

December 2016

Results Presentation

Agenda

- 01 Highlights & financial results**
- 02 Direct property portfolio update**
- 03 Funding & Hedging**
- 04 Listed security portfolio update**
- 05 Nepi Rockcastle merger**
- 06 Conclusion and Q&A**

Spiro Noussis - CEO

01 Highlights & financial results

Distribution
growth

+12,1%

Direct property
as a percent
of gross asset
exposure

52%

***Nepi Rockcastle
merger***

Capital
Invested
in Central
Europe
to date

***USD 1,29
billion***

Acquisitions
and
developments
in the last
6 months

***USD 729
million***

***Implementation
of strategy***

Substantial
sell down of
listed securities
portfolio

Headline results underpinning our growth targets

	31 Dec 2016	30 Jun 2016	31 Dec 2015	30 Jun 2015
Net rental and related revenue (USD'000 equivalent)	36 942	16 592	4 619	1 992
Direct property assets (USD'000 equivalent) ⁽¹⁾⁽²⁾	1 301 596	553 968	383 021	108 286
Direct property as a percent of investment assets ⁽³⁾	52%	23%	17%	5%
Dividend per share	5.189 USD cents	4.782 USD cents	4.631 USD cents	4.42 USD cents
Dividend growth over prior comparable period	12,1%	8.2%	8.2%	5.7%
Net asset value per share	USD 1.65	USD 1.70	USD 1.56	USD 1.46
Total shares in issue (millions)	945.5	930.9	912.5	847.9
Loan to value % based on gross exposure ⁽⁴⁾	37.7%	33.9%	41.6%	46.9%
IFRS Loan to value % ⁽⁵⁾	23.4%	33.9%	41.6%	46.9%

(1) Including investment property under development

(2) Includes effective Zambian interest, where applicable

(3) Total assets including gross listed security exposure

(4) The loan to value ratio is calculated by dividing gross interest-bearing borrowings – cash by investment property and related intangibles (excluding goodwill) + listed securities + loans

(5) The IFRS loan to value ratio is calculated by dividing interest-bearing borrowings – cash by investment property and related intangibles (excluding goodwill) + listed securities + loans

02 Direct property portfolio update

Existing
portfolio
update

Acquisitions

New
openings

Developments
and Pipeline

Existing portfolio update - Poland

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
GDP	6.2%	7.0%	4.2%	2.8%	3.6%	3.6%	5.0%	1.6%	1.4%	3.3%	2.8%	3.1%
Av. Salary	4.9%	8.6%	9.5%	5.2%	4.2%	5.2%	3.7%	3.4%	3.6%	3.3%	3.0%	4.3%
Retail spendings	11.9%	14.1%	10.3%	2.6%	2.9%	7.2%	2.8%	2.4%	4.2%	3.7%	5.1%	
CPI	1.0%	2.5%	4.2%	3.5%	2.6%	4.3%	3.7%	0.9%	0.0%	-0.9%	-0.6%	1.3%
Unemployment rate	14.8%	11.2%	9.5%	12.1%	12.4%	12.5%	13.4%	13.4%	11.5%	9.8%	8.3%	7,8%

* estimated

Existing portfolio update

Total GLA | ***approx.
450 000 sqm***

Total footfall | ***64 mln
visitors***

Total annual rent | ***over
70 mln EUR***

Average turnover | ***approx.
EUR 2 000/m²***

Existing portfolio update

Shopping center	City
Pogoria	■ <i>Dąbrowa Górnicza</i>
Karolinka	■ <i>Opole</i>
Solaris	■ <i>Opole</i>
Platan	■ <i>Zabrze</i>
Galeria Tomaszów	■ <i>Tomaszów Mazowiecki</i>
Galeria Wołomin	■ <i>Wołomin</i>
Focus Mall	■ <i>Zielona Góra</i>
Focus Mall	■ <i>Piotrków Trybunalski</i>
Bonarka	■ <i>Kraków</i>
Forum Liberec	■ <i>Liberec</i>
Galeria Warmińska	■ <i>Olsztyn</i>



Existing portfolio performance

Platan

Performance figures	Diff %	2016 v 2015
Turnover (EUR)	4,65%	↑
Footfall	1,04%	↑

Solaris

Performance figures	Diff %	2016 v 2015
Turnover (EUR)	3,31%	↑
Footfall	-4,39%	↓

Karolinka - Shopping centre

Performance figures	Diff %	2016 v 2015
Turnover (PLN)	8,55%	↑
Footfall	4,09%	↑

Bonarka

Performance figures	Diff %	2016 v 2015
Turnover (EUR)	8,85%	↑
Footfall	-2,32%	↓

Pogoria

Performance figures	Diff %	2016 v 2015
Turnover (PLN)	3,62%	↑
Footfall	3,33%	↑

Karolinka - Retail Park

Performance figures	Diff %	2016 v 2015
Turnover (PLN)	10,20%	↑
Footfall	6,93%	↑

Existing portfolio performance

Focus Mall Zielona Góra

Performance figures	Diff %	2016 v 2015
Turnover (EUR)	4,92%	↑
Footfall	0,40%	↑

Forum Liberec

Performance figures	Diff %	2016 v 2015
Turnover (CZK)	5,61%	↑
Footfall	3,45%	↑

Focus Mall Piotrków Tryb.

Performance figures	Diff %	2016 v 2015
Turnover (EUR)	6,10%	↑
Footfall	9,70%	↑

Galeria Warmińska

Performance figures	Diff %	2016 v 2015
Turnover (EUR)	15,00%	↑
Footfall	21,50%	↑

Acquisitions

Investment property acquired in 2016 calendar year

Bonarka City Centre

Focus Mall Zielona Góra

Focus Mall Piotrków Trybunalski

Galeria Warmińska

Forum Liberec (Czech Republic)

Total: USD 812 million

Acquisitions

Galeria Warmińska, Olsztyn



Galeria Warmińska, Olsztyn

- Acquisition concluded December 2016
- Ownership 100%
- GLA 42,500 m²
- Acquisition cost EUR 150 million
- The biggest shopping mall in north-eastern Poland
- Key tenants: Euro AGD RTV, H&M, Inditex, Intersport, LPP Group, Multikino, Piotr i Paweł, Rossmann, Smyk, TK Maxx
- Occupancy: 100%
- Footfall 2016: 8,4 million

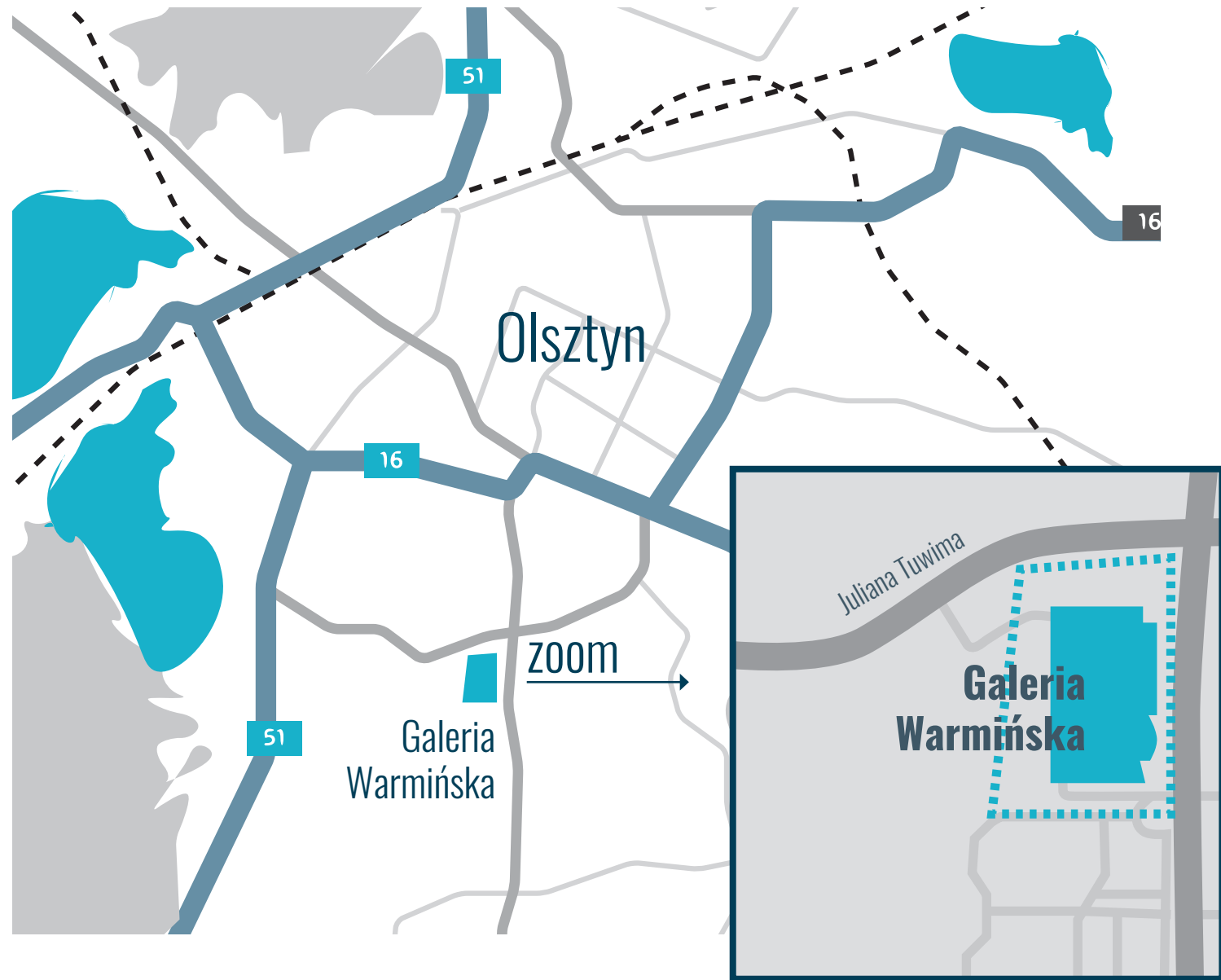


Galeria Warmińska, Olsztyn

- Olsztyn is a city of 175,000 people in north-eastern Poland and has large regional importance because of its administrative functions and university with 35 000 students.
- Recently undergone a major infrastructure upgrade marked by the introduction of the 11km tram line and the construction of an expressway and ring road south of the city.
- One of the lowest unemployment rates in the country being 5.9%.
- Strong industrial fundamentals with distinctive manufacturing sector.



