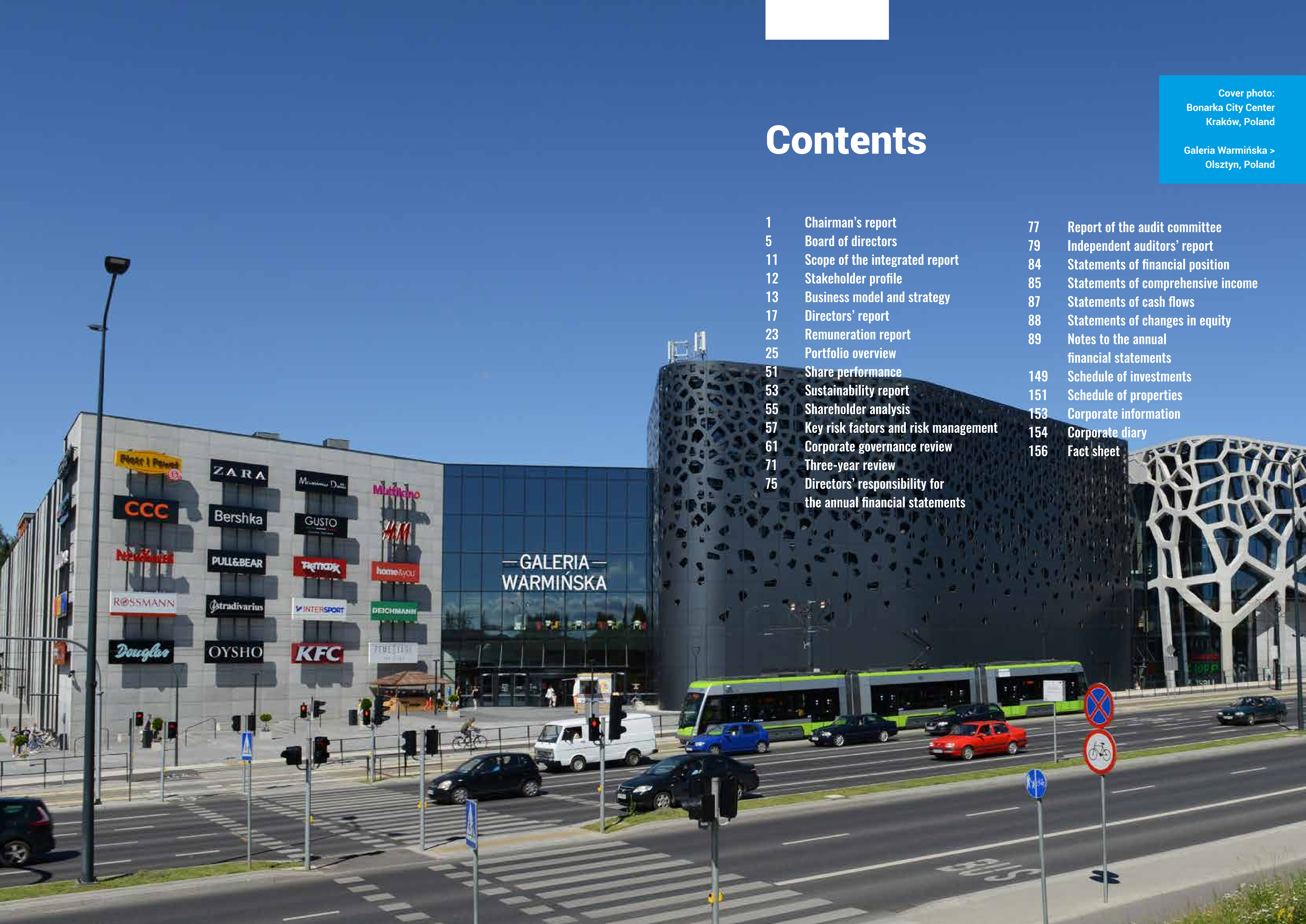
ROCKCASTLE
GLOBAL REAL ESTATE COMPANY LIMITED

Integrated Report 2016



Cover photo:
Bonarka City Center
Kraków, Poland

Galeria Warmińska >
Olsztyn, Poland

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Dear shareholders,

This is the integrated report for the eighteen months ended 31 December 2016 for Rockcastle Global Real Estate Company Limited ("Rockcastle").

Review of last year's strategic objectives

In last year's annual report, we indicated that the key strategic objectives of your company for the year ahead were dividend growth of between 8% and 10% for the twelve-month period ended June 2016, increasing the company's capital allocation to direct retail property, creating value through greenfields developments and extensions to the direct property portfolio and intensifying the concentration of the listed REIT portfolio into higher quality counters.

I'm pleased to report that these key strategic objectives have been accomplished, as follows:

• a total dividend of 9.413 USD cents per share was paid in respect of the twelve-month period ended 30 June 2016, an increase in excess of 8.2% over the dividend paid in respect of the previous twelve-month period as well as a dividend of 5.189 USD cents per share in respect of the six-month period ended 31 December 2016, an increase of 12.1% over the dividend paid in respect of the previous six-month period;

• the board's target of investing 50% of the company's capital in direct property assets was achieved during the period. Retail property valued at USD1.2 billion and comprising over 400 000m^2 of retail space was acquired during the period. As at 31 December 2016, USD1.3 billion of capital is invested in direct property encompassing 12 retail properties with GLA of 444 871m^2 and representing 52% of invested capital.

During the period the following key acquisitions were made:

- EUR80m in Forum Liberec, a 47 087m^2 GLA centre located in the Czech Republic which reflects Rockcastle's strategy to broaden its investment focus into other countries within the Central and Eastern European area;

- EUR361m in Bonarka City Center, a 93 163m^2 GLA centre (including 20 620m^2 of Auchan constituting a separate ownership portion) located in Krakow in Poland which is Rockcastle's largest single investment to date;

- EUR150m purchase of Galeria Warmińska, the leading retail destination in Olsztyn, the largest city in north-eastern Poland, with a GLA of 42 695m^2; and

- Rockcastle's first two greenfield developments in Poland, Galeria Tomaszow and Galeria Wolomin, were completed within budget and on schedule. The two shopping centres represent an increase of GLA of 42 619m^2 in the retail portfolio in Poland.

• As at 31 December 2016, USD1.2 billion of Rockcastle's invested capital (48% of total invested capital) is invested in a portfolio of listed REITS. During the period the portfolio was focused towards more liquid counters in developed markets and with a stronger emphasis on companies which dominate regionally. This defensive approach has resulted in outperformance during a period of significant volatility in the markets. Over 70% of Rockcastle's capital is invested in four listed REITS: Hammerson, Simon, Unibail and AvalonBay Communities.

Rockcastle's NAV per share (excluding distributions made) has grown by 13% during the period and 65% since inception, representing material outperformance compared to global property returns.

Financial risk

Rockcastle funds capital required for direct property acquisitions from the listed REIT portfolio. Following the completion of a transaction the assets are re-financed on favourable terms with selected banking partners. This approach has several advantages including providing sellers with a higher quality offer and more favourable terms with the banks.

As at 31 December 2016, USD426.8 million of debt has been raised against the direct property portfolio reflecting a loan to value ratio of 37.7%. The interest rate risk on all outstanding debt has been fixed for an average of 4 years at an average rate across the direct property portfolio below 1.75%.

With regard to the listed REIT portfolio, shareholders continue to benefit from Rockcastle's stock picking skills, a tax efficient structure, an appropriate level of low cost gearing and the management of interest rate exposure through interest rate swaps.

Rockcastle was well positioned for a steepening USD yield curve during the period. As at 31 December 2016, Rockcastle continues to be positioned in this way and is fully hedged from an interest rate perspective.

Management of exchange rate risk continues to be a key strategy. 95% of non USD-denominated dividend distributions are hedged to June 2017, cash collateral for equity swaps is denominated in USD and debt is denominated in the currency in which the asset is based.

Merger of NEPI and Rockcastle

During the fourth quarter of 2016, Rockcastle and New Europe Property Investments PLC ("NEPI") issued joint cautionary announcements regarding a potential transaction. On 14 December 2016, a framework agreement was announced "Framework Agreement", pursuant to which their respective businesses would be merged into an entity newly-incorporated in the Isle of Man, NEPI Rockcastle PLC ("NewCo"). This is expected to be implemented with reference to an effective share swap ratio of 4.5 Rockcastle shares for one NEPI share ("The Swap Ratio").

In accordance with the Framework Agreement, Rockcastle and NEPI will transfer all assets and liabilities, including ownership interests in their respective subsidiaries, effectively transferring their entire businesses to NewCo. In exchange, NewCo will issue ordinary shares (NewCo Shares) to Rockcastle and NEPI, in line with the Swap Ratio.

NewCo is expected to benefit from enhanced liquidity, and be the largest listed real estate company in Central and Eastern Europe ("CEE"). NewCo Shares are expected to be listed on the Main Board of the JSE and Euronext Amsterdam, as well as any other stock exchange Rockcastle and NEPI agree upon. Access to high-quality listed and liquid global real estate securities will lead to a diversified risk profile. The transaction will integrate two complementary management teams, unlocking strategic synergies and creating additional value for shareholders.

These transactions will be implemented following the fulfilment, or waiver, of several conditions precedent, including approval by boards of Directors and shareholders, as well as all relevant authorities, on or before, 30 June 2017.

NEPI is the owner of the largest retail real estate portfolio in Romania (which is the second largest real estate market in CEE by size and the fastest growing economy in Europe in 2016 and 2017, according to IMF forecasts), and the second largest retail real estate portfolio in Slovakia. The merged entity is expected to become the largest listed real estate player in CEE and would be the 7th largest property fund in Europe.

Your board believes that the transaction offers shareholders the following key benefits:

· Unique opportunity to merge two high quality portfolios that are strategically consistent;

· a lower cost of capital, resulting from an anticipated improvement of the business and financial risk profile driven by a larger scale, further geographical diversification, increased liquidity and access to capital;

· NewCo is expected to be included in stock exchange indices, leading to enhanced visibility and liquidity of its shares, with exposure to a broader base of international investors;

· better leasing opportunities across CEE, improving the quality of income; and

· geographically diverse management skills will allow NewCo to pursue CEE property opportunities more efficiently, giving it a strategic advantage in the acquisition, development and management of properties.

Looking ahead

Global markets and the operating environment in Europe remain uncertain and volatile. Your board constantly challenges itself and management on the effects of these changes on the business.

Although global economic conditions are expected to remain challenging, Newco is well positioned to optimise the opportunities the marketplace has to provide through its strategic initiatives.

I would like to extend my appreciation to my fellow directors for the commitment and enthusiasm they have demonstrated during this landmark year. Our executive directors worked tirelessly during the year to get to where we are today and their contributions are much appreciated.

MARK OLIVIER

INDEPENDENT NON-EXECUTIVE CHAIRMAN

15 FEBRUARY 2017

< Focus Mall
Piotrków Trybynalski

Piotrków Trybynalski,
Poland

Board of directors

INDEPENDENT NON-EXECUTIVE
Mark Olivier (Chairman),
Rory Kirk,
Barry Stuhler,
Andre Van der Veer

NON-INDEPENDENT NON-EXECUTIVE
Yan Ng

EXECUTIVE
Spiro Noussis,
Nick Matulovich,
Karen Bodenstein,
Marek Noetzel

Mark Olivier
Independent non-executive chairman
(British – based in Mauritius)
CA (SA)
Date of appointment: 30 March 2012
Listed company directorships: 2

Mark has over 20 years' experience in managing debt, property and private equity assets and providing corporate finance and strategic advice, predominantly to public companies in the United Kingdom. Prior to founding Hibridge Capital (a London based, boutique private equity and advisory business) in 2003, Mark was a shareholder and employee of Hawkpoint Partners, which was previously the corporate finance division of Natwest Markets. Mark worked for BoE Limited where he served on the executive committee of the Group's international business headquartered in London. Mark is a qualified Chartered Accountant and in his early career worked at KPMG as a manager in their London offices.

Mark is the chairman of Trellidor, the largest physical barrier security business in South Africa. He is a non-executive director of the Dynasty Group of companies, which is owned and managed by Macquarie and Blackstone Inc.'s, which was the first-ever wholesale international vehicle established to invest in retail properties in China.

Spiro Noussis
Chief executive officer
(South African – based in the United Kingdom)
CA (SA)
Date of appointment: 14 May 2014
Listed company directorships: 1

Spiro has experience in private equity and investment management. He has been involved in property since 2005 and was a founding shareholder and managing director of Lodestone REIT Limited, a listed REIT focusing on retail and industrial property.

Karen Bodenstein
Chief operating officer
(Mauritian)
B Com (Accounting Sciences)
Date of appointment: 5 November 2015
Listed company directorships: 1

Karen completed her articles at BDO Spencer Steward in 2004 in South Africa and rose to the position of senior auditor, gaining invaluable experience in a wide variety of South African businesses.

She has 12 years' experience in the construction and development industry, having been closely involved in a number of property related companies working as the management accountant, including a leading Mauritian property development organisation and medium sized South African construction company. For the past 3 years she has been managing her own business providing consulting and accounting services to a range of Global Business Companies in Mauritius.

Rory Kirk
Independent non-executive director
(Mauritian)
Bachelor of Social Science
and Diploma in Business Management
Date of appointment: 30 March 2012
Listed company directorships: 1

Rory is the founder and managing director of Frontiere Finance, a Mauritian financial services business. Rory has many years of financial service, insurance and banking experience having been in this field since the early 1980's in a number of roles at a variety of institutions.

Nick Matulovich
Chief financial officer
(South African – based in the United Kingdom)
CA (SA), MCom (Taxation) (*Cum laude*), BAccSci
(Honours - Taxation)
Date of appointment: 14 May 2014
Listed company directorships:1

Nick has worked for the Resilient stable of companies for six years and was actively involved in the group's new initiatives such as Resilient Africa in Nigeria and Rockcastle as well as advising on the group's structuring considerations.

He has been actively involved in the management of Rockcastle from its inception and continues to have direct oversight over the financial function and is actively involved in acquisitions.

Nick was previously employed by Ernst & Young and spent time in both audit as well as the Transaction Tax division, a division that was one of the most successful and active M&A advisory businesses in Africa, advising on transactions such as Wal-Mart Stores Inc.'s takeover of Massmart Holdings Ltd.

