer secretary in South Africa Link Market Services South Africa Proprietary Limited
JSE sponsor Java Capital
SEM sponsor Capital Markets Brokers Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital USD'000	Equity attributable to equity holders USD'000	Minority interest USD'000	Non- distributable reserves USD'000	Currency translation reserve USD'000	Total USD'000
Audited for the year ended 30 June 2015						
Opening balance	871 154	131 714	-	(19 684)	-	983 184
Issue of shares	113 950	-	-	-	-	113 950
Dividends declared	32 274	(62 508)	-	-	-	(30 234)
Profit for the period	-	187 612	-	-	-	187 612
Transfer to non-distributable reserves	-	101 784	-	(101 784)	-	-
Balance at 31 March 2015	1 017 378	358 602	-	(121 468)	-	1 254 512
Issue of shares	163 292	-	-	-	-	163 292
Loss for the period	-	(177 480)	-	-	-	(177 480)
Transfer to non-distributable reserves	-	2 479	-	(2 479)	-	-
Exchange differences on translation of foreign operations	-	-	-	-	804	804
Balance at 30 June 2015	1 180 670	183 601	-	(123 947)	804	1 241 128
Unaudited for the nine months ended 31 March 2016						
Opening balance	1 180 670	183 601	-	(123 947)	804	1 241 128
Profit/(loss) for the period	-	179 640	(7)	-	-	179 633
Equity contributed by minorities	-	-	12	-	-	12
Shares issued and cum distribution portion on issue during the period	94 783	3 378	-	-	-	98 161
Dividends declared	75 934	(81 730)	-	-	-	(5 796)
Transfer to non-distributable reserves	-	47 665	-	(47 665)	-	-
Reclassification of exchange differences on joint ventures on sale of investments	-	(1 657)	-	-	-	(1 657)
Exchange differences on translation of foreign operations	-	-	-	-	(7 508)	(7 508)
Balance at 31 March 2016	1 351 387	330 897	5	(171 612)	(6 704)	1 503 973

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited for the nine months ended 31 Mar 2016 USD'000	Unaudited for the nine months ended 31 Mar 2015 USD'000
Cash inflow from operating activities	46 859	43 890
Cash inflow/(outflow) from investing activities	13 824	(519 695)
Cash (outflow)/inflow from financing activities	(44 604)	476 398
Increase in cash and cash equivalents	16 079	593
Cash and cash equivalents at beginning of period	3 035	486
Cash and cash equivalents at end of period	19 114	1 079
Cash and cash equivalents consist of:		
Current accounts	19 114	1 079

NOTES

1. PREPARATION, ACCOUNTING POLICIES AND AUDIT OPINION

The Group is required to publish financial results for the three months and the nine months ended 31 March 2016 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 January 2016 to 31 March 2016, the period from 1 July 2015 to 31 March 2016, 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 2015. 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 abridged unaudited consolidated financial statements for the three months and the nine months ended 31 March 2016 ("financial statements") 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 Group's external auditors.

These financial statements were approved by the Board on 4 May 2016.

Copies of the financial statements and the Statement of direct and indirect interests of each officer of the Group, 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 Rockcastle's registered address. Contact person: Mr Darren Chinasamy.

This communiqué is issued pursuant to SEM Listing Rule 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 March 2016 that require any additional disclosure or adjustment to the financial statements.

2. SEGMENTAL ANALYSIS

	Unaudited for the nine months ended 31 Mar 2016 USD'000	Unaudited for the nine months ended 31 Mar 2015 USD'000
Profit before income tax expense		
Australia	7 566	37 347
Canada	(3 278)	7 222
Europe	5 539	41 054
UK	(22 930)	39 309
Hong Kong	(3 796)	14 538
Singapore	(9 973)	26 538
USA	182 728	100 494
Zambia	609	756
Corporate	23 938	(79 233)
	180 403	188 025

	Unaudited as at 31 Mar 2016 USD'000	Audited as at 30 June 2015 USD'000	Unaudited as at 31 Mar 2015 USD'000
Total assets			
Australia	51 482	69 835	85 534
Canada	-	105 231	141 779
Europe	588 823	276 235	292 527
UK	443 975	376 507	313 032
Hong Kong	-	91 756	99 659
Singapore	40 602	199 308	198 099
USA	1 283 914	1 135 445	1 084 722
Zambia	31 591	41 727	11 193
Corporate	30 684	30 461	41 921
	2 471 071	2 326 505	2 268 466