Galeria Warmińska - Location

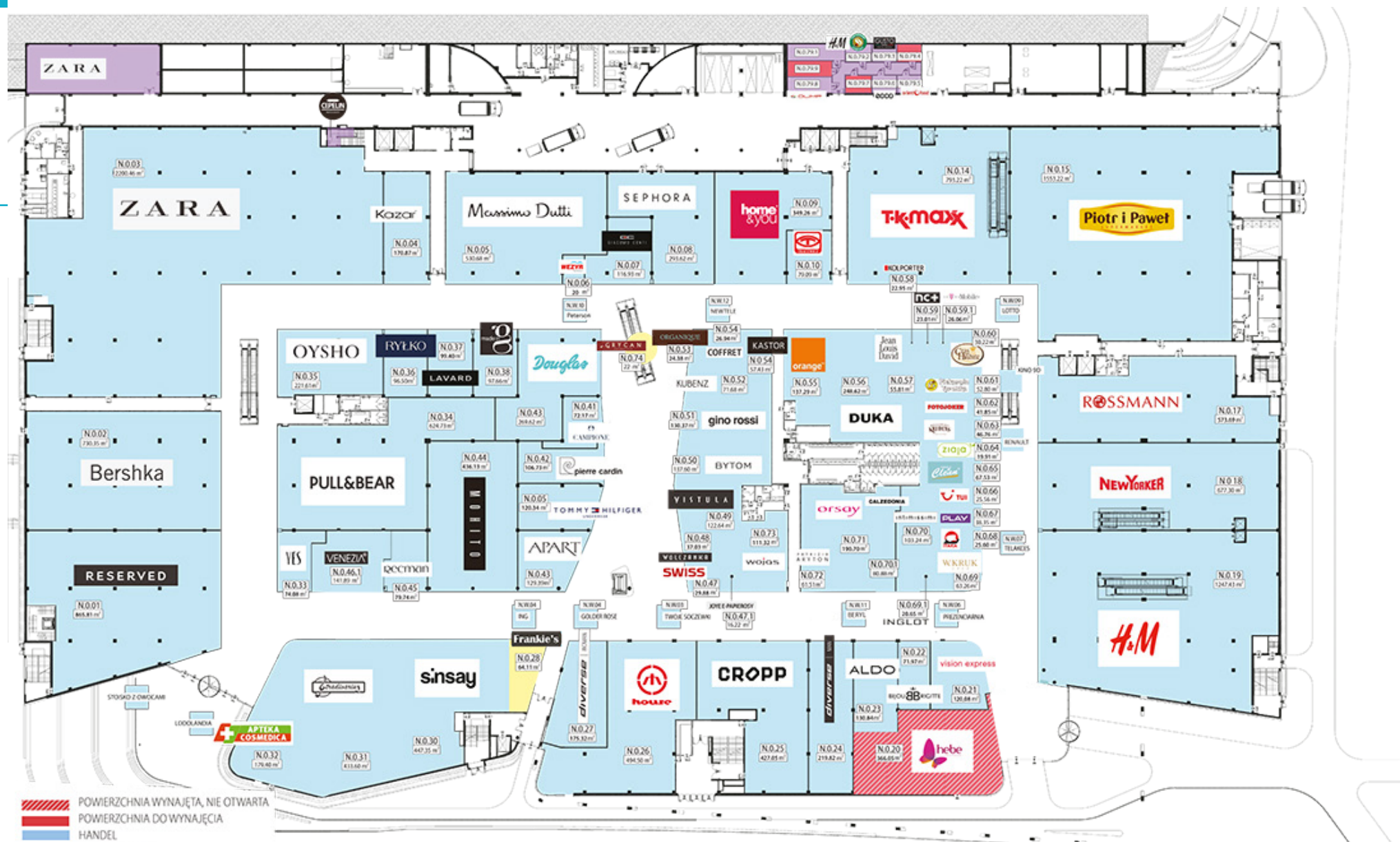


Galeria Warmińska



Galeria Warminska

Ground floor

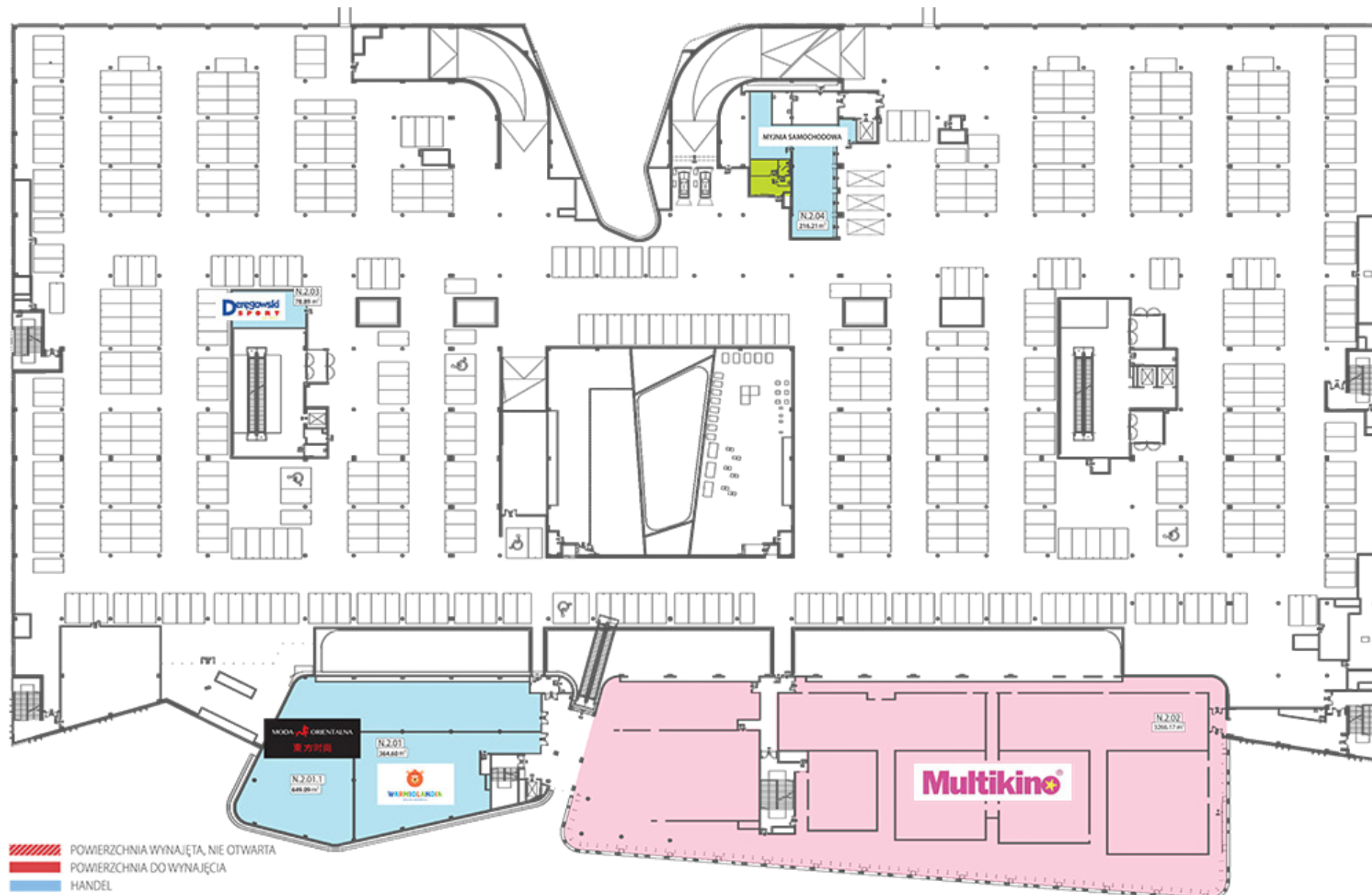


First floor



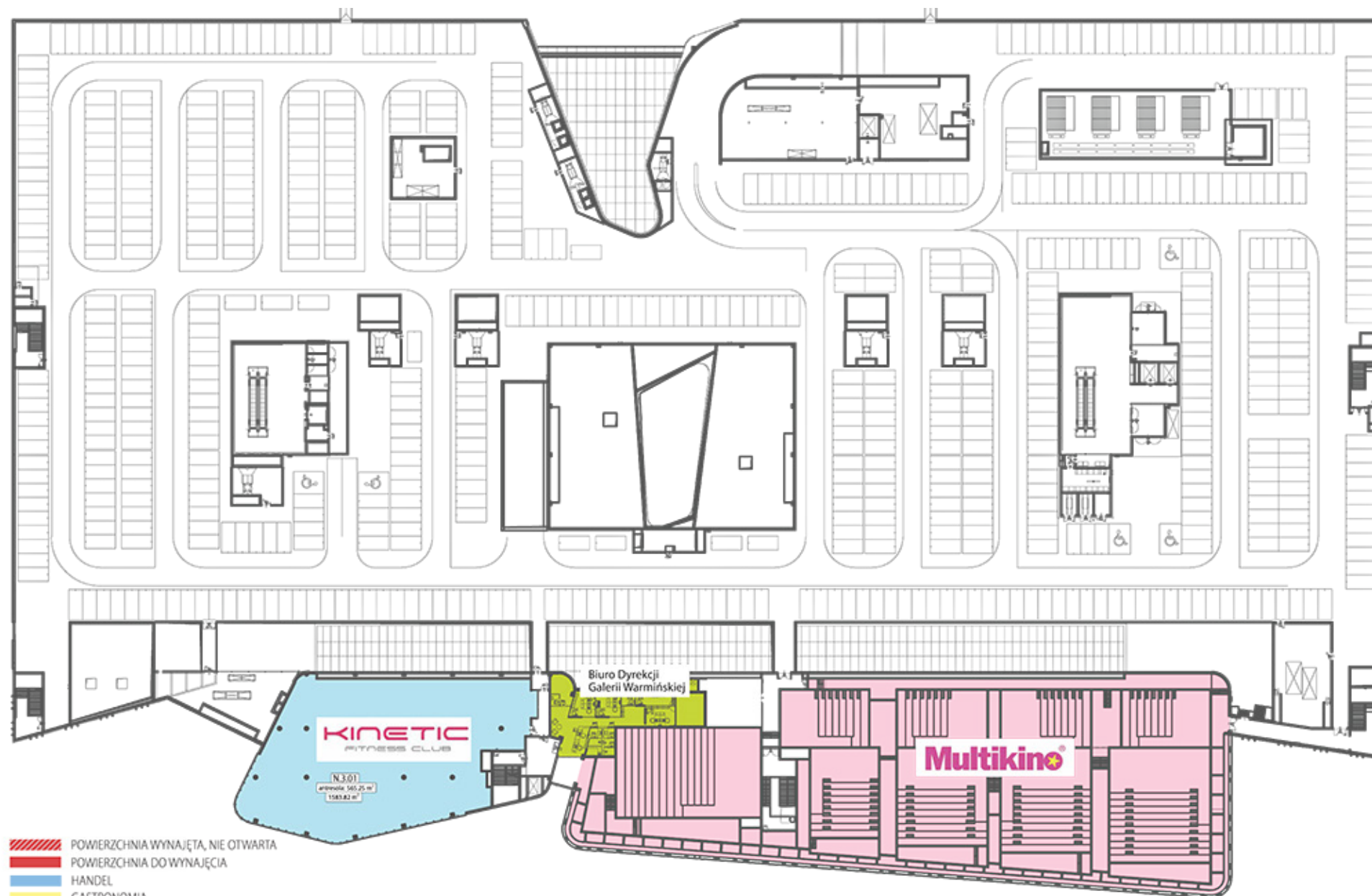
Galeria Warminska

Second floor



Galeria Warminska

Third floor



New Openings

- Galeria Wołomin
- Galeria Tomaszów



Galeria Wołomin

Galeria Wołomin

- Grand opening: 6 October 2016
- GLA: 24 180 m²
- Occupancy: 92% open units;
98% leased units
- Footfall: 650 000 from opening
to Dec 2016
- Key Tenants: Carrefour, Helios,
KFC, Martes Sport, CCC, Carry,
Deichmann, Reserved, RTV Euro
AGD, Rossmann, H&M
- Development yield 8%