Yan Ng
Non-independent non-executive director
(Mauritian)
BSc (Hons), MSc, ACA, TEP
Date of appointment: 30 March 2012
Listed company directorships: 2

Yan is an executive director of Intercontinental Trust Limited. He specialises in the structuring and administration of investment funds and listed companies. He is a board member of a number of funds and listed companies in Mauritius. He was previously with Baker Tilly Mauritius and Deloitte in Luxembourg and was trained as a chartered accountant in London.

He is a member of the Institute of Chartered Accountants in England & Wales and of the Society of Trust and Estate Practitioners. He was the treasurer of the International Fiscal Association (Mauritian branch) and on the executive committee of the Association of Trust and Management Companies in Mauritius.

Yan graduated from the University of Mauritius with a degree in Management and achieved a Masters degree in Finance (MSc) from Lancaster University.

Marek Noetzel
Executive director
(Polish)
Member of the Royal Institution of Chartered Surveyors, Masters degree in Economics and Real Estate Investment and Management
Date of appointment: 1 August 2016
Listed company directorships: 1

Marek holds the position of Retail Director of Rockcastle Poland Sp. z o.o. and is responsible for retail portfolio asset management, marketing, commercialization of shopping centres and acquisitions support.

He started his real estate career in 2002 with Cushman & Wakefield in Warsaw as retail leasing agent and was promoted within the company to associate in 2007 and partner in 2011. As head of the retail department at Cushman & Wakefield, he was responsible for day-to-day supervision of the department, business department and key client account management.

Barry Stuhler

Independent non-executive director

(South African)
BCom, BAcc, CA (SA)
Date of appointment: 23 September 2015
Listed company directorships: 2

Andre Van der Veer

Independent non-executive director

(South African)
BPL(Hons), MPL (Economics and Banking)
Date of appointment: 14 May 2014
Listed company directorships: 1

Barry relinquished his duties as executive director of Resilient to become managing director of Property Fund Managers Limited ("PFM"), the asset manager of Capital Property Trust, in 2004. He resigned as non-executive director of Resilient in February 2007. Barry resigned as managing director of PFM to join the Pangbourne Properties Limited board as executive director on 17 October 2007 and served as the managing director of the company from 2008 to 2015. After the merger with Pangbourne, Barry was re-appointed as managing director of PFM. Capital Property Fund Limited ("Capital") and Fortress merged in December 2015 at which point Barry retired from full time employment.

Barry also previously served on the investment, remuneration and social and ethics committees of Capital. He is an independent non-executive director of Resilient.

After completing a Masters degree in Banking and Economics during 1991, Andre joined FirstCorp Merchant Bank where he founded the agricultural commodities and derivatives trading group in 1995. He headed the trading, derivatives structuring and proprietary trading teams. Since 2003 he was with the RMB Equity Global Markets team and gained experience in the UK, North America, Western European, Scandinavia as well as most markets in the Far East and Australia.

He became Head of RMB Equity proprietary trading desk in 2009 with a mandate to invest in debt and equity instruments globally. Andre founded Foxhole Capital during 2012 as a family office specialising in global real estate securities in the listed and private equity markets.

Attendance at board and sub-committee meetings

Director	Board	Investment committee	Audit committee	Risk committee	Nomination committee	Remuneration committee	Social and ethics committee
Andre Van der Veer	9/9	6/6	6/6	1/1			
Andries de Lange $	1/1		1/1			1/1	
Mark Olivier	9/9	6/6	1/1		2/2	1/1	
Nick Matulovich	9/9						
Paul Pretorius #	2/2						
Rory Kirk	8/9		5/6	1/1	2/2	1/1	1/1
Spiro Noussis	9/9	6/6		1/1			
Yan Ng	7/9			1/1		1/1	1/1
Marek Noetzel@	5/5						
Karen Bodenstein~	8/8						1/1
Barry Stuhler*	8/8	5/5	5/5	1/1	2/2		

$ Andries de Lange resigned from the board effective 23 September 2015.
# Paul Pretorius resigned from the board effective 5 November 2015.
@ Marek Noetzel was appointed to the board effective 1 August 2016.
~ Karen Bodenstein was appointed to the board effective 5 November 2015.
* Barry Stuhler was appointed to the board effective 23 September 2015.

Beneficial shareholding of directors and officers as at 31 December 2016

	Direct holding	Indirect holding	Total shares held	Percentage of issued shares
Mark Olivier	-	410 296	410 296	0.04%
Rory Kirk	1 085	-	1 085	*
Nick Matulovich	69 984	4 101 692	4 171 676	0.44%
Spiro Noussis	-	7 809 564	7 809 564	0.83%
Andre Van der Veer	59 650	3 252	62 902	0.01%
Barry Stuhler	-	10 938 140	10 938 140	1.16%
Karen Bodenstein	-	-	-	-
Marek Noetzel	381 244	-	381 244	0.04%
Total	**511 963**	**23 262 944**	**23 774 907**	**2.52%**

The shareholding of directors and officers has not changed between the end of the financial year and the date of the approval of the annual financial statements.

Beneficial shareholding of directors and officers as at 30 June 2015

	Direct holding	Indirect holding	Total shares held	Percentage of issued shares
Andre Van der Veer	10 959	69 326	80 285	*
Andries de Lange	-	6 121 844	6 121 844	0.72%
Mark Olivier	-	190 000	190 000	*
Nick Matulovich	2 243 475	157 648	2 401 123	0.28%
Paul Pretorius	2 160 125	-	2 160 125	0.25%
Rory Kirk	1 020	-	1 020	*
Spiro Noussis	5 748 219	330 904	6 079 123	0.72%
Total	**10 163 798**	**6 869 722**	**17 033 520**	**2.01%**

* Less than 0.1% of the issued shares.

< Bonarka City Center

Kraków, Poland

Scope of the integrated report

Rockcastle is pleased to present its fourth integrated report to stakeholders for the period ended 31 December 2016 in accordance with the Code of Corporate Governance for Mauritius ("the Code"). Our integrated report has been prepared to provide stakeholders insight into Rockcastle's business model, performance, governance framework, strategy, risks and opportunities. While we have attempted to include information relevant to all stakeholders, the integrated report has been primarily prepared for the providers of financial capital in accordance with the International Integrated Reporting Framework (the "Framework") issued in December 2013. The information in this integrated report has been prepared using methods consistent with the prior years and contains comparable information.

The information included in the integrated report has been provided in accordance with International Financial Reporting Standards ("IFRS"), the Mauritian Companies Act, 2001, the Mauritian Securities Act, 2005, the Stock Exchange of Mauritius ("SEM") Listing Rules, the JSE Listings Requirements, the Framework and the Code. Rockcastle is working towards complying fully with the Framework and has made additional disclosures as a step towards our compliance.

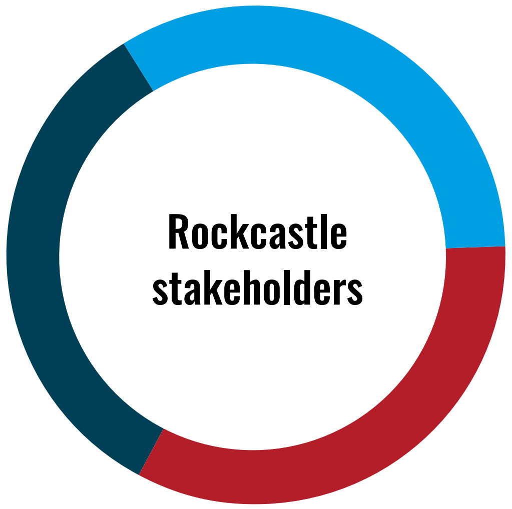
This integrated report covers the financial and non-financial performance of Rockcastle. Rockcastle's operations are primarily based in Mauritius. Rockcastle, via its subsidiaries, owns 13 properties: one property in Zambia, one property in London, one property in the Czech Republic and ten properties in Poland. Details of Rockcastle's subsidiaries are set out in note 7 to the financial statements. All of these entities fall within the reporting ambit of this integrated report.

In determining materiality when preparing the 2016 integrated report, Rockcastle applied the definition as per the Framework as: "Information about matters that substantively affect the group's ability to create value over the short, medium and long-term." All items identified as being material by the board have been disclosed in this report.

Stakeholder profile

Organisational stakeholders
- Employees
- Co-owners

Economic stakeholders
- Suppliers
- Financiers
- Tenants
- Property managers
- Investors



Societal stakeholders
- Government
- Regulatory bodies
- Communities
- Local authorities

< Pogoria
Shopping Centre

Dąbrowa Górnicza,
Poland

Business Model and Strategy

Our shareholders
(Financial capital)

We strive to deliver both capital and distribution growth to our shareholders by investing in global real estate assets and companies with competitive yields that have the prospect of capital growth. In doing so, Rockcastle undertakes to manage its assets in a responsible manner. Rockcastle's total return is illustrated in the graph provided on page 52 of this report. For the period under review, Rockcastle achieved annualised dividend growth of 12.1% (2015: 5.5%) over the prior period which exceeded its target of between 8% - 10% dividend growth.

Our investments
(Manufactured capital)

Our management team employs opportunistic and pro-active asset management strategies to enable it to investigate potential investments in global real estate securities, unlisted and over-the-counter real estate securities, other instruments derived from such real estate securities and direct property assets. Management is constantly investigating potential investments that will provide sustainable, long-term growth that exceeds industry norms.

Our aim is to build a global company with exposure to international property companies across the globe, and to invest in direct property with sustainable growth prospects. Our board has set mandates for investments in specific markets where potential growth is considered to be both attractive and sustainable. We balance our investment decisions by considering the risks and returns of the underlying properties, whether directly or through a listed real estate company, as well as the macro-economic conditions in the specific markets in which the properties are located. Rockcastle's medium-term objective is to have a portfolio with an equal composition of direct property to listed securities. Our direct property portfolio (including properties under development) comprises 52% of total assets (based on gross listed security exposure) which is a considerable increase from 5% of total assets in 2015.

A stringent approval process is in place for properties to be acquired or developed with minimum letting and anchor tenant requirements. Our acquisitions and developments are detailed on pages 151 and 152 of this report. Our investment committee, who are all experienced in the property sector, approve Rockcastle's acquisitions, redevelopments and disposals and receive updates on these at each meeting.

Our aim is to continue selling down our listed investments and re-investing the proceeds in direct properties and developments during 2017. It is anticipated that direct property will comprise between 80% and 90% of Rockcastle's assets by December 2017. Rockcastle currently has 13 direct property assets (excluding projects in development). Several large strategic acquisitions are currently under negotiation or evaluation.

Our properties
(Manufactured capital)

The day-to-day management of our properties has been outsourced to our property managers, who have established themselves and have the requisite experience and presence in the countries in which our properties are located. We also have experienced and dedicated in-house asset managers who are responsible for overseeing the properties, the performance of the properties and managing the tenant relationships. The asset managers report directly to the chief executive officer. We are constantly assessing opportunities for upgrades, refurbishments, extensions and redevelopments of our properties.

Our tenants
(Social and Relationship Capital)

Rockcastle's management team fosters long-term relationships with all of our tenants, recognising that there is an important symbiotic relationship between their success and ours.

We assess the tenant mix of our properties on an ongoing basis and relocate tenants where we feel that the tenant's trading and the property's performance can be improved.

Funding our business
(Financial capital)

We manage our financing costs and concentration risk by utilising more than one major source of financing and by utilising instruments that facilitate hedging our exposure to interest rate risk. In addition, we ensure that the currencies of our investments largely match those of the currencies of the underlying funding. Details of our swap and borrowings profile are shown on pages 19 and 20 of this report. Our funding sources are shown in note 17 to the financial statements. Rockcastle utilises in-country financing where sources of funding exist and the terms are in line with the Company's funding strategy.

Our business partners
(Social and relationship capital)

We have relationships with global financial institutions with best-of-breed operating platforms reducing both our operational and counterparty credit risk.

We enter into developments with reputable partners with whom we share values and goals, and who are well-established in the markets in which they operate.

Co-owners
(Social and relationship capital)

Rockcastle co-owns a number of properties with a select group of partners. Aside from formalising the relationships through contracts, we build enduring relationships with our partners. These relationships allow us to leverage off the specific skills and experience of our partners all of whom have proven track records in the property industry.

Our employees
(Human capital)

Our employees are as intrinsic to our business as our properties thus we aim to attract and retain motivated, high-calibre executives and employees whose interests are aligned with the interests of shareholders. Further details on our remuneration strategy and policy can be found on pages 23 and 24 of this report.

Our employees are encouraged to attend job and industry related training.

Our strategy is to grow and develop our employees such that when there is a job opening we can first look to promoting existing staff rather than hiring externally.

Sustainability
(Natural capital)

We aim to improve the sustainability of our properties by investigating new technologies and options to reduce energy and water consumption. Further details of our progress in this regard is shown on page 54 of this report.

An overview of the capitals used by Rockcastle is shown below and further details are shown throughout this report:

Financial capital	• 5.189 USD cents final 2016 dividend per share. • USD124 million raised through the book builds and private placements. • USD450 million of senior funding raised.
Manufactured capital	• Acquisitions totalling USD1.1 billion concluded during 2016 financial period. • Capital expenditure totalling USD75.4 million.
Human capital	• Low staff turnover.
Social and relationship capital	• Good relationships with financiers and co-owners. • 3 new assets developed in the current year and successfully opened on time with development partner and co-owner (1 in Zambia, 2 in Poland).
Natural capital	• Increased number of properties with sustainability initiatives including energy efficient lighting and specific goals regarding environmental ratings for newly developed buildings.
Intellectual capital	• Highly regarded and experienced management team with property and investment specific knowledge. • Well established procedures and systems which enhance efficiency and value creation.

Directors' Report

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 Limited ("JSE"). It is internally asset managed and invests in dominant retail centres in Central and Eastern Europe as well as in listed real estate securities globally.

Shareholders were provided with the option to receive their June 2016 interim dividend in shares rather than cash. Over 77% of shareholders elected to take the scrip dividend resulting in the issue of 14 024 700 new shares.

2. Change in financial year-end

Rockcastle changed its financial year-end from 30 June to 31 December to better align the Company with the market in which it operates. The change in year-end will not affect the distribution cycle which will continue to be bi-annually in June and December. Shareholders are referred to the announcement released on 21 December 2015 for further information.