Galeria Wołomin



Galeria Tomaszów



Galeria Tomaszów

- Grand opening: 26 October 2016
- GLA: 18 500 m²
- Occupancy: 97% - open units; 99% - leased units
- Footfall: 835 000 from opening to Dec 2016
- Key Tenants: InterMarche, Helios, KFC, Smyk, CCC, Empik, Deichmann, Reserved, RTVEuroAGD, Martes Sport, Rossmann, H&M
- Development yield 8%

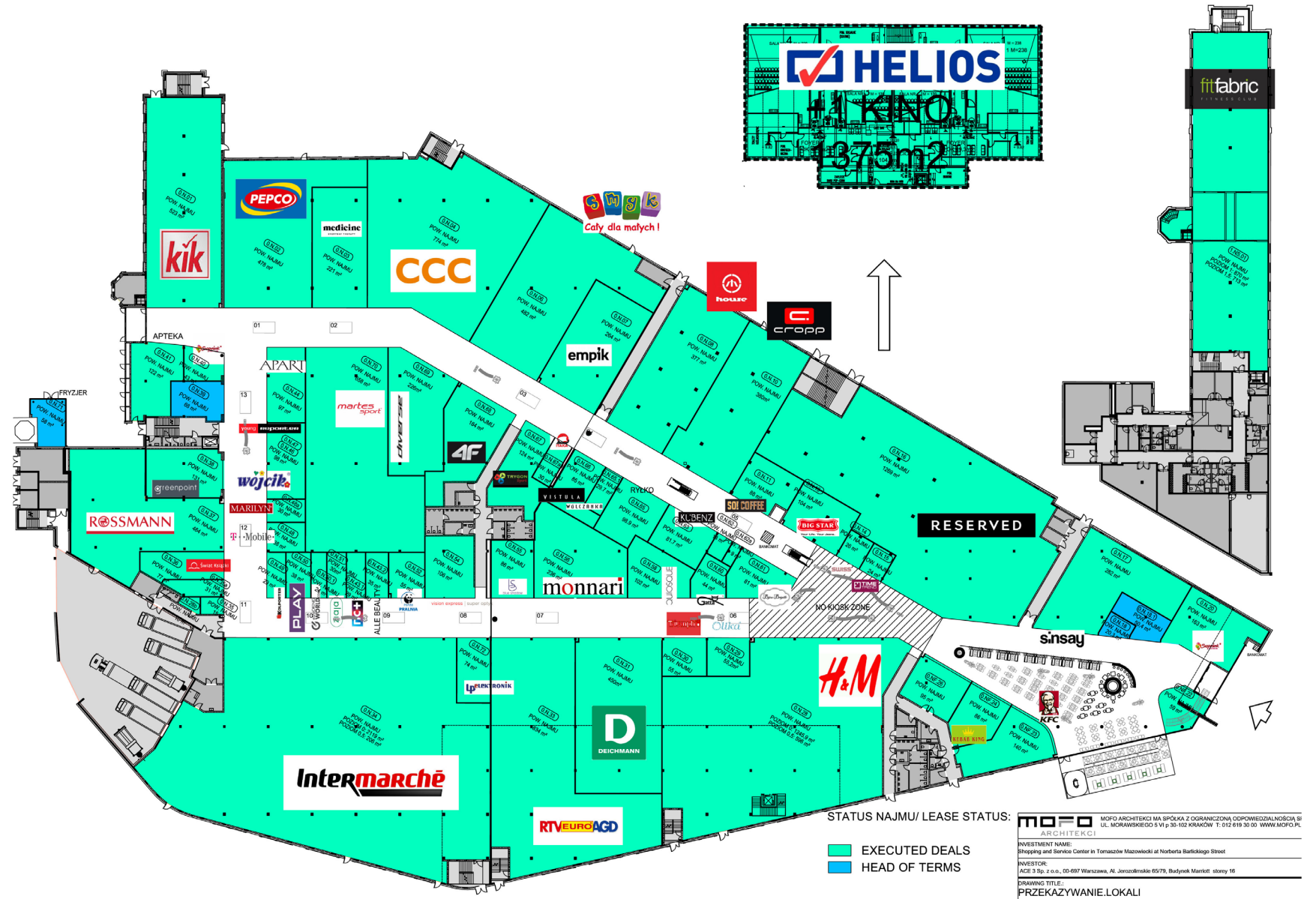


Galeria Tomaszów



Galeria Tomaszów

Ground floor



Rockcastle Warsaw

Asset Management



Marek Noetzel
Retail Director



Paulina Kurdziel
Retail Asset Manager



Joanna Klimaszewska
Retail Asset Manager



Tomasz Ziółkowski
In-House Lawyer



Justyna Bartosz
Retail Asset Manager



Tomasz Górski
Retail Asset Manager



Dominik Piwek
Head of Marketing and PR

Development



Craig Boshard
Development Director



Wojciech Godlewski
Senior Project Manager



Jarosław Świeboda
Senior Project Manager



Maciej Tarnowski
Senior Project Manager

Acquisitions Legal



Łukasz Lorenci
Investments



Jakub Kutzmann
Legal and Investments

Finance



Paweł Lesny
Finance Manager



Piotr Hajgiel
Deputy Finance Manager



Marta Słupczewska
Financial Reporting Specialist



Anna Wyrwa
Financial Reporting Specialist



Michał Nesteruk
Financial Reporting Specialist

Administration



Małgorzata Grzywaczewska
Office Manager



Beata Aleksandruk

Rockcastle Shopping Centres Team



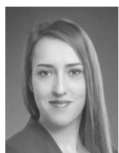
Beata Jarmołkiewicz
Shopping Centre Director



Iwo Knopik
Marketing



Marta Radziwoń
Shopping Centre Director



Anna Łukasiewicz
Marketing Specialist



Ewa Sadzińska
Shopping Centre Director



Olga Wiernicka
Marketing Specialist



Iwona Malik
Shopping Centre Director



Aleksandra Mastalerz
Regional Marketing Manager



Adriana Binczek-Chłond
Shopping Centre Director



Ewelina Nowak-Olszowiec
Regional Marketing Manager



Michał Tur
Shopping Centre Director



Natalia Tur
Marketing Specialist



Jerzy Marek
Shopping Centre Director



Aneta Górską
Shopping Centre Director



Ola Konieczna
Shopping Centre Director



Anna Wójcik
Marketing Specialist



Małgorzata Rupert
Shopping Centre Director



Monika Janusz
Marketing Specialist



Developments and pipeline

Construction to start:

- Platan – Q2 2017
- Solaris – Q3 2017
- Pogoria – Q4 2017
- Karolinka – phase 1 – Q1 2018,
phase 2 – Q4 2018
- Focus Mall Zielona Góra – Q2 2018

Under construction:

- Wołomin Retail Park

Platan



Platan

- Construction to start: Q2 2017
- Increase current shopping centre to 40 000 m²
- Development costs estimated € 40 million
- Focus on anchor tenants and substantial leisure and lifestyle offering



Platan

Ground floor



Platan

First floor



Solaris



Solaris

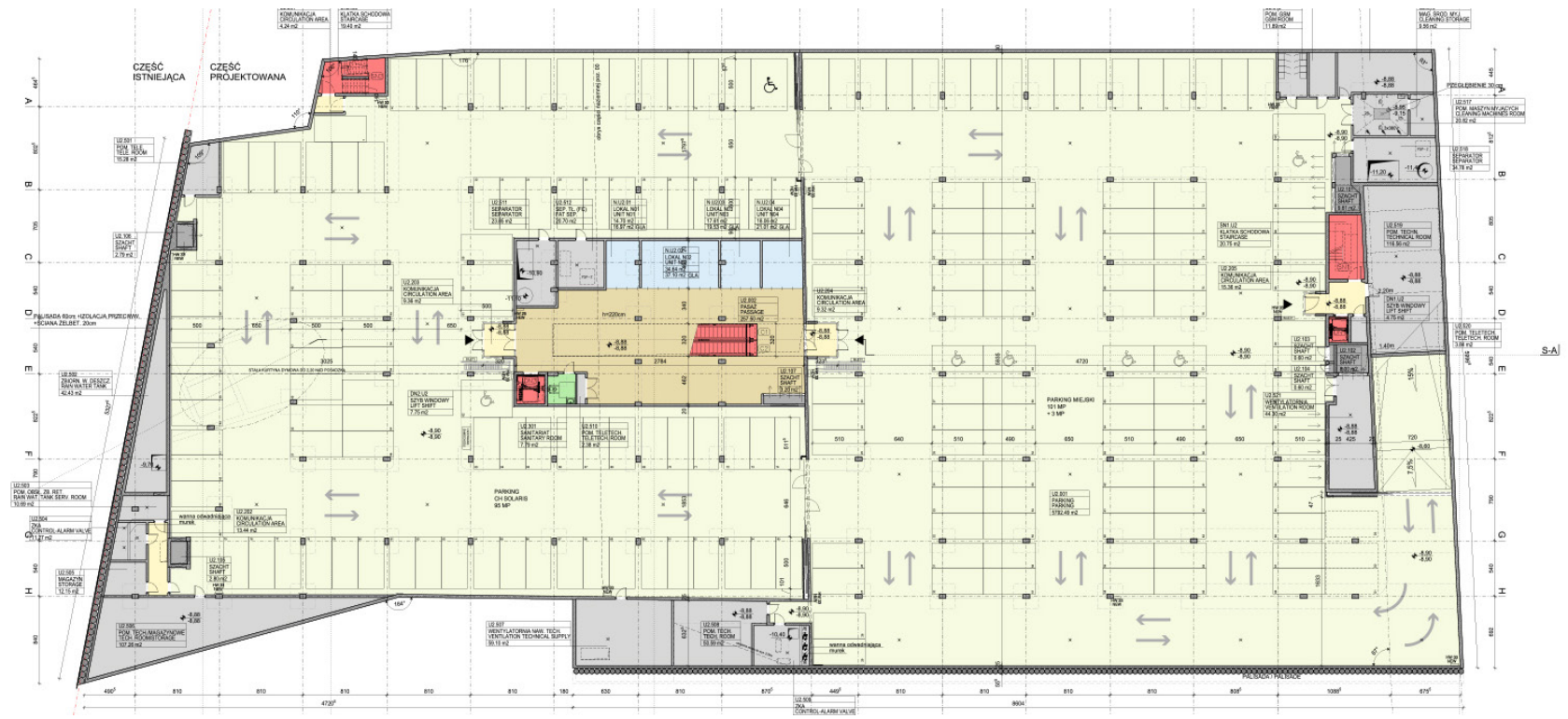


Solaris

- Construction to start: Q3 2017
- GLA 17 740 m²
+ extension approx. 8 300 m²
- Structured paid car park of
10 700 m² GLA
- Development costs
estimated € 35 million

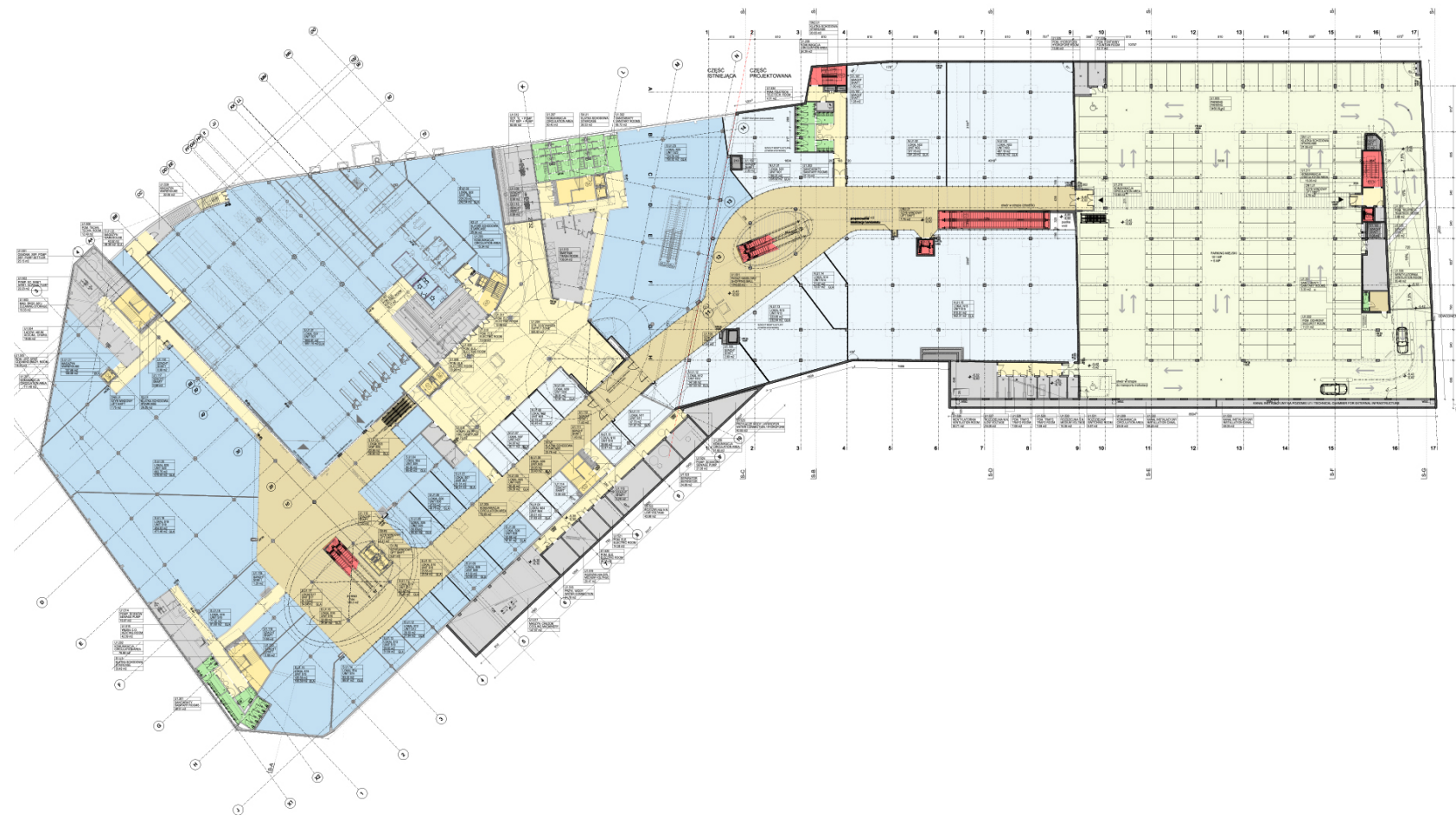


Floor - 2



Solaris

Floor -1



Solaris

Ground floor



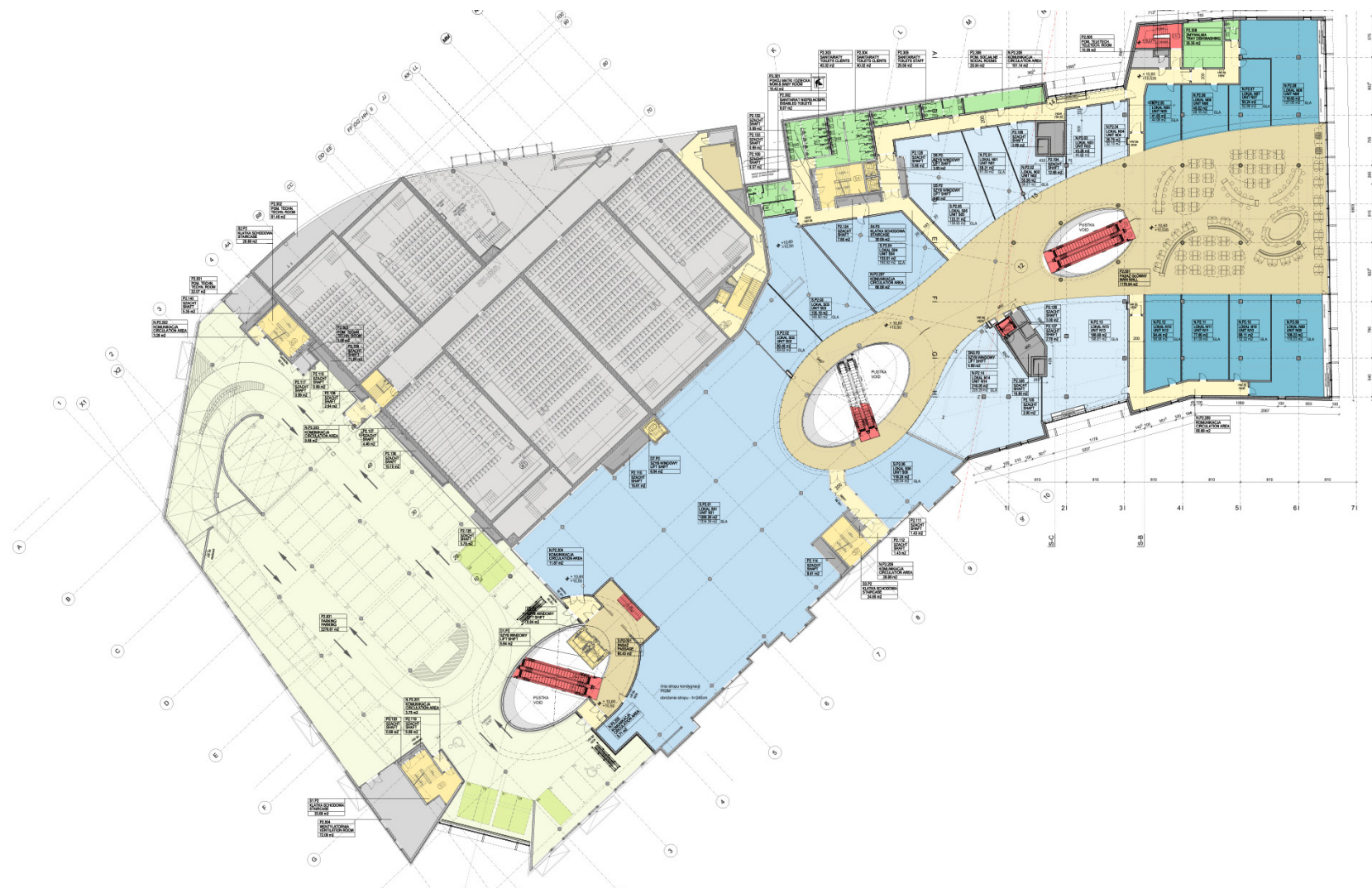
Solaris

First floor



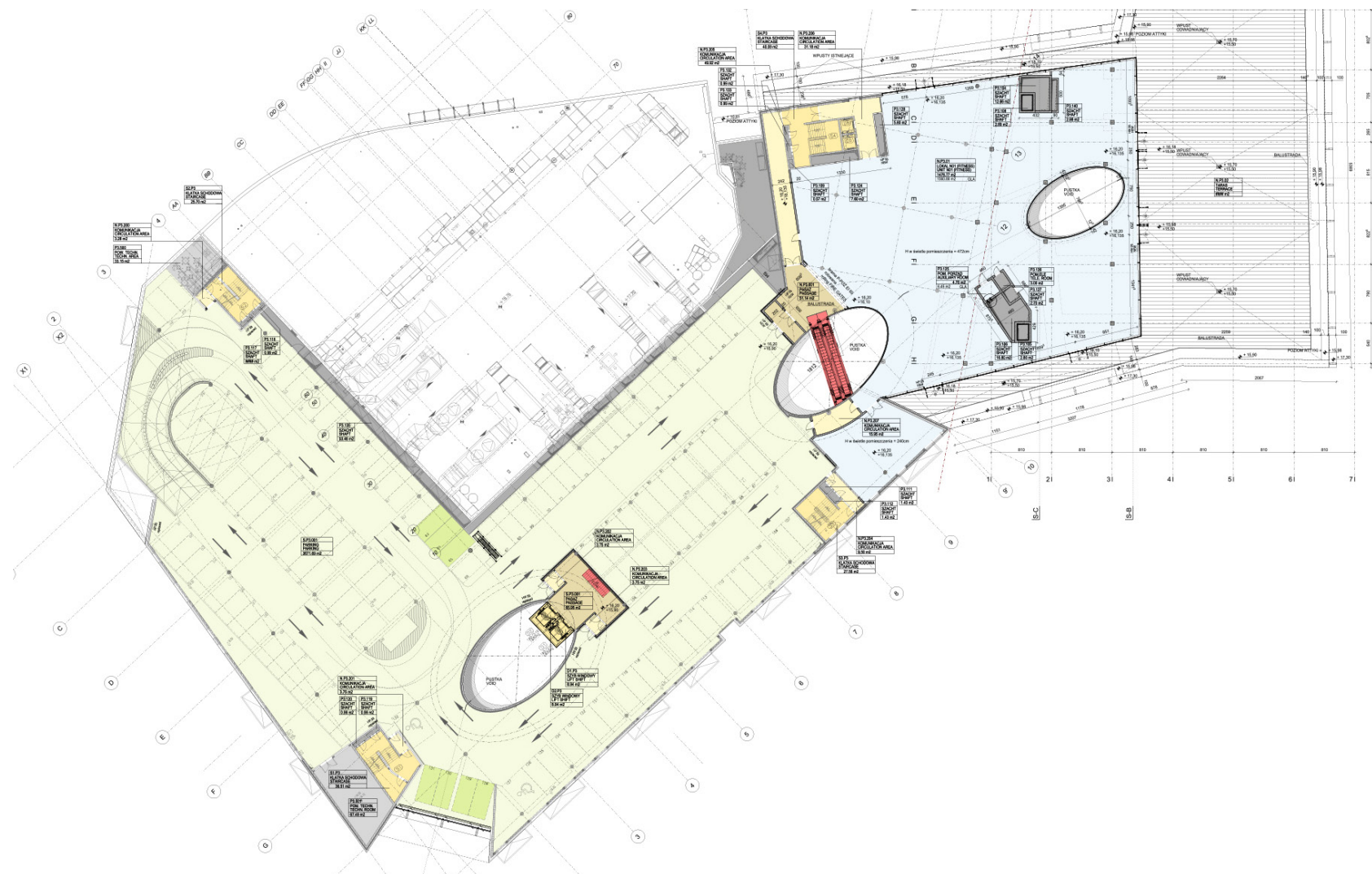
Solaris

Second floor



Solaris

Third floor



Karolinka

Karolinka

Karolinka

- Construction to start:
phase 1-Q1 2018,
phase 2-Q4 2018
- GLA 70 000 m² + extension
approx. 7 000 m²



Ground floor



Pogoria



Pogoria

- Construction to start: Q4 2017
- GLA 36 500m² + extension approx. 1 140m²



Pogoria

Ground floor