3. Final distribution and option to receive a scrip dividend

The Board of Directors declared a distribution of 5.189 USD cents per share for the period 1 July 2016 to 31 December 2016, which, combined with 4.782 USD cents per share for the period 1 January 2016 to 30 June 2016 and 4.631 USD cents per share for the period 1 July 2015 to 31 December 2015 results in an aggregate distribution of 14.602 USD cents per share for the 18 month period ended 31 December 2016. This final distribution represents an increase of 12,1% compared to the six month period ending 31 December 2015 and is within guidance. Shareholders can elect to receive the distribution either in cash or as an issue of fully-paid shares based on a ratio between distribution declared and the reference price. The reference price will be calculated using a maximum 7% discount to the five-day volume-weighted average traded price, less the distribution of 5.189 USD cents per share, of Rockcastle shares on the Johannesburg Stock Exchange ("JSE"), no later than 31 March 2017.

A circular containing full details of the election being offered to shareholders, accompanied by announcements on the Stock Exchange News Service ("SENS") of the JSE and the SEM, will be issued in due course.

4. Direct property

CEE

During the financial period the Company concluded USD1.1 billion of direct property acquisitions in Poland and the Czech Republic. The direct property portfolio represents 52% of investment assets (based on gross listed security exposure). Total capital invested in Central and Eastern Europe now amounts to USD1.29 billion and is expected to increase further in the 2017 financial year.

Rockcastle opened its first two new developments in Poland, Galeria Tomaszow and Galeria Wolomin, within budget and on schedule during October 2016. The two shopping centres represent an increase of 42 619m² GLA in the retail portfolio. Both centres are trading well and following strong tenant demand, the development of a retail park adjacent to Galeria Wolomin has been approved by the board and is currently under construction. Tenants include JYSK, Media Expert, Abra Meble, Komfort, Maxi Bazar and Opoczno. A new free-standing Leroy Merlin outlet, currently being developed on an adjacent site not owned by Rockcastle, will further strengthen the node and is scheduled to be opened in 2017.

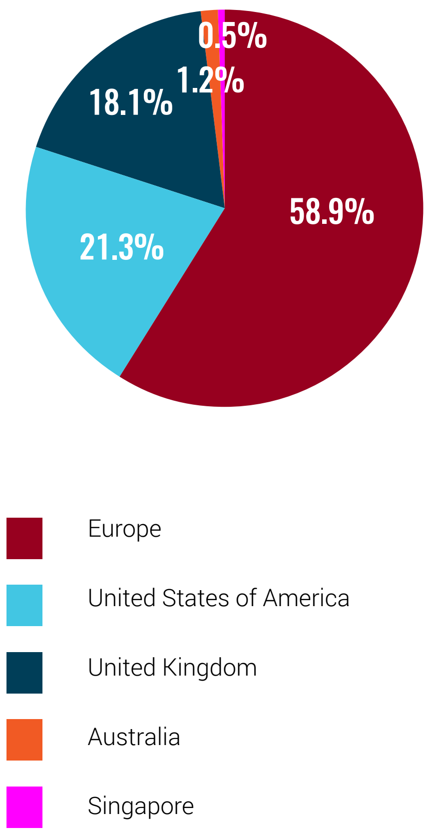
Bonarka City Center, the dominant regional mall in Krakow, was acquired during September 2016. Krakow is the second largest city in Poland. Despite a modest decline in footfall due to an extensive road reconstruction around its access routes, the mall recorded an impressive 8.85% increase in turnover. The centre was passively managed by a private equity owner and management believes that there is considerable potential to increase income from this investment.

During December 2016 the Company concluded its acquisition of Galeria Warminska in Olsztyn, Poland. This 42 695m² GLA regional mall offering 150 stores is the leading retail destination in the region. The mall is performing well with footfall and sales growing by 21.5% and 15% respectively.

The Focus Mall centres in Zielona Góra and Piotrków Trybunalski were acquired in November 2016. Focus Mall Zielona Góra is overtrading and strong tenant demand supports a substantial extension to this mall. As a result, additional rights have been applied for to extend the centre by approximately 15 000m² and construction is planned for the first half of 2018.

Direct property and listed security portfolio composition

Gross asset exposure by jurisdiction



With the conclusion of these developments and acquisitions the Group's retail portfolio has an approximate gross lettable area of 450 000m² and comprises 10 shopping centres in Poland and one in the Czech Republic.

During the period the Company's investment in its retail asset management and development resources has positioned it strongly for future growth. Redevelopments of over EUR100 million are planned for the upcoming financial year. These include Solaris in Opole and Platan in Zabrze that are being extended to accommodate or extend under-sized major multinational tenants.

Strong competition exists in the dominant regional mall market with European competitors with low costs of capital and long-term investment mandates being active in the region. This strong competition will result in a continued reduction in capitalisation rates for prime assets in the region. A number of portfolios of secondary assets are being offered by public tender. Rockcastle is not pursuing these opportunities but instead targets specific assets on an off-market basis. Unwavering discipline towards property fundamentals will ensure that the portfolio is well positioned for long-term growth.

The Company's strategy of selling listed investments and re-investing the proceeds in direct properties and developments will continue during 2017. It is anticipated that direct property will make up approximately 90% of Rockcastle's assets by December 2017. Several large strategic acquisitions are currently under negotiation or evaluation.

5. Listed security portfolio

The past year has seen significant volatility because of geopolitical, macro-economic and regulatory changes in the US, UK and Europe. Rockcastle's NAV per share increased from USD1.46 at June 2015 to USD1.65 at December 2016.

The geographic spread and composition of the portfolio have changed with the UK and Europe now representing a larger share than the US and the retail sector now making up 75% of the total listed security exposure.

6. Capital structure and hedging

In addition to fully-funded positions, Rockcastle utilises equity derivatives to obtain exposure to listed real estate companies. During the period revised prime brokerage agreements were signed with improved terms. Rockcastle's listed security investments disclosed in its statement of financial position represent only fully-funded positions.

The equity derivative collateral of USD244.5 million included in current assets provided the Group with exposure to investments of USD1 126.6 million.

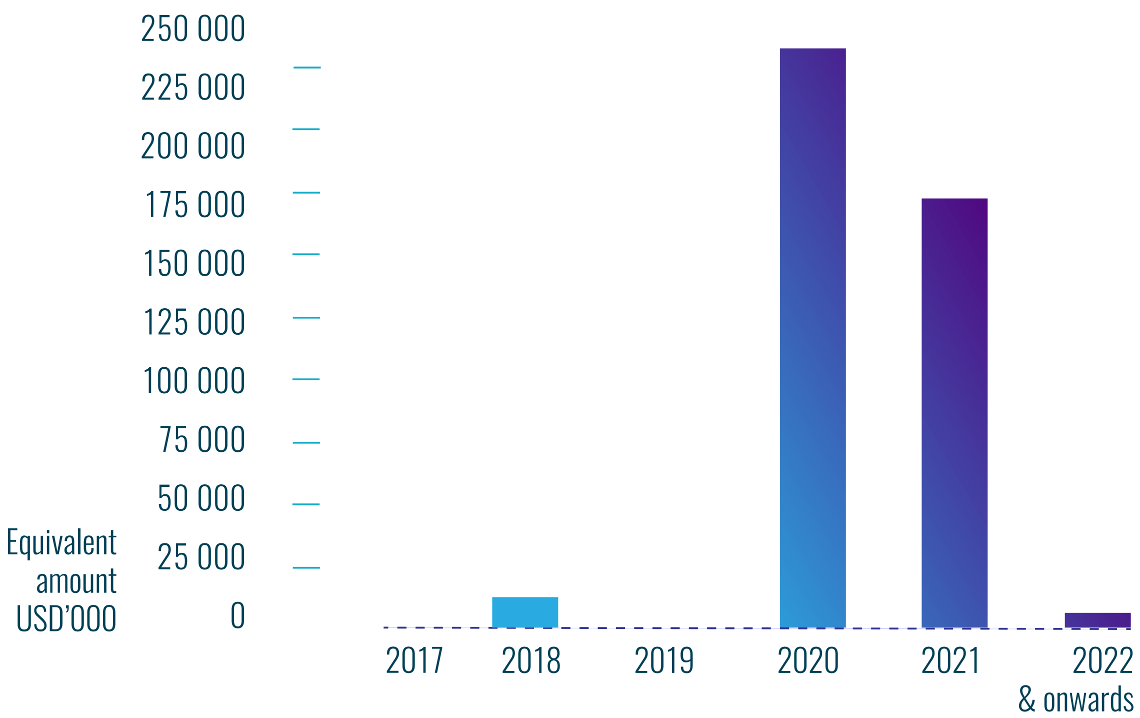
The income from derivatives and listed securities of USD90.3 million includes interest of USD20.87 million on the implied gross interest-bearing borrowings of USD551.1 million. Positions disclosed under listed security investments of USD383.9 million include physical positions held at 31 December 2016 as well as derivative positions that are 100% collateralised in cash.

Interest rate swaps are used to hedge the interest rate risk relating to listed security investments. The principal counter parties in all derivative transactions are Morgan Stanley, Goldman Sachs and BoA Merrill Lynch. The group does not hedge the currency relating to its capital positions but 95% of the distributable income to June 2017 was hedged. No further hedges relating to distributable income were entered into beyond this point due to the proposed merger with New Europe Property Investments PLC ("NEPI") that has the Euro as its reporting currency. Rockcastle's loan-to-value ratio was 37.7% as at December 2016 (this ratio includes the implied gearing on the equity swap positions as detailed above).

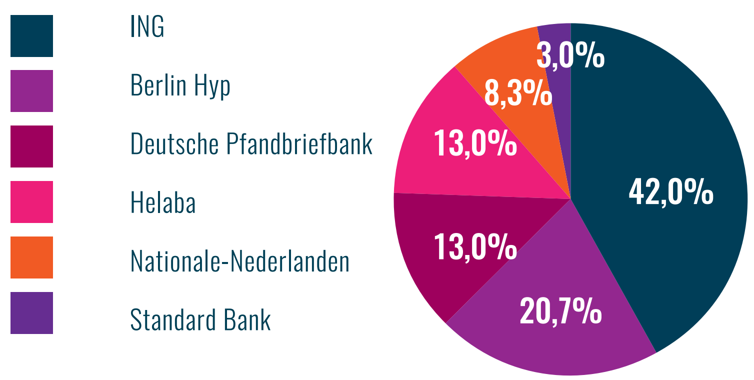
Rockcastle successfully extended its debt maturity profile and signed more than USD 425 million of secured facilities at attractive rates. Rockcastle has now established solid partnerships with most of the major banks active in the region which is evidenced by the diverse counterparty exposure and favourable debt facility terms. The Company's weighted average cost of long-term debt is below 1.75% and is fully hedged. The company is well advanced in negotiations to secure an additional EUR108 million in secured funding at a blended all-in rate below 1.8%. These proceeds will be drawn down in the first quarter of 2017 and used to further advance the direct property strategy.

The debt maturity profile on long-term borrowings is listed below:

Debt maturity profile (financial year)



Long-term debt by counterparty



7. Summary of financial performance

	Dec 2016	Jun 2016	Dec 2015	Jun 2015
Dividend/distribution per share (USD cents)	**5.189**	4.782	4.631	4.42
Shares in issue	**945 502 019**	930 994 319	912 540 104	847 862 018
Net asset value per share (USD)	**1.65**	1.70	1.56	1.46
Loan to value ratio*	**37.7%**	33.9%	41.6%	46.9%

* The loan to value ratio is calculated by dividing gross interest-bearing borrowings less cash by investment property and related intangibles (excluding goodwill) + listed securities + loans. The calculation furthermore includes the equity derivative positions on a gross basis.

8. Outlook

The Board expects growth in dividends per share for the 2017 financial year to be approximately 21%. This guidance is based on the assumptions that a stable macro-economic environment prevails and no major corporate failures occur.

This forecast has not been audited or reviewed by Rockcastle's auditors and are the responsibility of the Board.

9. Merger of NEPI and Rockcastle

During the fourth quarter of 2016, NEPI and Rockcastle issued joint cautionary announcements regarding a potential transaction. On 14 December 2016, a framework agreement was announced, pursuant to which their respective businesses would be merged into an entity newly incorporated in the Isle of Man, NewCo. This is expected to be implemented with an effective share swap ratio of 4.5 Rockcastle shares for one NEPI share.

In accordance with the Framework Agreement, NEPI and Rockcastle will transfer all assets and liabilities, including their subsidiaries, effectively transferring their entire businesses to NewCo. In exchange, NewCo will issue ordinary shares ("NewCo Shares") to NEPI and Rockcastle, in line with the Swap Ratio.

NewCo is expected to benefit from enhanced liquidity, and be the largest listed real estate company in CEE. NewCo Shares are expected to be listed on the Main Board of the JSE and Euronext Amsterdam, as well as other stock exchanges NEPI and Rockcastle agree upon. The transaction will integrate two complementary management teams, unlocking strategic synergies and creating additional value for shareholders.

Considering the envisaged merger, including anticipated improvements in portfolio size and diversification, Standard & Poor's Global Ratings ("S&P") revised NEPI's outlook from 'Stable' to 'Positive', and reaffirmed the long-term 'BBB' corporate credit rating. Moody's Investors Service ("Moody's") retained NEPI's Baa3 Stable, but considers the merger credit positive.

These transactions will be implemented following the fulfilment, or waiver, of several conditions precedent, including approval by Boards of Directors and shareholders, as well as all relevant authorities, on or before 30 June 2017.

A circular detailing this transaction, accompanied by announcements on the relevant stock exchanges, is expected to be issued by 30 April 2017.

Galeria Tomaszów >

Tomaszów Mazowiecki, Poland

Remuneration Report

Rockcastle's remuneration committee oversees the development and annual review of the remuneration policy which is ultimately approved by the board. The remuneration committee has been mandated by the board to authorise the remuneration and incentivisation of all employees, including executive directors.

The members of the remuneration committee are Rory Kirk (chairman), Yan Ng and Mark Olivier.