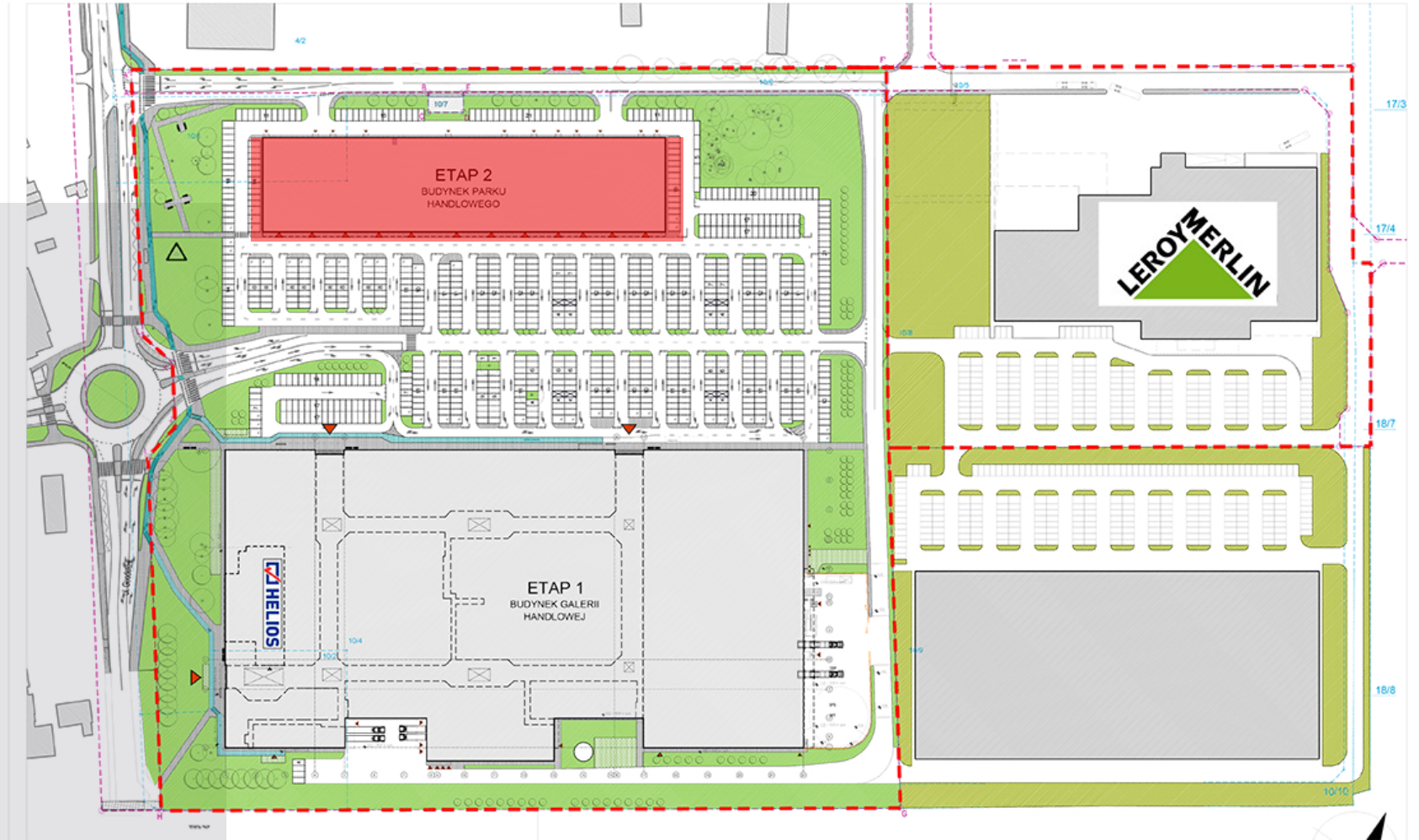
First floor



Wołomin Retail Park

Wołomin Retail Park

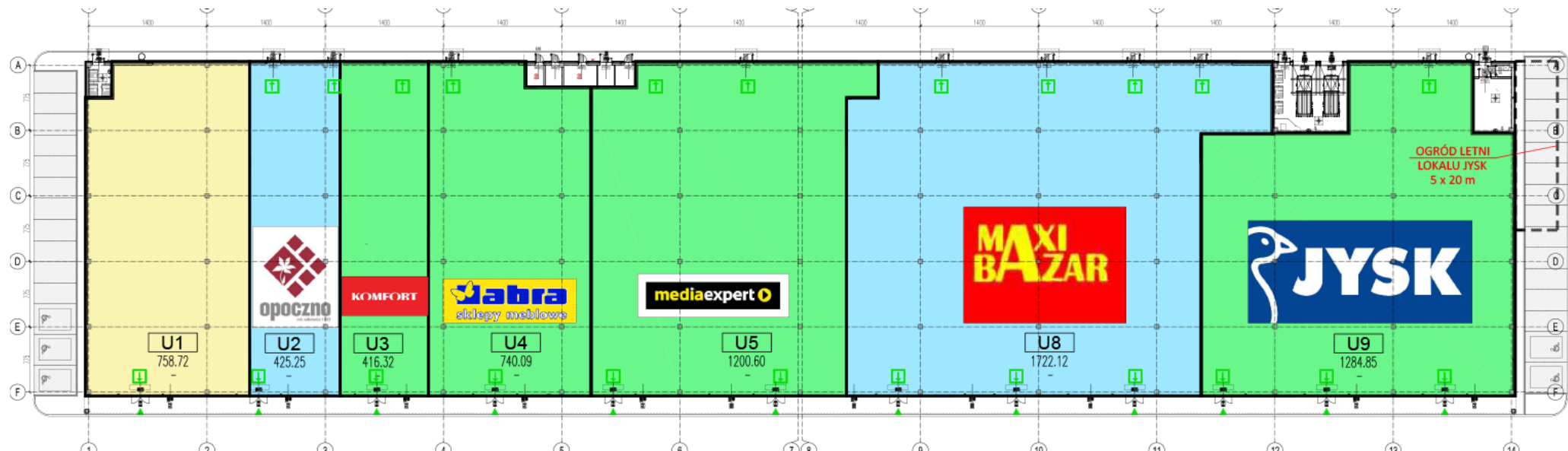
- GLA 6 550 m²
- Key tenants: Jysk, Media Expert, Abra Meble, Komfort
- Opening: Q4 2017
- Development cost EUR 3.6 m



Master plan

Wołomin Retail Park

Layout diagram



Focus Mall Zielona Góra

Focus Mall Zielona Góra

- Construction to start: Q2 2018
- GLA 27 000 m² + extension approx. 15 000 m²
- Proposed tenants: extended food grocer, new food court, Inditex, LPP Group, New Look, Decathlon

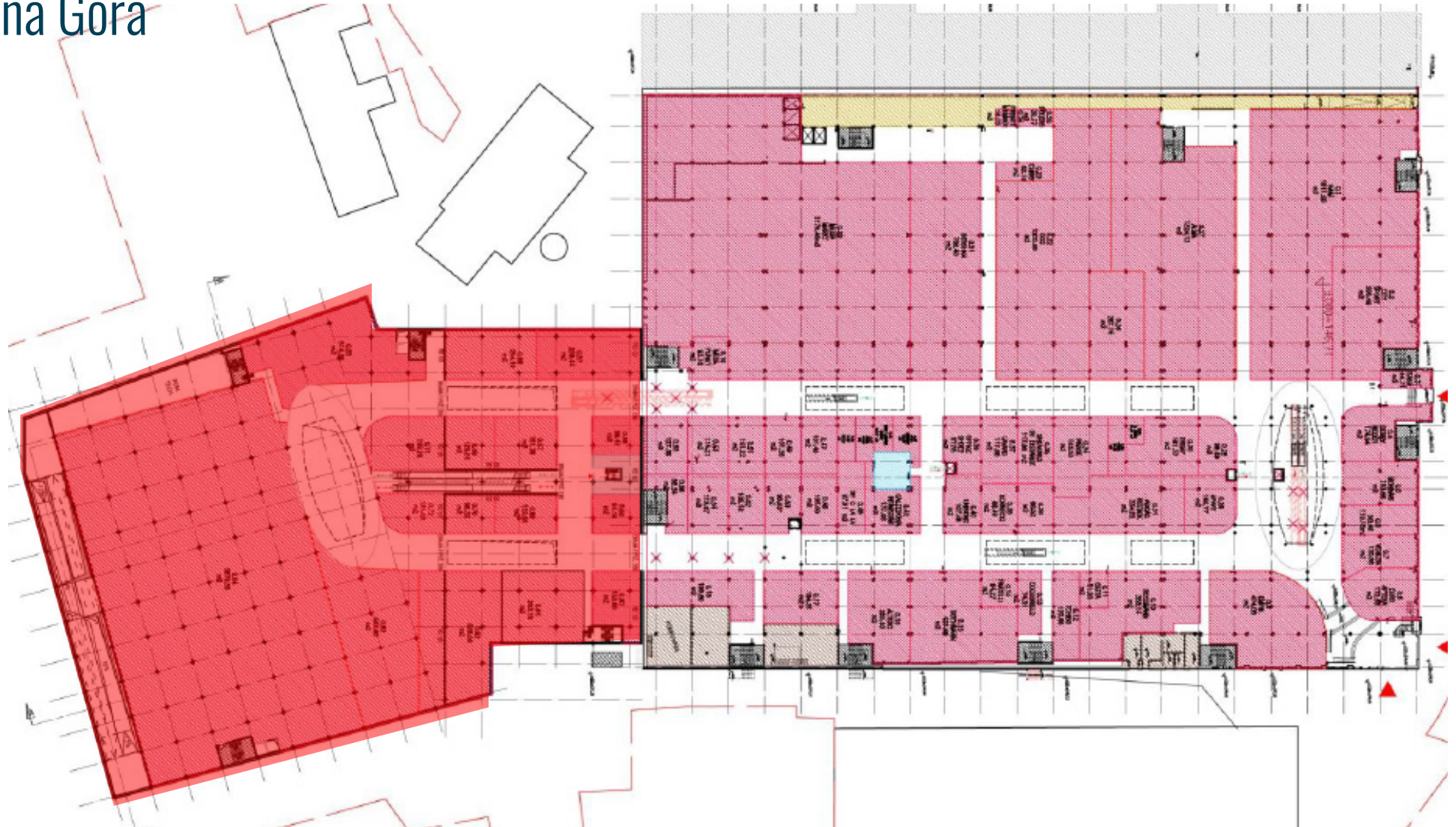


Master plan



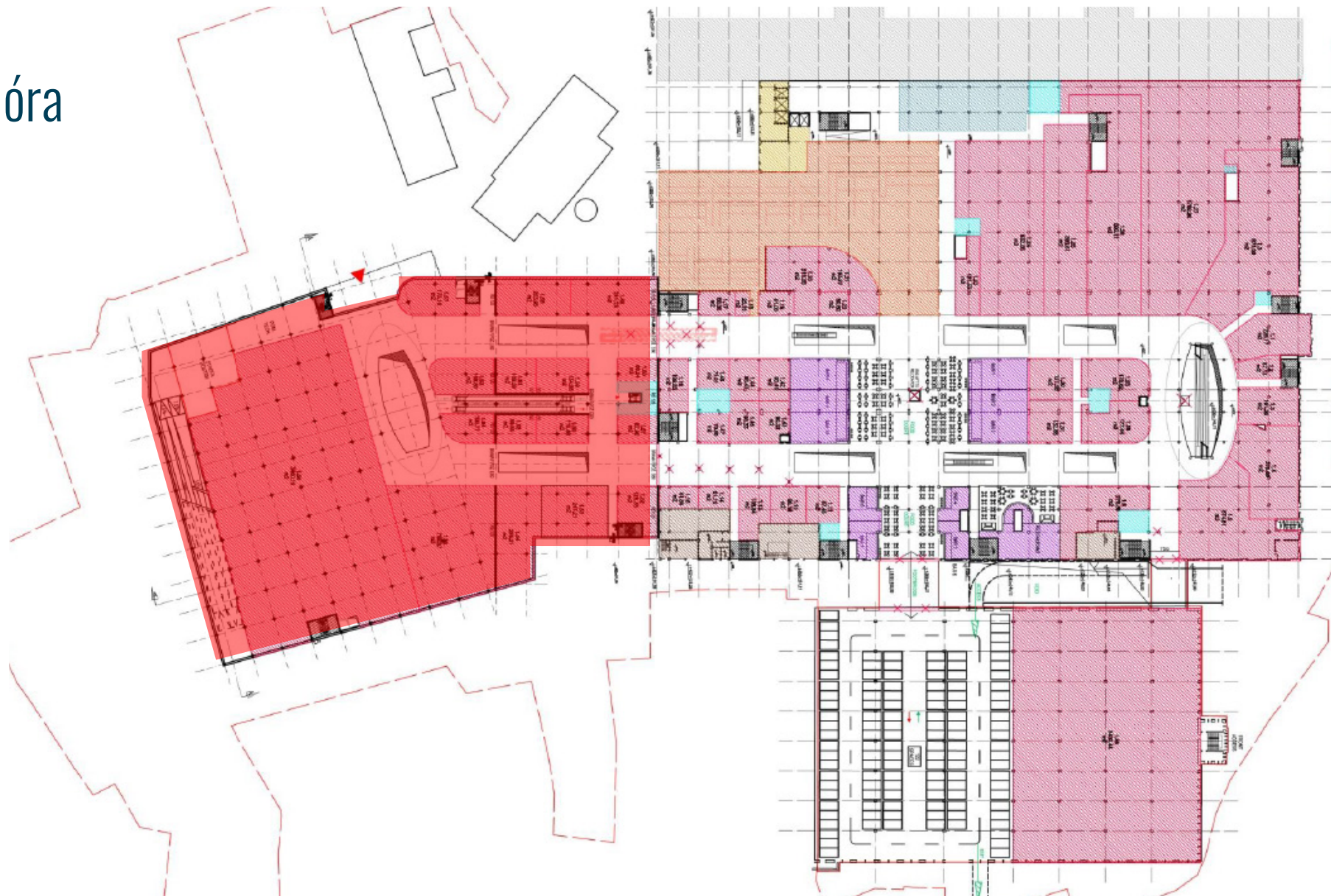
Focus Mall Zielona Góra

Ground floor



Focus Mall Zielona Góra

First floor



Direct property - Pipeline

Competitive environment

- Strong competition for deals in premium segment. Companies that have low cost of capital, long term investment horizons and prioritise growth over yield spreads, such as: Unibail, Klepierre, Union Investments, ECE
- Recently we were aggressively outbid on a premium Czech asset indicating that capitalisation rates are even lower than expected
- Despite this competitive environment the opportunities we expect to see exceed our available capital
- Less deals but they are significantly larger
- Our constraint is discipline about property fundamentals. We continue to reject opportunities where the property does not meet our investment criteria
- Last 3 deals we did (+-EUR 680 million) were all off-market indicating that we choose the properties we want and don't simply buy the ones on offer
- Identified opportunities for the first half of 2017 of EUR 1.2bn

03 Funding & Hedging

Gearing

Hedging
strategy

Financing
developments
during
the period

Counterparty
composition

Debt maturity
profile

Funding and hedging

Gearing

- Gearing for the company is targeted between 35% and 50%
- During the period the listed security portfolio was sold down to invest in direct property assets
- Decreased gearing to position the portfolio defensively in anticipation of major macro events in 2016/7
- During the period Goldman Sachs was introduced as a new prime brokerage relationship further diversifying funding options
- Over USD 405 million in senior funding in CEE was introduced in the financial period

Strategy

- Continue to reduce the listed security portfolio to fund direct property portfolio capital requirements
- Pursuit of further senior funding for new assets

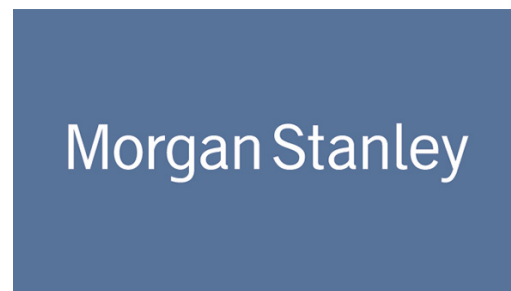
Hedging strategy

- Portfolio interest rate hedging increased to over 90% of net borrowings
- Distributions for next 6 months are over 95% hedged from a currency exposure perspective

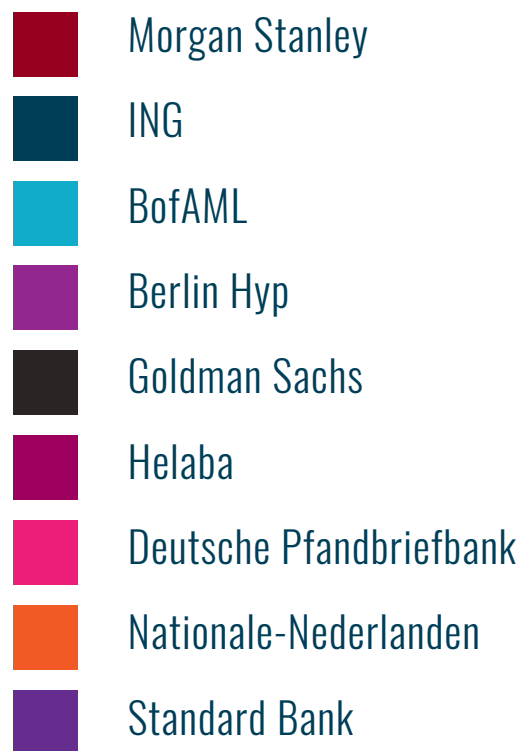
Funding and hedging

- Funding developments during the period
 - Listed security portfolio gearing reduced – short-term in nature
 - Continued trend towards lengthening the debt maturity profile with reputable funding partners
 - Rockcastle has established relationships with 7 funding partners who between them provide close to 100% European coverage
 - Post balance sheet date 2 additional facilities are in the process of being concluded raising an additional EUR108 million at an average all-in rate below 1.85%
- Negotiations in progress for refinancing of new acquisitions