The remuneration policy is aligned with the strategic objectives of the company which is to create long-term, sustainable value for stakeholders. Remuneration is a combination of salary, short-term incentivisation and long-term incentivisation in order to attract and retain motivated, high-calibre executives and employees whose interests are aligned with the interests of shareholders. The remuneration policy aims to balance organisational and individual performance with the appropriate balance of guaranteed and variable pay. The policy is applicable to the executive directors and all employees of Rockcastle.

A substantial review of the remuneration process reassessing the remuneration policy and remuneration components was undertaken during the period under review. In light of the impending merger with NEPI, no amendments have been made to the remuneration policy. Should the merger not materialise, a comprehensive remuneration policy will be presented to the remuneration committee and board for approval and to shareholders for a non-binding vote thereon.

The remuneration policy has remained substantially the same over the past few years and is based on the following guiding principles:

- remuneration must support key business strategies;
- remuneration must create a strong, performance orientated environment that is consistent with the group's long-term objective of value creation for shareholders;
- remuneration must be structured to attract, motivate and retain talented employees;
- the remuneration policy should promote risk management and not encourage excessive risk-taking by key decision makers;
- remuneration should be structured in a manner that allows for the recognition and encouragement of exceptional performance, both at an individual and group level;
- the remuneration policy should be transparent and easy to understand; and
- remuneration should be equitable both from an internal perspective, taking into account employees, their roles and qualifications, and from an external perspective, ensuring that remuneration is in line with the market.

Remuneration packages are structured depending on the required skills and experiences at each level as well as the employee's level of influence on strategy and the complexity of each role. Remuneration comprises both fixed and variable pay. Fixed pay comprises the annual salary.

Variable pay comprises medium-term or performance incentives through cash bonuses and long-term incentives via the share purchase scheme. Medium-term incentives are used to motivate and reward annual performance in line with the group's strategic goals. This remuneration is payable in cash and based on the individual's performance which is linked to the group's performance. A further discretionary bonus may also be paid to individuals who are considered by the remuneration committee to have rendered exceptional service in any given year.

Long-term incentives create value and align the interests of employees with shareholders as employees receive value only if there is capital appreciation in the shares. In terms of the scheme, employees take full market risk on the shares from date of issue. The group is of the opinion that this aligns the interests of employees and shareholders more closely. Backdating of share-based incentives is not permitted. Shares are offered to participants who then accept such number of shares that they want to invest in. The value of the shares accepted is advanced as a loan to the participant by the share purchase scheme. Shares are issued at the market price of Rockcastle shares and therefore no discount is provided. Shares vest immediately and participants assume the full risk associated with the investment made and loan advanced. Loans are repayable on termination of employment.

Director's remuneration for the period is disclosed in note 31 to the financial statements.

Service contracts

All employees, including executive directors, are required to sign employment contracts with the group. These contracts set out the working hours, salary, leave entitlement, notice and probation periods and other relevant information. There is no restraint of trade clause in any of the employment contracts.

The company did not pay any fees, benefits or bonuses to directors other than the remuneration as disclosed in the note 31.

Remuneration of non-executive directors

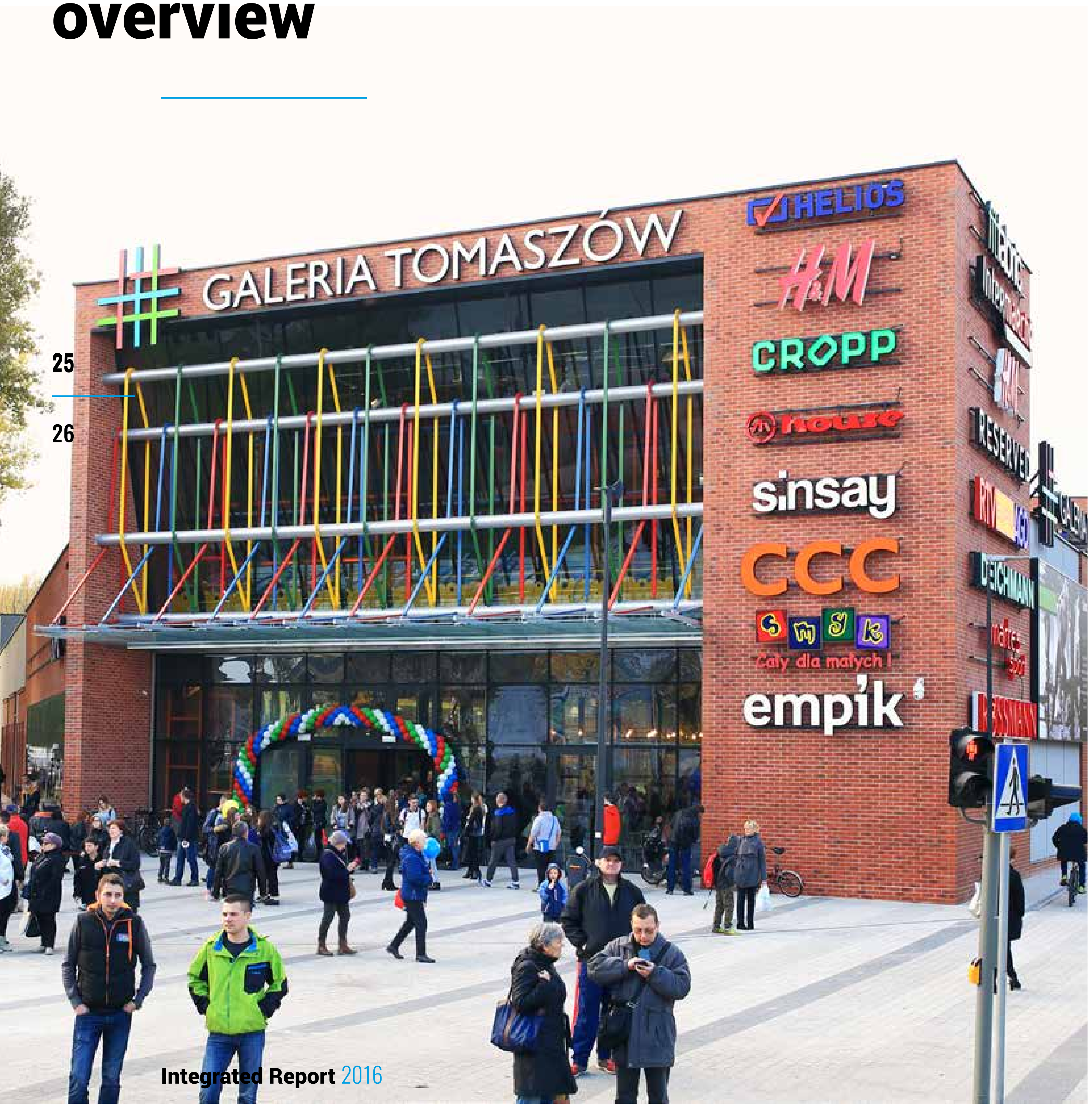
Non-executive directors' remuneration consists of an annual fee. The remuneration committee recommends directors' fees payable to non-executive directors to the board which proposes the fees for shareholder approval at the Annual General Meeting ("AGM").

Non-executive directors do not participate in the share purchase scheme nor is there any other remuneration paid to non-executive directors, including remuneration linked to the performance of the group.

Portfolio overview

< Galeria Tomaszów

Tomaszów Mazowiecki, Poland



CORE LISTED SECURITIES

HAMMERSON plc

Hammerson is an owner, manager and developer of retail destinations in the UK and Europe. Its portfolio includes investments in 21 prime shopping centres in the UK and France, 19 convenient retail parks in the UK and 15 premium outlets across Europe.

Hammerson's vision is to own, operate and develop retail destinations that interact seamlessly with digital and bring together the very best retail, leisure and entertainment brands.

At the time of writing, the enterprise value of Hammerson was approximately £7.9 billion. For the year ended 31 December 2016, Hammerson is expected to grow its EPRA earnings per share by about 7.75%. At 30 June 2016, the EPRA net asset value per share of Hammerson was £7.27.

UNIBAIL RODAMCO

Unibail-Rodamco is Europe's leading listed commercial property company specialising in shopping centres in European capital cities as well as offices and convention & exhibition centres in Paris. The Group's portfolio was valued at €40.5 billion on 31 December 2016.

Unibail-Rodamco distinguishes itself through its focus on the highest architectural, city planning and environmental standards. Its long term approach and sustainable vision focuses on the development or redevelopment of outstanding places to shop, work and relax.

At the time of writing, the enterprise value of Unibail-Rodamco was in excess of €35 billion. For the year ended 31 December 2016, the company grew its recurring earnings per share by 7.5% and at that date the going concern net asset value of Unibail-Rodamco was €201.50 per share.

SIMON PROPERTY GROUP

Simon Property Group (Simon) is a global leader in retail real estate ownership, management and development, and an S&P100 company. Its industry-leading retail properties and investments are spread across North America, Europe and Asia and provide exceptional shopping experiences for its consumers.

Simon is the world's largest publically traded real estate company. Currently its enterprise value is about USD79billion. For the year ended 31 December 2016, the company grew its recurring earnings per share by 9.0% and has forecast about 6.0% growth for 2017.

AVALONBAY

AvalonBay Communities is in the business of developing, redeveloping, acquiring and managing apartment communities in leading metropolitan areas in New England, the New York/New Jersey Metro area, the Mid-Atlantic, the Pacific Northwest, and the Northern and Southern California regions of the United States. As of 31 December 2016, AvalonBay owned or held a direct or indirect ownership interest in 285 apartment communities containing 83 667 apartment homes in 10 states and the District of Columbia, of which 27 communities were under development and four communities were under redevelopment.

During 2016, AvalonBay grew its core funds from operations per share by 8.5%. At the time of writing, the enterprise value of AvalonBay was USD32.24 billion.

VENTAS INC

Ventas is an S&P 500 company and leading real estate investment trust with a diverse portfolio of approximately 1 300 assets in the United States, Canada and the UK consisting of seniors housing communities, medical office buildings, life science and innovation centres, skilled nursing facilities, specialty hospitals and general acute care hospitals. Through its Lillibridge subsidiary, Ventas also provides management, leasing, marketing, facility development and advisory services to highly rated hospitals and health systems throughout the United States.

During 2016, Ventas grew its normalised funds from operations per share by 5.0%. At the time of writing, the enterprise value of Ventas was USD32.5bn.

Portfolio overview

DIRECT PROPERTY

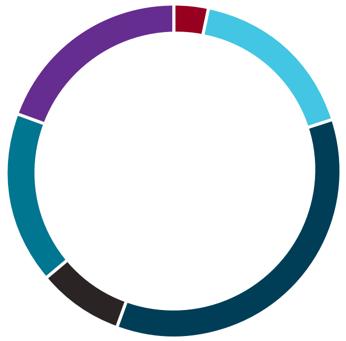
Property statistics

Lease expiry profile

Rental area

Vacant	7.8%
Dec 2017	4.7%
Dec 2018	11.5%
Dec 2019	29.2%
Dec 2020	7.8%
Dec 2021	11.8%
>Dec 2021	27.2%

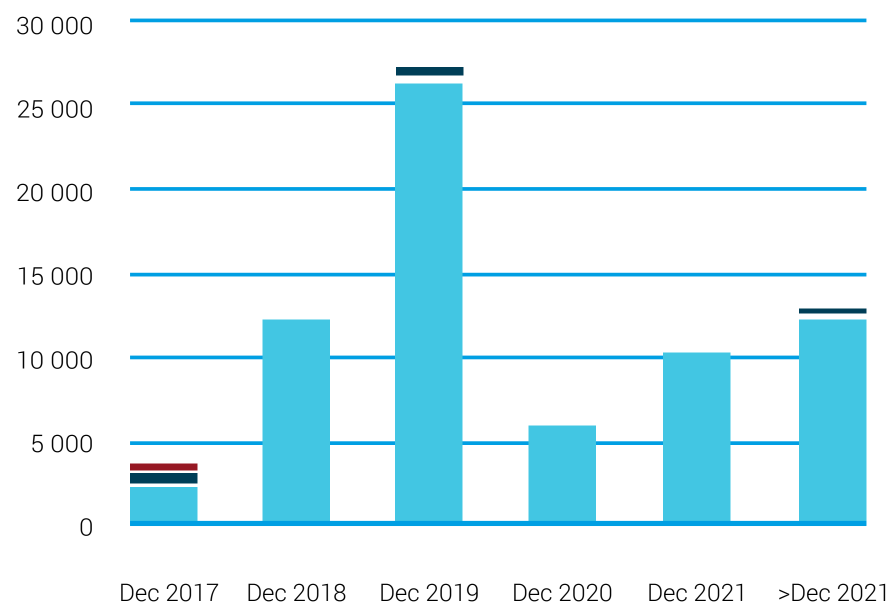
Gross rentals



Dec 2017	5.2%
Dec 2018	17.6%
Dec 2019	36.6%
Dec 2020	8.6%
Dec 2021	14.7%
>Dec 2021	17.3%

Gross rentals

USD '000



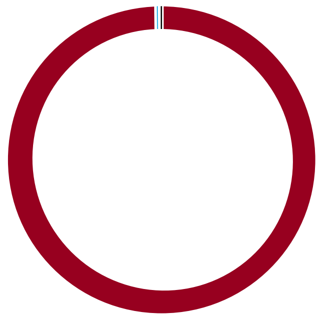
Retail

Office

Residential

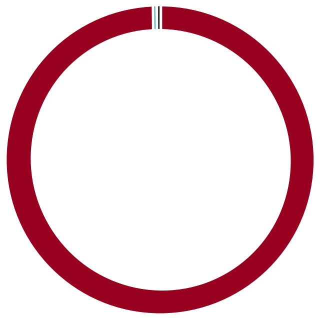
Sectoral profile

Rental area



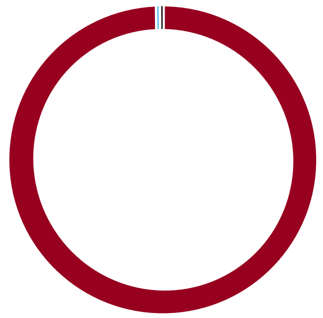
Retail	99.0%
Office	0.8%
Residential	0.2%

Gross rentals



Retail	99.6%
Office	0.3%
Residential	0.1%

Property value



Retail	99.5%
Office	0.4%
Residential	0.1%

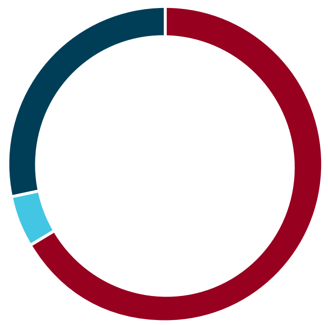
Tenant profile

A Large national tenants, large listed tenants and government. These include, *inter alia*, Carrefour, EURO AGD, KFC, Pizza Hut, Zara, LPP, McDonalds, Inditex, C&A and Intersport.