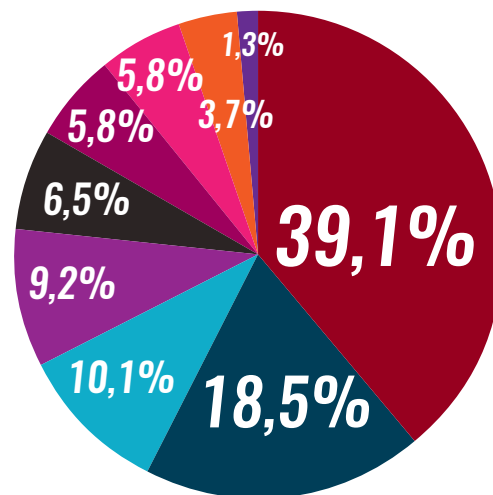
Our lending partners



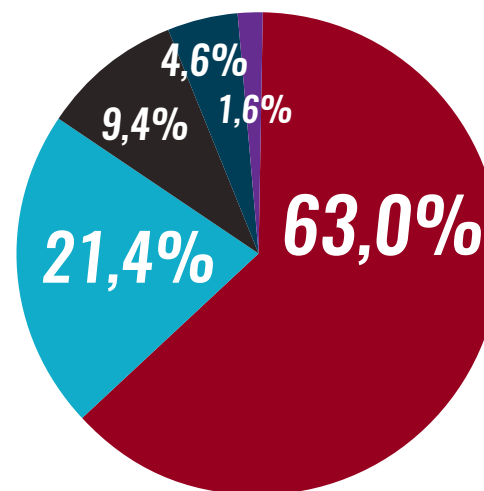
Gross liabilities by counterparty



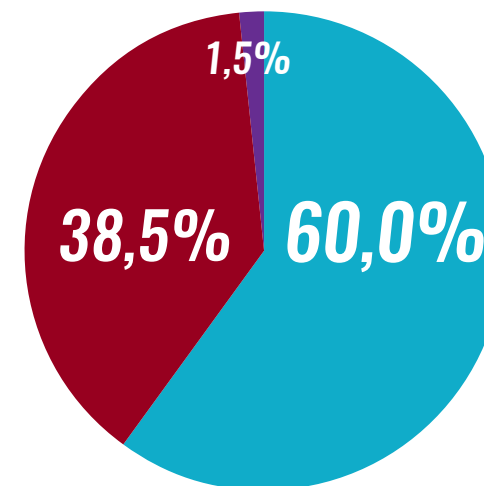
December 2016



June 2016

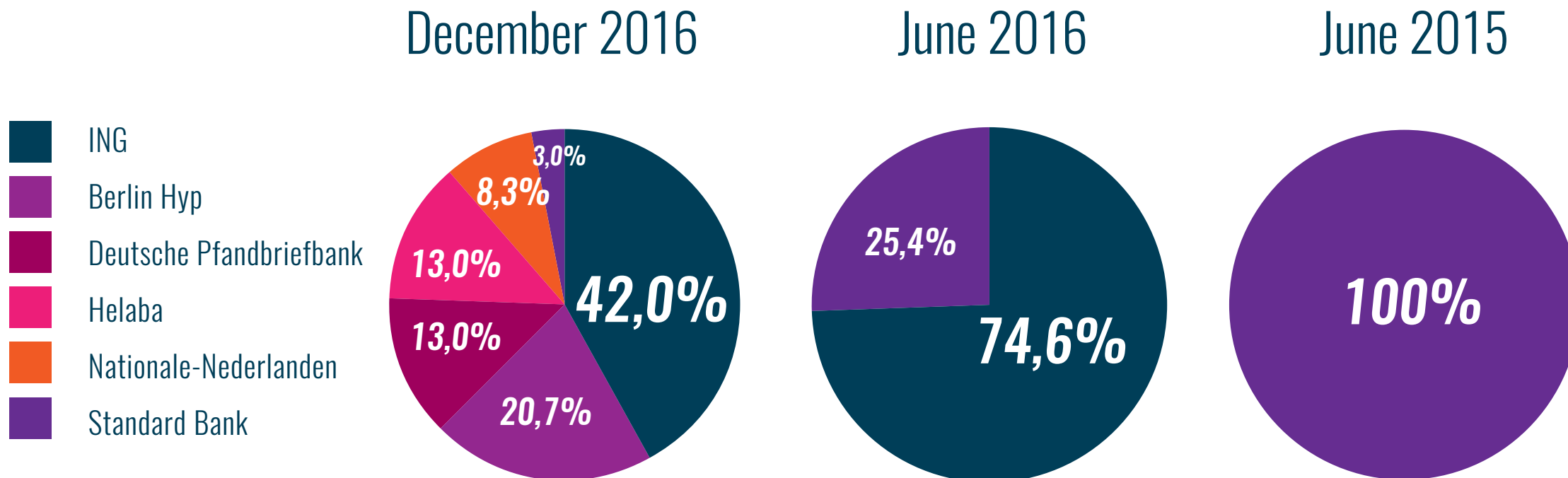


June 2015



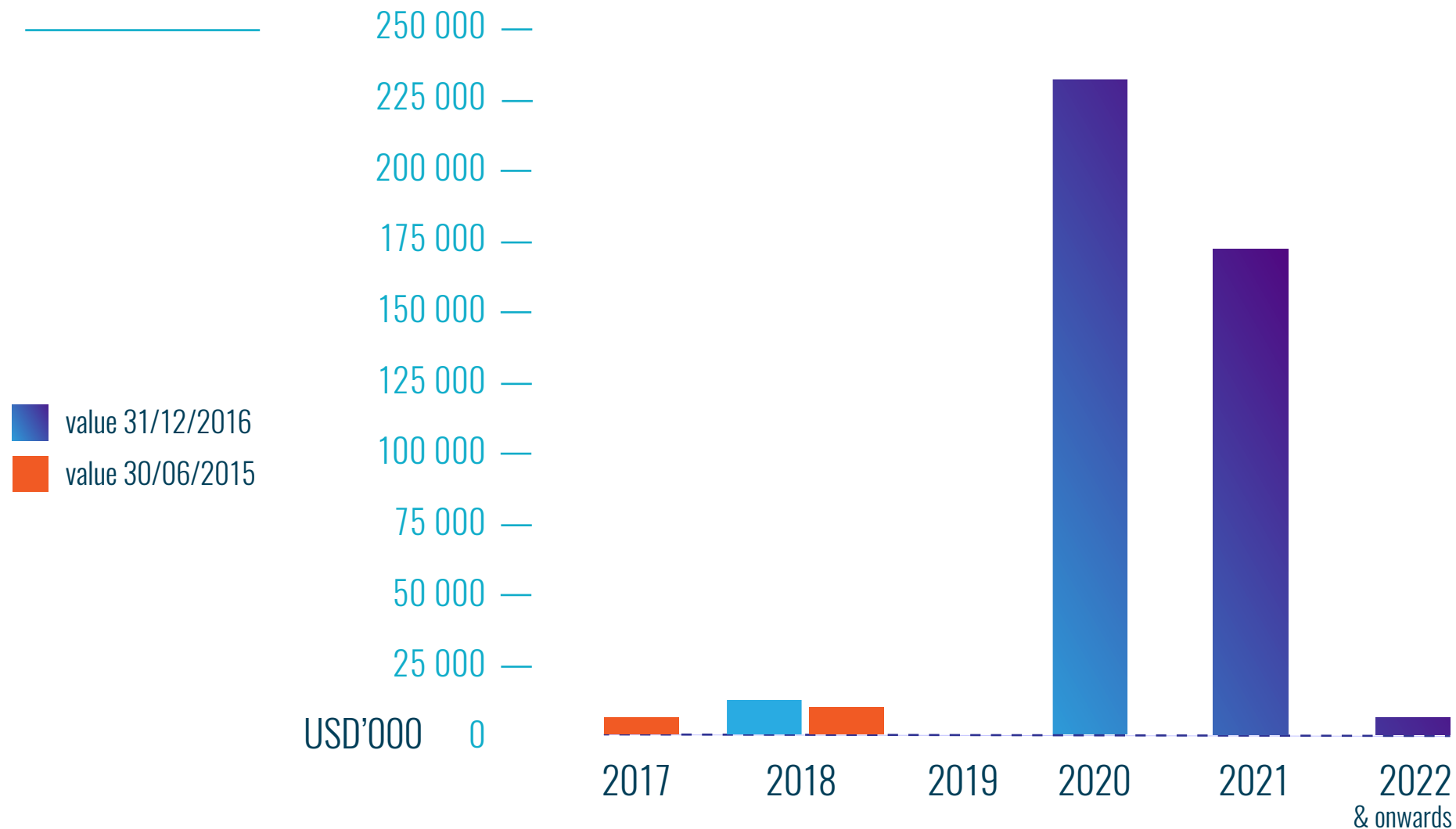
Calculated with reference to the USD equivalent of gross borrowing exposure net of cash collateral in the listed security portfolio

Long-term debt by counterparty



Calculated with reference to the USD equivalent of long term interest-bearing borrowings

Debt maturity profile



Highlights:

- Extending average maturity
- Replacing short-term listed security debt with long-term debt
- Weighted average cost of long-term debt 1.73%

04 Listed security portfolio update

Portfolio
composition
by jurisdiction

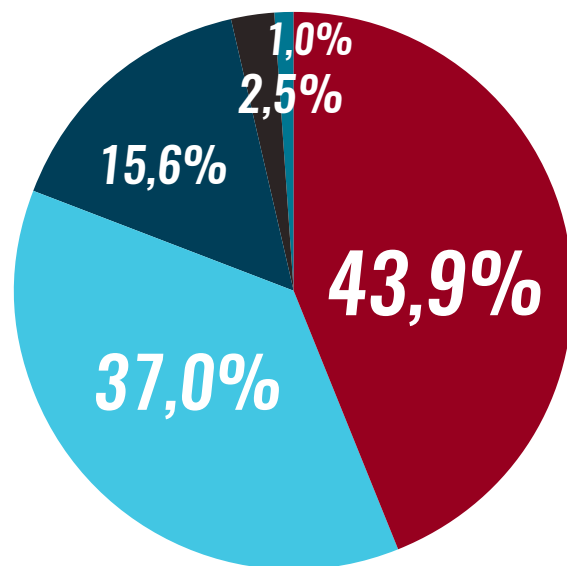
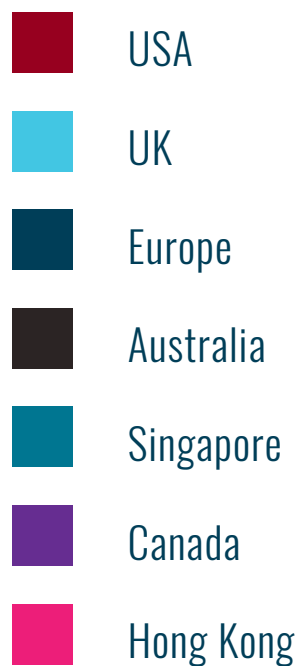
Portfolio
composition
by sector

Top 10
holdings

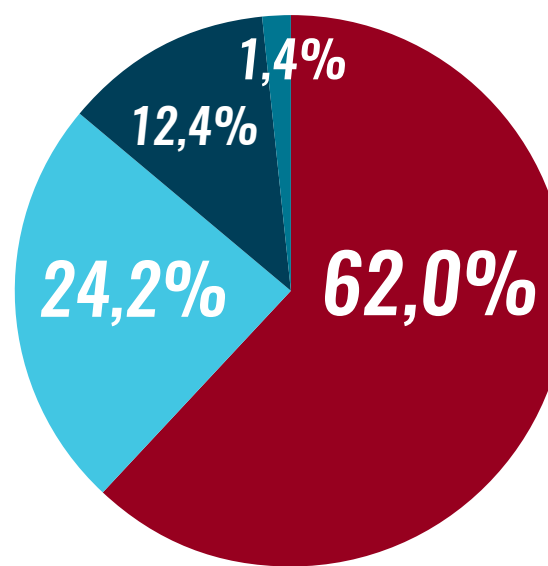
Portfolio
performance
& strategy

Portfolio gross exposure by jurisdiction

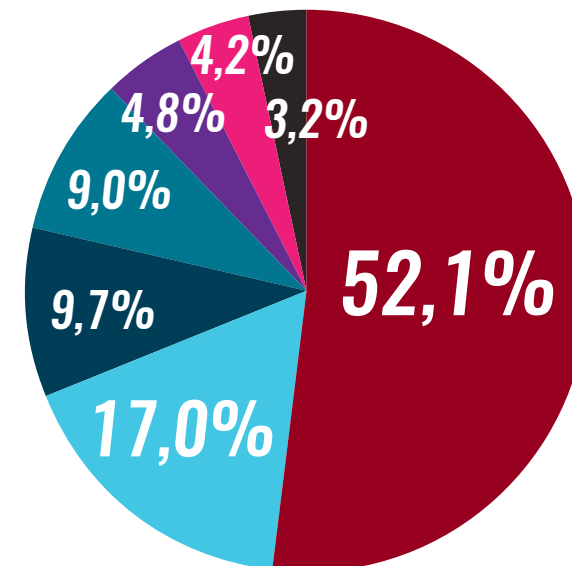
Geographic spread December 2016



June 2016



June 2015



Calculation based on physical holdings as well as gross equity derivative exposures

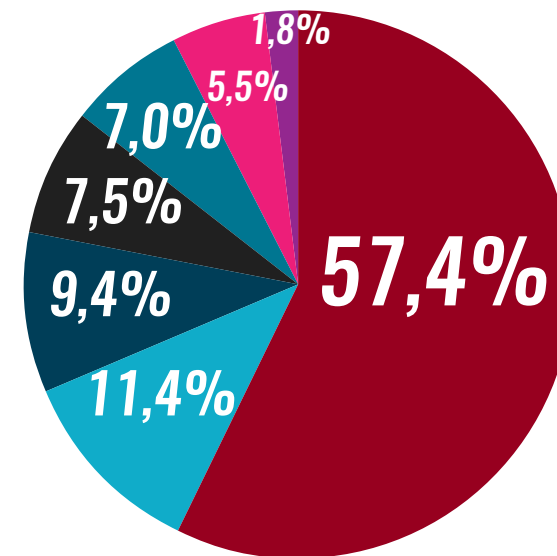
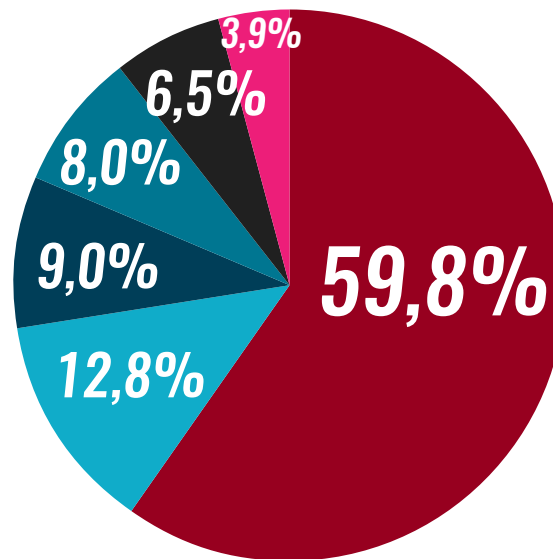
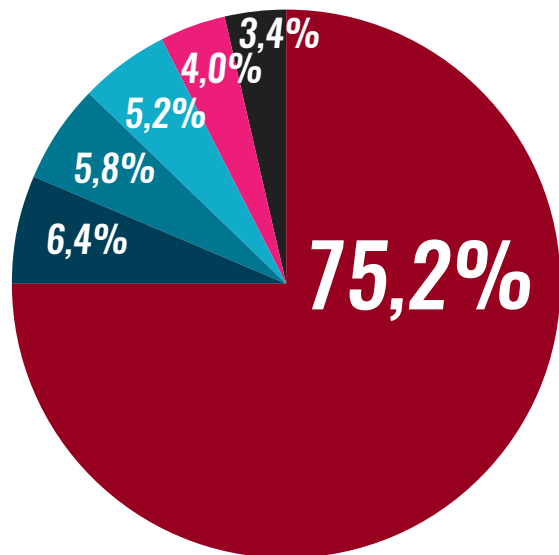
Portfolio gross exposure by sector

Sectoral spread

December 2016

June 2016

June 2015



Top 10 real estate holdings

	Name	Sector	Jurisdiction	Gross exposure as at 31 dec 2016 (USD Million)	Gross exposure as at 30 jun 2016 (USD Million)	Gross exposure as at 30 jun 2015 (USD Million)
1	Hammerson	Retail	UK	394.2	372.6	367.7
2	Simon Property	Retail	USA	205.5	377.4	288.9
3	Unibail	Retail	Europe	169.9	229.6	166.0
4	Avalonbay Communities Inc	Residential	USA	69.1	147.2	153.5
5	Ventas Inc	Healthcare	USA	64.1	167.5	158.3
6	Prologis Inc	Industrial	USA	62.2	226.6	161.4
7	Host Hotels & Resorts Inc	Hotel	USA	40.4	119.3	108.1
8	KIMCO	Retail	USA	38.7	103.6	47.3
9	General Growth Properties	Retail	USA	32.0	-	-
10	Westfield Group	Retail	Australia	29.9	-	69.9

Portfolio performance & strategy

- Substantial disposals of listed security positions to fund direct property acquisitions and to reduce gearing
- Portfolio concentration intensified on larger, more liquid counters in developed markets with sustainable growth
- Strategic emphasis on companies which dominate their respective regions and consistently outperform their competitors
- Defensive positioning has mitigated risk value in times of volatility
- Rockcastle's underlying holdings performed in line with their respective forecasts during the period
- Bias toward US, UK and European retail sectors
- No formal currency hedging of capital positions, however underlying gearing in base currencies as well as collateralisation in USD provides natural hedging

05 Rockcastle Nepi merger

06 Conclusion and Q&A

Summary
& conclusion

Q&A

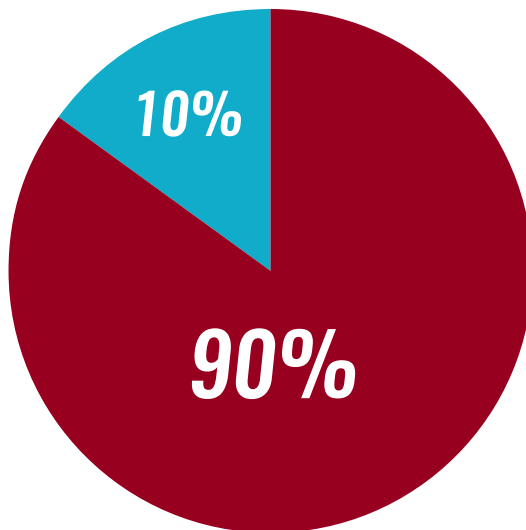
Conclusion

- Direct property percentage target of over 50% by 2018 achieved in 2016
- Migration to direct property accelerating—currently 52% of total assets and target of approximately 90% by end 2017
- Further acquisitions targeted in Czech Republic, Hungary and Poland
- Acquisition pipeline under consideration EUR 1.2 billion
- Value creation targeted via development, extension and refurbishments (pipeline for 2017 is EUR 100 million)
- Listed securities portfolio reduced further
- Forecast growth in dividends for the 12-month period to 31 December 2017 of 21%

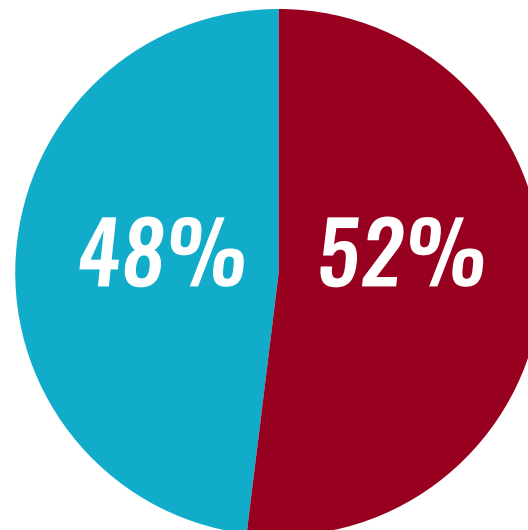
Investment asset composition



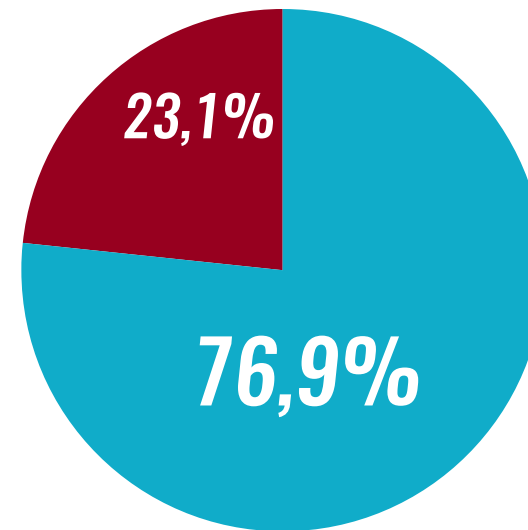
Target Dec 2017



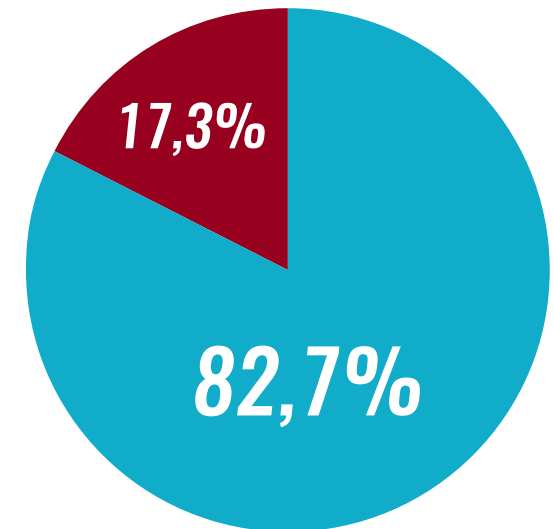
Dec 2016



June 2016



Dec 2015



Questions & Answers