B National tenants, listed tenants, franchisees and medium to large professional firms. These include, *inter alia*, Decathlon, Ecco, Super-pharm and Peek & Cloppenburg.

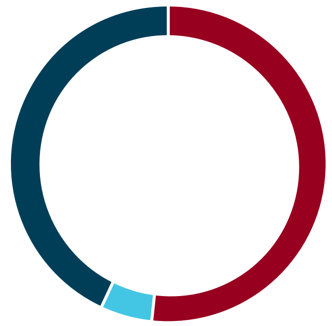
C Other (this comprises 633 tenants)

Rental area



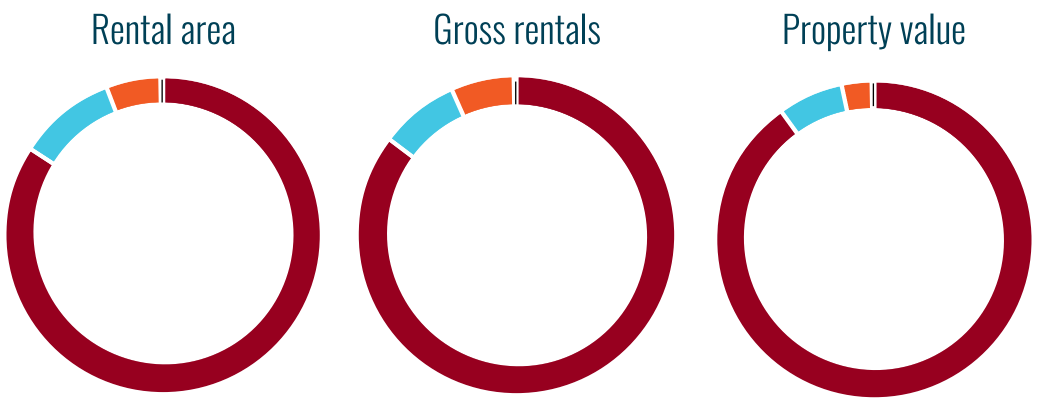
A	65.0%
B	5.3%
C	29.7%

Gross rentals



A	50.9%
B	5.0%
C	44.1%

Geographical profile



Rental area		Gross rentals		Property value	
Poland	86.0%	Poland	89.0%	Poland	90.2%
Czech	10.9%	Czech	6.5%	Czech	6.7%
Zambia	3.0%	Zambia	4.3%	Zambia	2.9%
UK	0.1%	UK	0.2%	UK	0.2%

Vacancy profile

The vacancy calculated as a portion of available rentable area at the end of 2016 was 7.8%.

Out of the 33 748m² of rentable area vacant as at 31 December 2016, 31 461m² was retail space (7.2%) and 2 287m² was office space (0.6%).

Other information

The average annualised property yield is 6.1% at 31 December 2016.

The annual rise in rental income is index-linked to the European Consumer Price Index (CPI). Out of the total operational GLA as at the year end, the weighted average rental escalation by rentable area is presented below:

	Based on GLA USD/m²/month
Retail	0.8%
Office	<0.1%
Residential	<0.1%
	0.8%

< Forum Liberec Shopping Centre

Liberec, Czech Republic

ROCKCASTLE

Portfolio overview

DIRECT PROPERTY

Income-producing property map

POLAND

1. Bonarka City Center
2. Galeria Warmińska
3. Karolinka Shopping Centre
4. Focus Mall Zielona Góra
5. Pogoria Shopping Centre
6. Solaris Shopping Centre
7. Platan Shopping Centre
8. Galeria Wołomin
9. Focus Mall Piotrków Trybunalski
10. Galeria Tomaszów

ZAMBIA

1. Cosmopolitan Mall

UNITED KINGDOM

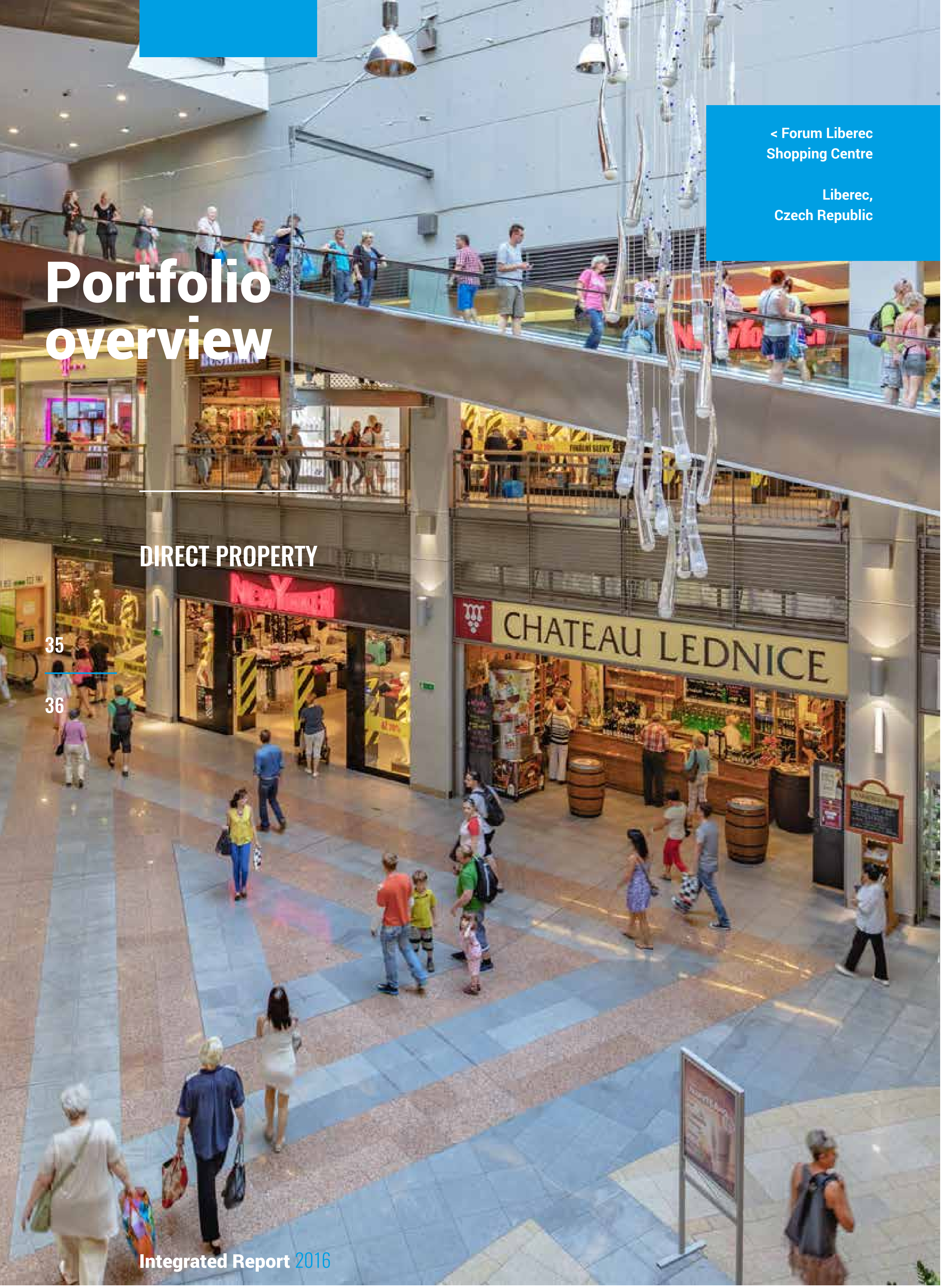
1. Rockcastle House

CZECH REPUBLIC

1. Forum Liberec Shopping Centre

Portfolio overview

agata MEBLE
CCC
Etos
Intermarché
Multikino
RTV EURO AGD
AmRest
CINEMA CITY
GAME
JERÓNIMO MARTINS POLSKA
NEW YORKER Dress for the moment.
ShopRite
APART Z MIŁOŚCI DO PIĘKNA
DATART JEDEME BOMBY
fitfabric FITNESS CLUB
JYSK
OBI
Smyk Cały dla małych!
Auchan
DECATHLON
GO SPORT ŻYJMY SPORTEM
LEROY MERLIN
ordipol
TERG BY HELINOX
BIG STAR
Douglas
H&M
Bershka
Peek&Cloppenburg
TESCO
C&A
DEICHMANN
HELIOS
martes sport
PEPCO
TK maxx
Carrefour
Edgars
Massimo Dutti
MediaMarkt
Piotr i Paweł SUPERMARKET
vision express
CARRY
empik
INTERSPORT
Marketing Investment Group
ROSSMANN
ZDROFIT WIĘCEJ NIŻ FITNESS
RESERVED
PULL&BEAR
ZARA



< Forum Liberec
Shopping Centre

Liberec,
Czech Republic

Portfolio overview

BONARKA CITY CENTER
Kraków, Poland

Located in Kraków, the second largest city in Poland with a population of 760 000 and a regional catchment area of 1.1 million people. With an annual footfall of over 14.5 million people in 2015, Bonarka is the largest retail centre in the catchment area. It is in a dominant location in the south of Kraków with excellent access to major motorways. The shopping centre is anchored by Auchan and tenanted by 270 retailers. It offers customers a choice of 30 restaurants and cafes and provides 3 200 parking spaces.

Ownership	**100%**
GLA	**72 543m²**
Valuation*	**USD393.7 million**
Occupancy	**92%**
Major tenants	**Cinema City, Costa Coffee, C&A, Douglas, EMPiK, H&M, KFC, Leroy Merlin, Mango, Martes Sport, McDonald's, New Yorker, Peek & Cloppenburg, Reserved, Rossmann, Sephora, Smyk Megastore, Starbucks, TK Maxx, Zara**

GALERIA WARMINSKA
Olsztyn, Poland

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. The city has 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%, this area has strong industrial fundamentals with a distinctive manufacturing sector.

Ownership	**100%**
GLA	**42 695m²**
Valuation*&	**USD162.0 million**
Occupancy	**100%**
Major tenants	**Bershka, H&M, Massimo Dutti, Multikino, New Yorker, Piotr i Paweł, Pull&Bear, Reserved, RTV Euro AGD Smyk, Stradivarius, TK Maxx, Zara**

KAROLINKA SHOPPING CENTRE
Opole, Poland

Karolinka is situated in Opole which has a population of approximately 120 000 residents and is the centre of an agglomeration of over 300 000 people comprising suburban areas and adjacent towns. Karolinka is a prime, large-scale and dominant regional shopping centre. It is conveniently located only 5km from Opole city centre and is positioned on one of the city's main thoroughfares in the expanding suburban areas.

Ownership	**100%**
GLA	**69 994m²**
Valuation*	**USD155.1 million**
Occupancy	**96%**
Major tenants	**Agata Meble, Auchan, Bershka, Decathlon, H&M, Leroy Merlin, Reserved, RTV Euro AGD, Smyk, Stradivarius, TK Maxx**

FOCUS MALL ZIELONA GORA
Zielona Góra, Poland

The shopping centre opened for trading in 2008 and is the largest retail destination in the town. Zielona Góra is a city with a population of 138 000 inhabitants and is a joint-capital city of the region populated by over 1 million inhabitants.

Ownership	**100%**
GLA	**28 909m²**
Valuation*&	**USD117.7 million**
Occupancy	**90%**
Major tenants	**Bershka, CCC, Cinema City, C&A, H&M, KFC, McDonald's, Media Markt, New Yorker, Reserved, Smyk**

FORUM LIBEREC SHOPPING CENTRE
Liberec, Czech Republic

Liberec is one of the largest cities in the country, has a population of over 100 000 and is the centre of the Liberec region with approximately 440 000 inhabitants.

It benefits from well-developed infrastructure and is a popular tourist destination. With an annual footfall of over 12 million people, Forum Liberec has the highest footfall in the region and it is located in the city centre with excellent public transport connectivity.

Ownership	**100%**
GLA	**47 087m²**
Valuation*	**USD86.7 million**
Occupancy	**83%**
Major tenants	**CCC, Cinema City, C&A, Datart, H&M, lindex, New Yorker, Pompo Maxi, Reserved, Sportisimo, Tesco**

POGORIA SHOPPING CENTRE
Dąbrowa Górnicza, Poland

Pogoria is situated in Dąbrowa Górnicza with a population of 125 000 residents while the number of people living within a 15 minute drive extends beyond 350 000. The city defines the Silesia region's north-eastern perimeter lying 20km from the largest city, Katowice. Pogoria is the largest shopping centre and leisure destination in the city and is prominently located in the heart of the city centre.

Ownership	**100%**
GLA	**36 706m²**
Valuation*	**USD81.0 million**
Occupancy	**97%**
Major tenants	**Auchan, Bershka, CCC, Hebe, Helios, H&M, Martes Sport, OBI, Reserved, RTV Euro AGD, Smyk**

SOLARIS SHOPPING CENTRE
Opole, Poland

Solaris is a modern commercial and entertainment centre ideally located in Opole city centre and attracts many shoppers due to its location on the edge of the old town centre next to a university. The centre was acquired in March 2015.

Ownership	**100%**
GLA	**17 689m²**
Valuation*	**USD61.6 million**
Occupancy	**86%**
Major tenants	**Bershka, CCC, Deni Cler, Intersport, Monnari, New Yorker, Rossmann, Reserved, RTV Euro AGD, Stradivarius, Zara**

PLATAN SHOPPING CENTRE
Zabrze, Poland

Zabrze is a city in southern Poland with a population of approximately 178 000 residents and is part of the Katowice agglomeration which is the largest urban area in Poland. The centre benefits from a free and extensive surface car parking area for its customers.

Ownership	**100%**
GLA	**25 336m²**
Valuation*	**USD54.7 million**
Occupancy	**97%**
Major tenants	**Auchan, Decathlon, Go Sport, Pepco, Reserved, RTV Euro AGD, Sinsay, Super-pharm, 50 Style**

GALERIA WOLOMIN
Wołomin, Poland

Located in the city of Wolomin, 30km outside Warsaw, Galeria Wołomin was completed and opened in October 2016. Road and infrastructure upgrades in progress by the local authorities are scheduled to be completed in March 2017 and are expected to substantially benefit the shopping centre and its catchment area.

Ownership	**90%**
GLA	**24 153m²**
Valuation*	**USD58.4 million**
Occupancy	**94%**
Major tenants	**Carrefour, Carry, CCC, Cropp, Empik, House, H&M, KFC, Martes Sport, Reserved, Smyk**

FOCUS MALL PIOTRKOW TRYBUNALSKI
Piotrków Trybunalski, Poland

Situated in central Poland, Piotrków Trybunalski with 75 608 inhabitants is the second largest city in the Łódzkie Voivodeship. Focus Mall was opened in 2009 and remains the only modern retail destination in town.

Ownership	**100%**
GLA	**35 141m²**
Valuation*&	**USD51.6 million**
Occupancy	**78%**
Major tenants	**Carrefour, CCC, C&A, Helios, H&M, KFC, Martes Sport, Media Markt, New Yorker, Reserved, Smyk, Step One Fitness Club**

COSMOPOLITAN MALL
Lusaka, Zambia

In March 2016, the 26 152m² GLA Cosmopolitan Mall located in Lusaka, Zambia opened for trading. The company acquired a 50% interest on completion at a yield of 9.5% in US Dollars.

Ownership	**50%**
GLA	**13 076m²**
Valuation*	**USD37 million**
Occupancy	**100%**
Major tenants	**Ackermans, Edgars, First National Bank, Foschini, Game, Jet, Legit, Max Clothing, OK Furniture, Pep, Shoprite, Spur, Truworths, Woolworths, @home**

GALERIA TOMASZOW
Tomaszów Mazowiecki, Poland

Gallery Tomaszów is located in Tomaszów Mazowiecki, a town in central Poland with 67 000 inhabitants. It is a modern, multi-purpose facility which provides customers with more than 60 shops and services, restaurants, a fitness center and a multiplex cinema.

Ownership	**85%**
GLA	**18 466m²**
Valuation*	**USD33.8 million**
Occupancy	**98%**
Major tenants	**CCC, Deichmann, Empik, Helios, H&M, Intermarche, KFC, Martes Sport, Reserved, Rossmann, RTV Euro AGD, Smyk**

ROCKCASTLE HOUSE
London, United Kingdom

Rockcastle occupies a portion of this fully tenanted office building located in Kingston upon Thames, London.

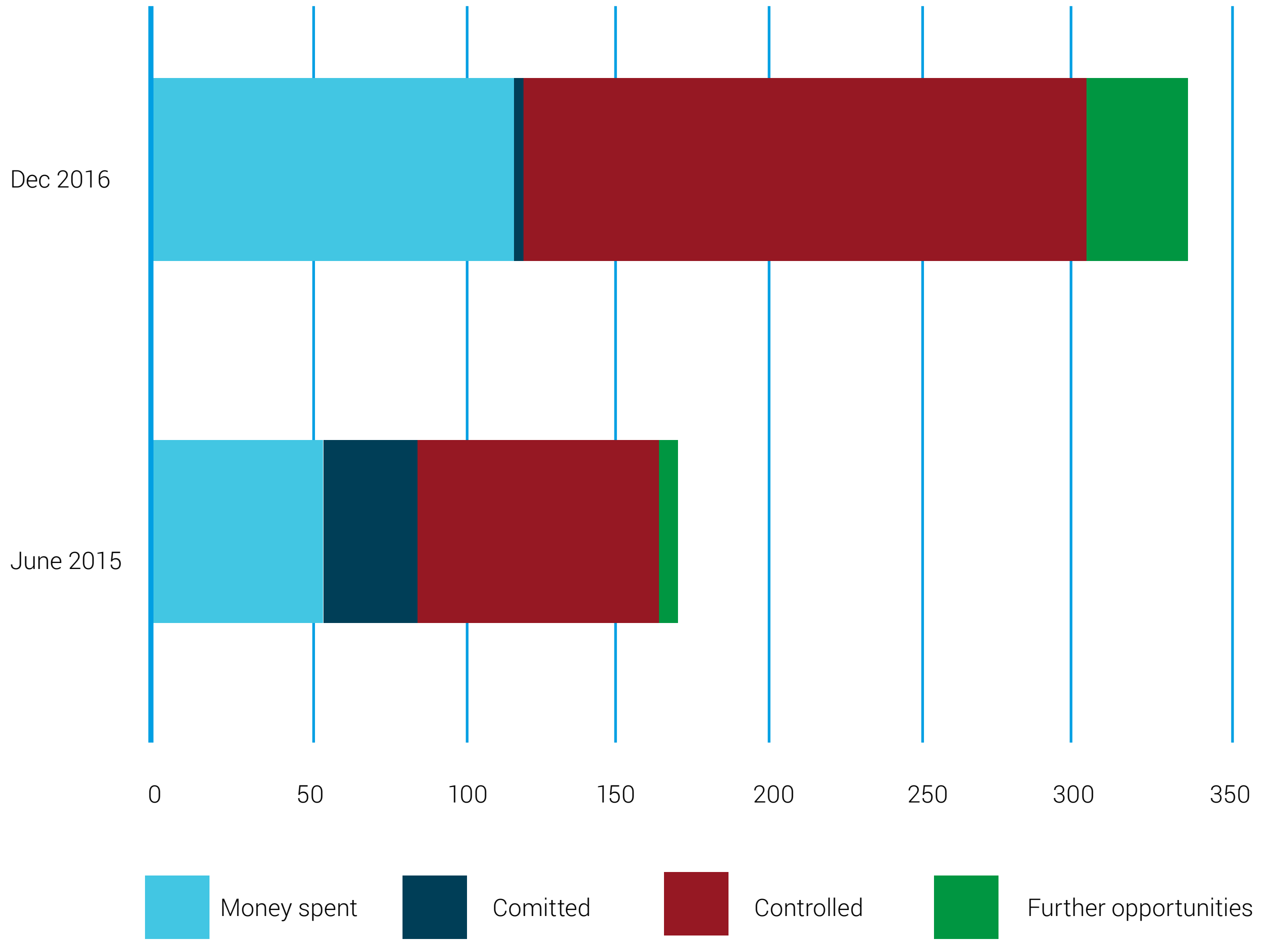
Ownership	**100%**
GLA	**585m²**
Valuation*	**USD2.6 million**
Occupancy	**100%**
Major tenants	**Cisiv, Handelsbanken, Rockcastle**

* Based on period end exchange rate.
& Refer to note 3 of the financial statements regarding the valuation of this property at 31 December 2016.

Developments and extensions pipeline

Consistent with its strategy, the group continues to invest in developments that significantly increase distributable earnings per share. Rockcastle's development pipeline, including redevelopments and extensions, has increased to USD 342 million (estimated at cost).

Developments and extensions pipeline (USD million)



Developments and extensions map

UNDER CONSTRUCTION

1. Galeria Wołomin (Retail Park)

UNDER PERMITTING AND PRE-LEASING

1. Bonarka City Center
2. Karolinka Shopping Centre
3. Focus Mall Zielona Góra
4. Pogoria Shopping Centre
5. Solaris Shopping Centre
6. Platan Shopping Centre

Share performance

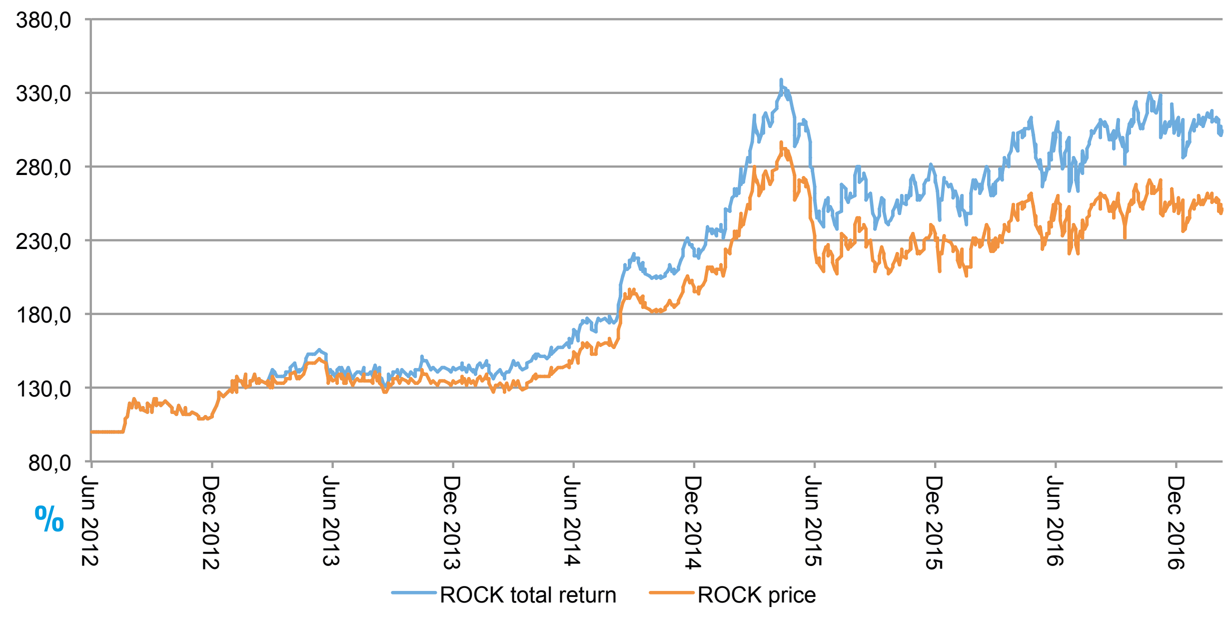
The board is committed to creating sustainable stakeholder value by managing the portfolio and by maximising returns on its assets.

The graphs indicate the share price performance of Rockcastle on both a price return and dividend return basis.

SHARE PERFORMANCE

The board is committed to creating sustainable stakeholder value by managing the portfolio and by maximising returns on its assets.The graphs below indicate the share price performance of Rockcastle on both a price return and total return basis. The performance of the Rockcastle shares are indexed using a base of 100 on 5 June 2012.

Rockcastle relative performance



Rockcastle closing price

Sustainability report

< Platan Shopping Centre

Zabrze, Poland

Environmental

Rockcastle is committed to realising its long-term strategic objectives, while maximising the positive and minimising the negative effects of its operations on society and the environment. Rockcastle is a responsible corporate citizen and as such we recognise our role in addressing climate change. Rockcastle has adopted a climate change policy which is overseen by the board. In terms of the policy, Rockcastle aims to reduce energy and water consumption as well as developing environmentally friendly or green buildings.

In respect of all works there is a focus on the fundamental architectural principles one of which is building aspect, which helps to passively address the heat loads and natural lighting options available in the buildings. In the majority of buildings, new and retrofit systems will incorporate improved standards of insulation, shading, glazing, ventilation and efficient air conditioning plant.

BREEAM is the world's leading environmental assessment method and rating system. Buildings that obtain BREEAM recognition have achieved the highest corporate, organisational and environmental objectives, and set the standard for sustainable design, construction and operation. Rockcastle applies the BREEAM certifications in assessing our developments. Our aim is to obtain at least a "Good" rating on each development. Galeria Wolomin achieved BREEAM "Good" status with the intention to achieve "Very Good" once the retail park is completed. Galeria Tomaszow achieved a BREEAM "Very Good" Status.

Energy efficiency is foremost in our sustainability endeavours and to this end we practically and efficiently measure the use of utilities within our buildings. We engage with various service providers on the metering of the buildings to provide us with the correct metrics to make meaningful and informed decisions. The results of these metrics inform our approach to new developments, refurbishments and extensions in order to maximise the return on implemented solutions. Where possible we utilise newer, more efficient lighting systems. For our existing properties, we will retrofit energy efficient lighting whenever possible and cost effective. We have identified that the lighting in Karolinka Mall needs to be replaced. We will fit energy efficient lighting in the Mall in the coming year.

Water is a precious resource and in order to manage the utilisation, Rockcastle is focusing on the comprehensive measurement thereof. Furthermore, all new gardens and landscaping will be done on an indigenous basis to limit the need for irrigation. As standard practice, new and refurbishment works are being fitted with low flushing mechanisms and metered discharge taps to reduce consumption and limit waste. Timers on existing geysers, solar geysers and heat pumps are utilised to reduce energy consumption.

Rockcastle did not incur any environmental fines or penalties in the period under review.

Social

Our employees are as intrinsic to the group as the properties themselves. Rockcastle has 26 employees based primarily in our Polish offices. We strive to create a productive working environment. The remuneration of our employees is elaborated on in the remuneration report on pages 23 to 24.

As discussed in note 9 to the financial statements, Rockcastle has a share purchase scheme in terms of which loans are granted to employees to enable them to purchase shares in Rockcastle. We believe that empowering our employees in this way aligns their interests closer to those of shareholders.

We maintain open channels of communication with our employees that include weekly and *ad hoc* staff meetings for all employees. Our employees have access to Rockcastle's policies and procedures, including those on disciplinary and grievance procedures, via the intranet. None of Rockcastle's employees engage in collective bargaining processes.

Our focus is on developing our employees such that there are suitable internal candidates to lead Rockcastle in the future. Rockcastle is committed to employing people in the countries in which we operate, which is namely the United Kingdom, the Czech Republic, Mauritius and Poland. We encourage our employees to attend job-related training such as industry specific conferences and courses.

Rockcastle's employment policy stipulates that discrimination in any form will not be tolerated, that the minimum age for employment is 18 years old and that Rockcastle is committed to complying with labour standards and legislation.

Shareholder analysis

Shareholder spread at 31 December 2016 as defined in terms of the SEM and JSE Listings Requirements

	Number of shareholders	Percentage of shareholders	Number of shares held	Percentage of issued shares
Public	5 278	99.5%	612 308 807	64.8%
Non-public	2	0.0%	305 407 807	32.3%
Directors and employees	23	0.5%	27 785 405	2.9%
	5 303	**100.0%**	**945 502 019**	**100.0%**

Size of holding	Number of shareholders	Percentage of shareholders	Number of shares held	Percentage of issued shares
1 to 2 500 shares	3 053	57.6%	2 647 883	0.3%
2 501 to 10 000 shares	1 192	22.5%	5 891 769	0.6%
10 001 to 100 000 shares	718	13.5%	24 033 040	2.5%
100 001 to 1 000 000 shares	258	4.9%	87 533 621	9.3%
1 000 001 to 3 500 000 shares	45	0.9%	83 356 094	8.8%
More than 3 500 000 shares	37	0.6%	742 039 612	78.5%
	5 303	**100.0%**	**945 502 019**	**100.0%**

Registered shareholders owning 5% or more of issued shares	Number of shares held	Percentage of issued shares
Resilient Properties Proprietary Limited	161 292 193	17.1%
Fortress Income 2 Proprietary Limited	144 115 614	15.2%
Government Employees Pension Fund	61 101 626	6.5%
Pangbourne Properties Limited	51 726 769	5.5%
Capital Propfund Proprietary Limited	47 298 768	5.0%
	465 534 970	**49.3%**

Control of more than 5% of issued shares	Number of shares controlled	Percentage of issued shares
Resilient Properties Proprietary Limited	161 292 193	17.1%
Fortress Income 2 Proprietary Limited	144 115 614	15.2%
Government Employees Pension Fund	61 101 626	6.5%
Pangbourne Properties Limited	51 726 769	5.5%
Capital Propfund Proprietary Limited	47 298 768	5.0%
	465 534 970	**49.3%**

Key risk factors and risk management

Risks are monitored via the risk management framework in terms of which management identifies risks, documents these in the risk matrix and assesses the probability of their occurrence as well as the potential impact of the risk on the organisation. Each identified risk is then managed and, where possible, mitigated. Due to the dynamic nature of the economic environment in which Rockcastle operates, risks, and the impact thereof, change constantly. Accordingly, risk management is a dynamic and ongoing discipline which is continuously adapted to its environment. The risk management framework is presented to the risk committee on an annual basis.

The key risks include:

Key risk	Strategic goal impacted	Business impact	Mitigation of the risk	Stakeholders impacted
Delays in executing appropriate property investment and development strategies, or executing in less favourable conditions.	Total property return. Growth in distributable income.	Net asset value is impacted due to losses incurred. Distributable income is reduced due to the reduction of rentals and/or investment income.	Rockcastle has a defined investment strategy and asset appraisal process. The board monitors compliance with such strategies and processes on a quarterly basis.	Shareholders Tenants Financiers
Risk of losses due to currency fluctuations.	Capital growth in share price	Income for the period is reduced due to foreign exchange fluctuations.	Rockcastle hedges its exposure to currency risk to a reasonable extent by aiming to fund the purchase of counters in the currency in which that counter is denominated.	Shareholders
Risk of underperformance of investments, specifically forecasted dividends not being received.	Growth in distributable income	Distributable income is reduced due to the reduction of dividends received from investments.	Management monitors the performance of listed counters on a daily basis. All investments are made in accordance with the investment mandate and the board monitors compliance with such mandates on a quarterly basis.	Shareholders
Risk of financial loss to the company if a tenant or counterparty to a financial instrument fails to meet its contractual obligations. Arises principally from the company's receivables from tenants and investment securities.	Growth in distributable income Capital growth in share price	Distributable income is reduced due to the reduction of rental income from tenants or dividends received from investments.	Financial instruments are entered into with reputable financial institutions. Rockcastle's credit processes aim to ensure that each tenant is analysed and the lease agreed prior to occupancy of the premises. When available, the company's review includes external ratings. The company limits its exposure to credit risk by only investing in liquid securities and only with globally recognised financial institutions and/or counterparties that are listed on a recognised stock exchange. The company limits its exposure to credit risk by utilising multiple globally recognised financial institutions.	Shareholders Tenants Financiers
Risk of a reduction in the retail occupier demand for space, increased supply and occupier defaults.	Growth in distributable income Tenant relationships and retention	Rental income may be eroded due to new leases at lower rentals than previously achieved. Vacancies may not be let timeously thus reducing distributable income.	All rentals are done at market related rates. Rockcastle actively markets all vacant space.	Tenants Property managers Shareholders Employees Co-owners

Key risk	Strategic goal impacted	Business impact	Mitigation of the risk	Stakeholders impacted
Risk of losses owing to movements in the level or volatility of market prices.	Capital growth in share price	Net asset value is reduced due to losses incurred, which in turn reduces the Rockcastle share price.	Management monitors the performance of the counters on a daily basis. All investments are made in accordance with the investment mandate and the board monitors compliance with such mandates on a quarterly basis.	Shareholders Financiers
Rockcastle is built on the expertise of the management team. Executive management is critical in the day-to-day operations of the business through their expertise and experience in the analysis of the market and the identification of suitable investment opportunities.	Capital growth in share price	Skilled and experienced staff may not be retained.	The remuneration of key staff is aligned with the interests of shareholders.	Employees Shareholders
Deterioration in the company's credit profile, a decline in debt market conditions or a general rise in interest rates could impact the cost and availability of funding.	Growth in distributable income	The cost of financing increases substantially reducing distributable income.	The company monitors its key financial ratios. Interest rate risk is mitigated through the use of interest rate swaps and caps in multiple currencies and jurisdictions as well as fixed rate facilities. The spread of debt maturities are closely monitored.	Shareholders Financiers Employees
Inability to refinance debt at acceptable rates and overexposure to a single financial institution.	Growth in distributable income	Higher finance costs result in lower distributable income.	Concentration exposure to one financial institution is avoided. Relationships with multiple prime brokers as well as regionally dominant banks are fostered.	Shareholders Financiers Employees
Business continuity risk	Growth in distributable income	Business interruption may have a severe impact on the operations of Rockcastle and may reduce distributable income.	Rockcastle has a business continuity plan which includes the daily backup of data which is tested regularly.	Employees Shareholders
Investing in international markets increases operational, regulatory and other risks	Growth in distributable income Maintenance of the Rockcastle brand	Non-compliance with regulatory requirements could lead to fines, penalties and censures.	This risk is mitigated through the collaboration of the risk committee, the executives, and Rockcastle's legal advisers and service providers in identifying and ensuring compliance with regulatory requirements.	Shareholders Financiers Employees

Key risk	Strategic goal impacted	Business impact	Mitigation of the risk	Stakeholders impacted
Development projects fail to deliver expected returns due to increased costs or delays or contractor insolvencies.	Growth in distributable income	Rockcastle may suffer reputational damage as well as financial loss if developments are not completed timeously and within budget. The majority of developments are done via joint ventures and delays may lead to legal disputes.	Rockcastle has access to professional, independent development managers that can be contracted on a watching brief basis to mitigate this risk. All construction works are, where possible, put to tender and only reputable professionals are engaged. Management closely monitors the progress and costs of each development. Structural and occupation certificates are obtained for all developments on completion.	Financiers Shareholders Employees
The underperformance of property managers may result in inaccurate recovery of revenue and incorrect reporting.	Tenant relationships and retention Growth in distributable income	Inaccurate billing of tenants and reporting.	Compliance with service level agreements is monitored regularly. Management reviews monthly reports and meets with the property managers on a regular basis.	Tenants Property managers Shareholders Employees Co-owners
Destruction of assets	Maintaining and growing a quality portfolio of assets Growth in distributable income	Buildings destroyed due to force majeure, fire etc. and as a result income cannot be generated from tenants.	Insurance cover is carefully monitored to ensure that it is sufficient. The insurable amount is based on replacement valuations obtained from an independent valuer. Rockcastle uses reputable underwriters with sufficient financial backing to sustain cover paid for.	Tenants Property managers Shareholders Employees Co-owners
Physical deterioration of properties rendering them untenantable.	Maintaining and growing a quality portfolio of assets Growth in distributable income	Properties that have physically deteriorated will be untenantable resulting in decreased distributable income.	Asset managers perform regular property inspections as do the property managers.	Tenants Property managers Shareholders Employees Co-owners
Significant volume of leases expiring in a specific period	Tenant relationships and retention Growth in distributable income	Rental income may be eroded due to new leases or renewals at lower rentals than previously achieved. Vacancies may not be let timeously thus reducing distributable income.	Asset and property managers closely monitor lease expiries and begin negotiations with tenants in advance of the expiry. All rentals are done at market related rates. Rockcastle actively markets all vacant space.	Tenants Property managers Shareholders Employees Co-owners
Funding liquidity risk	Growth in distributable income	Inability to meet obligations which may force early liquidation of the position as a result of margin calls.	Ensuring sufficient cash reserves are held by means of proper planning of cash-flow needs by setting limits on cash-flow gaps, by diversification, and by lending due consideration to how new funds can be raised to meet cash shortfalls.	Shareholders Financiers

Corporate governance review

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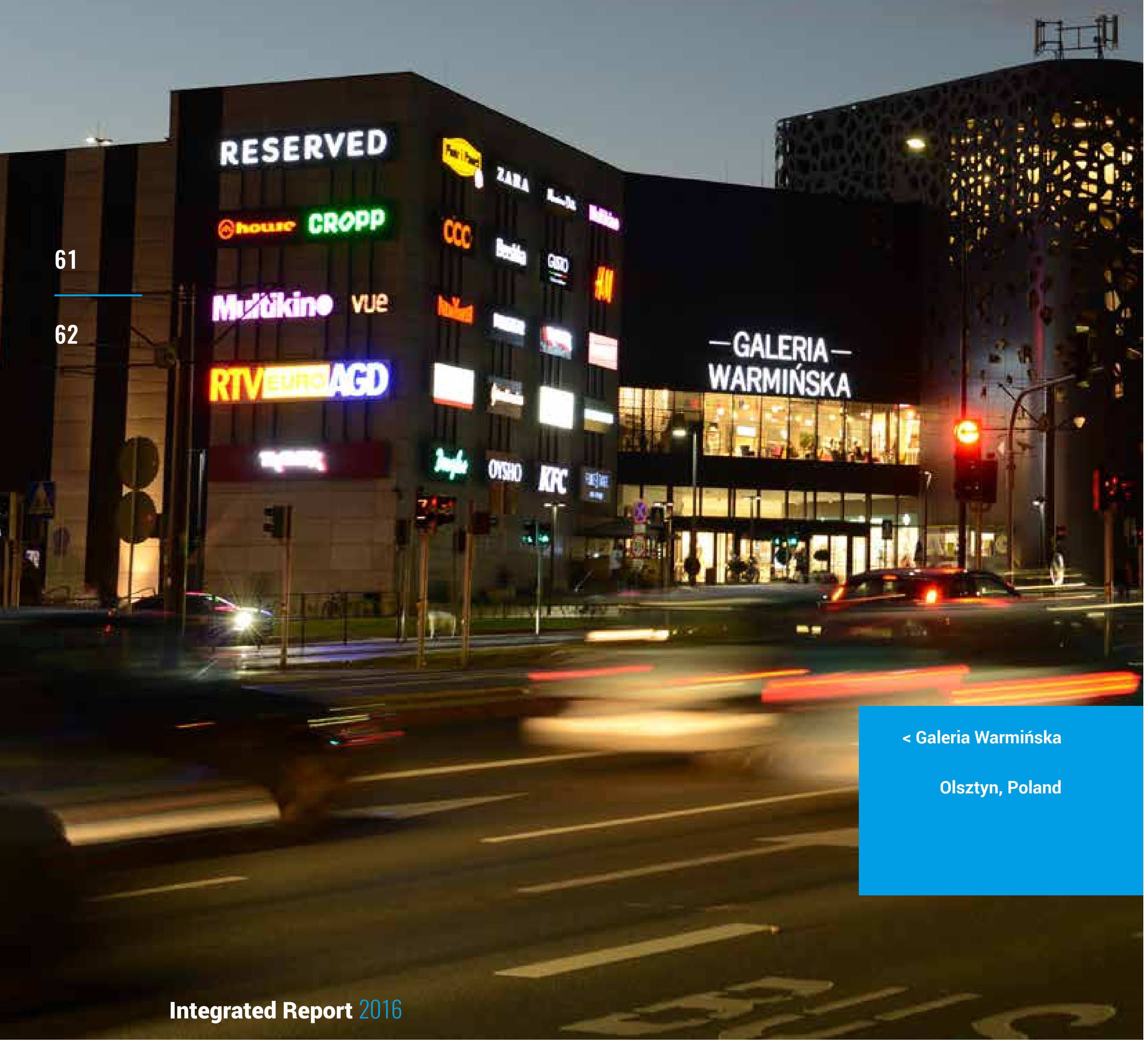
The board endorses the code of corporate practices and conduct as set out in the Code of Corporate Governance for Mauritius ("the Code"). The disclosures included in this review are consistent with the requirements of the Code. The board of directors also endorses the code of corporate practices and conduct as set out in the King III report and confirms that the group is compliant with the provisions thereof. A register of all 75 King III principles and the extent of the company's compliance therewith is available on Rockcastle's website at www.rockcastleglobal.com. Independent consultants have been made available to members of the board to ensure that all directors are fully conversant with best practice and current thinking with regard to corporate governance.



< Galeria Warmińska

Olsztyn, Poland

GROUP STRUCTURE

Rockcastle is the ultimate holding company with 21 subsidiaries and an investment in one joint venture as set out below:

	Country of incorporation	Incorporation/ group acquisition date	Principal activity	Investment	Effective interest 2016 (%)
Subsidiaries					
Rockcastle Europe Limited	Republic of Mauritius	May 2014	Holding company	Direct	100
Rockcastle UK Property SPV Limited	Republic of Mauritius	Oct 2014	Property owning company	Direct	100
Lusaka Cosmopolitan Investments Limited*	Republic of Mauritius	Mar 2014/Mar 2016	Holding company	Direct	100
Rockcastle Global Securities Limited	Republic of Mauritius	Oct 2016	Listed security holdings	Indirect	100
Rockcastle Global Real Estate Company UK Limited	United Kingdom	Sep 2014	Services	Indirect	100
Rockcastle Global Real Estate Holdings BV	Netherlands	Oct 2013	Holding company	Indirect	100
Rockcastle Poland sp.zo.o	Poland	Jul 2015/Oct 2015	Services	Indirect	100
Gontar sp.zo.o	Poland	Mar 2013/Dec 2014	Property owning company	Indirect	100
IGI Exclusive sp.zo.o	Poland	Oct 2007/Mar 2015	Property owning company	Indirect	100
ACE3 sp.zo.o	Poland	Jun 2013/Dec 2014	Property owning company	Indirect	85
Pogoria Property sp.zo.o	Poland	Jun 2014/Apr 2015	Property owning company	Indirect	100
Karolinka Property sp.zo.o	Poland	Jul 2014/Jul 2015	Property owning company	Indirect	100
Platan Property sp.zo.o	Poland	Jul 2015/Aug 2015	Property owning company	Indirect	100
Monarda sp.zo.o	Poland	Jul 2015/Aug 2015	Property owning company	Indirect	90
Zielona Gora Property sp.zo.o	Poland	Dec 2011/Jul 2016	Property owning company	Indirect	100
Piotrkow Property sp.zo.o	Poland	Feb 2011/Jul 2016	Property owning company	Indirect	100
Olsztyn Property sp.zo.o	Poland	Feb 2011/Sep 2016	Property owning company	Indirect	100
Bonarka Property sp.zo.o	Poland	Dec 2011/Aug 2016	Holding company	Indirect	100
Bonarka City Center sp.zo.o**	Poland	May 2014/Sep 2016	Property owning company	Indirect	100
Energit sp.zo.o**	Poland	Dec 2007/Sep 2016	Energy trading company	Indirect	100
Liberec Property s.r.o	Czech Republic	Jan 2007/Jun 2016	Property owning company	Indirect	100

* Holds a 50% investment in Cosmopolitan Shopping Centre Limited
**Investment held in Bonarka Property sp.zo.o which owns 100% of the shares of Bonarka City Center sp.zo.o and Energit sp.zo.o.

Change in financial year-end

Rockcastle changed its financial year-end from 30 June to 31 December to better align the Company with the market in which it operates. The change in year-end will not affect the distribution cycle which will continue to be bi-annually in June and December. Shareholders are referred to the announcement released on 21 December 2015 for further information.

Composition of the board of directors

The board comprises four executive directors, four independent non-executive directors and one non-independent non-executive director. All directors serve for a maximum period of one year and are subject to retirement by rotation and re-election by members in general meeting. Board appointments are made in terms of the policy on nominations and appointments, and such appointments are transparent and a matter for the board as a whole.

There are no fixed-term contracts for executive directors and the notice period for termination or resignation is one calendar month. There is no restraint of trade period for executive directors. Individual board members and their respective profiles are disclosed on pages 5 to 10. Directors' remuneration is disclosed in note 31 to the financial statements.

Gender diversity at board level

The board is committed to actively managing diversity as a means of enhancing the company's performance by utilising the contribution of the diverse skills and talents from its directors. In the current year, the board approved a policy on gender diversity at board level which requires the nomination committee to consider a broad and diverse pool of talent when considering board appointments. The need for gender diversity must be balanced with the need to appoint individuals with the necessary skills and experience to serve on the board.

The Rockcastle board consists of 9 directors, one of whom is a woman. At this point in time, the board has not established a voluntary target for the appointment of woman to the board. The policy will be reviewed on an annual basis to ensure that it continues to facilitate the principles of gender diversity at board level.

Role of the directors

Ultimate control of the company rests with the board while the executive management is responsible for the proper management of the company. To achieve this, the board is responsible for establishing the objectives of the company and setting a philosophy for investments, performance and ethical standards. Although quarterly board meetings are arranged every year, additional meetings are called should circumstances require it. Nine board meetings were called during the period under review.

In 2016, the chairman with the assistance of the company secretary, led a formal review of the effectiveness of the board and its committees. Each director completed a detailed evaluation questionnaire and an analysis of the findings was presented to the board. There was agreement that the board was operating effectively. The results were positive and action plans were agreed upon where required.

Board charter

In order to fulfil its duties, the board has adopted a charter setting out its responsibilities. The board reviewed this charter in 2016.

The board acknowledges that it is responsible for ensuring the following functions as set out in the board charter:

- good corporate governance and implementation of the code of corporate practices and conduct as set out in the Code;
- that the company performs at an acceptable level and that its affairs are conducted in a responsible and professional manner; and
- the board recognises its responsibilities to all stakeholders.

Responsibilities of the board

Although certain responsibilities are delegated to committees or management executives, the board acknowledges that it is not discharged from its obligations in regard to these matters.

The board acknowledges its responsibilities as set out in the board charter in the following areas:

- the adoption of strategic plans and ensuring that these plans are carried out by management;
- monitoring of the operational performance of the business against predetermined budgets;
- monitoring the performance of management at both operational and executive level;
- ensuring that the company complies with all laws, regulations and codes of business practice; and
- ensuring a clear division of responsibilities at board level to ensure a balance of power and authority in terms of company policies.

Independence of the directors

The board's independence from the executive management team is ensured by the following:

- separation of the roles of chairman and chief executive officer, with the chairman being independent;
- the board being dominated by non-executive directors;
- the audit, investment, nomination, risk, remuneration and social and ethics committees having a majority of non-executive directors;
- non-executive directors not holding service contracts;
- all directors having access to the advice and services of the company secretary; and
- with prior agreement from the chairman, all directors are entitled to seek independent professional advice concerning the affairs of the company at the company's expense.

The following non-executive directors chair the various sub-committees of the board:

- Rory Kirk (independent): Audit
- Andre van der Veer (independent): Investment
- Mark Olivier (independent): Nomination
- Rory Kirk (independent): Remuneration
- Andre van der Veer (independent): Risk
- Rory Kirk (independent): Social and ethics

The independence of the non-executive directors was assessed and four non-executive directors are considered to be independent in terms of the requirements of the Code and King III. Independence evaluations are done annually.

The criteria used to assess the independence of the directors were as follows:

- whether the director is a representative of a shareholder who has the ability to control or significantly influence management or the board;
- whether the director has a direct or indirect interest in the company which exceeds 5% of the company's total number of shares in issue;
- whether the director has a direct or indirect interest in the company which is less than 5% of the company's total number of shares in issue, but is material to the director's personal wealth;
- whether the director has been employed by the company in any executive capacity, or appointed as the designated auditor or partner in the company's external audit firm, or senior legal adviser for the preceding financial year;
- whether the director is a member of the immediate family of an individual who is or has during the preceding financial year been employed by the company in an executive capacity;
- whether the director is a professional adviser to the company other than in the capacity as a director;
- whether the director is free from any business or other relationship (contractual or statutory) which could be seen by an objective outsider to interfere materially with the director's capacity to act in an independent manner, such as being a director of a material customer or supplier to the company; and
- whether the director receives remuneration contingent upon the performance of the company.

Directors' interests

A full list of directors' interests is maintained and directors certify that the list is correct at each board meeting.

Directors recuse themselves from any discussion and decision on matters in which they have a material financial interest.

Audit committee

The primary role of the audit committee is to ensure the integrity of financial reporting and the audit process. In pursuing these objectives, the audit committee oversees relations with the external auditors. The committee also assists the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and internal control processes, overseeing the preparation of accurate financial reports and statements in compliance with all applicable legal requirements and accounting standards, ensuring compliance with good governance practices and nomination of external auditors. The role of the audit committee has been codified in the audit committee charter which has been approved by the board. This charter has been aligned with the requirements of the Code and the Companies Act. The charter was reviewed by the board in 2016.

As at the end of the financial period, the audit committee comprised: Rory Kirk (chairman), Barry Stuhler and Andre van der Veer, who are independent non-executive directors. The chief executive officer, chief financial officer and company secretary attend the committee meetings as invitees. The committee members have unlimited access to all information, documents and explanations required in the discharge of their duties, as do the external auditors.

The board, in consultation with the nomination committee, makes appointments to the committee to fill vacancies. The board has determined that the committee members have the skills and experience necessary to contribute meaningfully to the committee's deliberations. In addition, the chairman has the requisite experience in accounting and financial management.

The committee met six times during the financial period.

In fulfilling its responsibility of monitoring the integrity of financial reports to shareholders, the audit committee has reviewed accounting principles, policies and practices adopted in the preparation of financial information and has examined documentation relating to the annual integrated report and quarterly financial reports. The clarity of disclosures included in the financial statements was reviewed by the audit committee, as was the basis for significant estimates and judgements.

It is the function of the committee to review and make recommendations to the board regarding quarterly financial results and the integrated report prior to approval by the board. The audit committee has complied with its legal, regulatory and other responsibilities. The audit committee recommended the integrated report to the board for approval.

The committee satisfied its responsibilities for the period in compliance with its terms of reference.

External audit

A key factor that may impair auditors' independence is a lack of control over non-audit services provided by the external auditors. In essence, the external auditors' independence is deemed to be impaired if the auditors provide a service which:

- results in auditing of own work by the auditors;
- results in the auditors acting as a manager or employee of the company;
- puts the auditors in the role of advocate for the company; or
- creates a mutuality of interest between the auditors and the company.

The company addresses this issue through three primary measures, namely:

- disclosure of the extent and nature of non-audit services;
- the prohibition of selected services; and
- prior approval by the audit committee of non-audit services.

Other safeguards encapsulated in the policy include:

- the external auditors are required to assess periodically, in their professional judgement, whether they are independent of the company;
- the audit committee ensures that the scope of the auditors' work is sufficient and that the auditors are fairly remunerated; and
- the audit committee has primary responsibility for making recommendations to the board on the appointment, reappointment and removal of the external auditors.

The committee reviews audit plans for external audits and the outcome of the work performed in executing these plans. They further ensure that items identified for action are followed up. The external auditors report annually to the audit committee to confirm that they are and have remained independent from the company during the period.

The audit committee considered information pertaining to the balance between fees for audit and non-audit work for the Company for 2016 and concluded that the nature and extent of non-audit fees do not present a threat to the external auditors' independence. Furthermore, after reviewing a report from the external auditors on all their relationships with the company that might reasonably have a bearing on the external auditors' independence and the audit engagement partner and staff's objectivity, and the related safeguards and procedures, the committee has concluded that the external auditors' independence was not impaired. The audit committee approved the external auditors' terms of engagement, scope of work, the annual audit and the applicable levels of materiality. Based on written reports submitted, the committee reviewed, with the external auditors, the findings of their work and confirmed that all significant matters had been satisfactorily resolved. The committee determined that the 2016 audit was completed without any restriction on its scope.

The audit committee has satisfied itself as to the suitability of the external auditors for re-appointment for the ensuing year.

Internal audit

The company does not have a formalised internal audit department. This is primarily due to the fact that the majority of property management functions are outsourced to external property managers who are subjected to annual external audits. The audit committee continually examines the appropriateness of utilising independent internal auditors to periodically review activities of the company and service providers.

Ethical performance

The board of directors form the core of the values and ethics subscribed to by the company through its various committees. These values and ethics are sustained by the directors' standing and reputation in the business community and their belief in free and fair dealings in utmost good faith and respect for laws and regulations.

Rockcastle has a code of ethics communicated to all staff. The code of ethics stipulates, among other things, that all stakeholders are expected to act in good faith, that bribery in any form is not tolerated, all conflicts of interest need to be declared and that compliance with all legislation is of utmost importance. The code of ethics is reviewed by the social and ethics committee on an annual basis.

The board is not aware of any transgressions of the code of ethics during the period.

No issues of non-compliance, fines or prosecutions were levied against Rockcastle during the period.

Internal financial and operating controls

A framework of financial reporting, internal and operating controls has been established by the board to ensure reasonable assurance as to accurate and timeous reporting of business information, safeguarding of group assets, compliance with laws and regulations, financial information and general operation.

The board reviewed and was satisfied with the effectiveness of the internal financial and operating controls, the process of risk management and the monitoring of legal governance compliance within the company.

Investment committee

All acquisitions, disposals, developments and capital expenditure are considered by the investment committee. The investment committee approves acquisitions, disposals, developments and capital expenditure up to pre-set limits.

As at the end of the financial period, the investment committee comprised: Andre van der Veer (chairman), Mark Olivier, Barry Stuhler and Spiro Noussis.

The investment committee's responsibilities and duties are governed by a charter that was reviewed by the board in 2016.

Nomination committee

The nomination committee is mandated by the board to identify suitable board candidates in order to fill vacancies, ensure there is a succession plan in place for key management, assess the independence of non-executive directors and assess the composition of the board subcommittees. The nomination committee recommends the individuals to the board for appointment.

As at the end of the financial period, the nomination committee comprised: Mark Olivier (chairman), Barry Stuhler and Rory Kirk.

The nomination committee's responsibilities and duties are governed by a charter that was reviewed by the board in 2016.

Remuneration committee

The remuneration committee is mandated by the board to determine the remuneration and incentivisation of all employees, including executive directors. In addition, the remuneration committee recommends directors' fees payable to non-executive directors and members of board subcommittees. Further details are provided in the remuneration report on pages 23 to 24 and note 31 to the financial statements.

As at the end of the financial period, the remuneration committee comprised: Rory Kirk (chairman), Yan Ng and Mark Olivier.

The remuneration committee's responsibilities and duties are governed by a charter that was reviewed by the board in 2016.

Risk committee

The risk committee is mandated by the board to ensure that a sound risk management system is maintained, to assist the board in discharging its duties relating to the safeguarding of assets and to ensure that the company has implemented an effective plan for risk management that will enhance the company's ability to achieve its strategic objectives.

The risk management plan, which is in line with industry practice, is reviewed annually and the risk matrix is reviewed by the committee at each meeting. The risk committee is satisfied that the company has complied, in all material respects, with its risk management policy.

As at the end of the financial period, the risk committee comprised: Andre van der Veer (chairman), Barry Stuhler, Spiro Noussis, Yan Ng and Rory Kirk.

The risk committee's responsibilities and duties are governed by a charter that was reviewed by the board in 2016.

Social and ethics committee

The social and ethics committee is a committee whose focus is to monitor compliance with labour legislation as well as corporate social responsibilities and corporate citizenship. The social and ethics committee also serves the function of ensuring that the reporting requirements on corporate governance are in accordance with the principles of the Code.

As at the end of the financial period, the social and ethics committee comprised: Rory Kirk (chairman), Yan Ng and Karen Bodenstein.

The social and ethics committee's responsibilities and duties are governed by a charter that was reviewed by the board in 2016.

Company secretary

The board considered the competence, qualifications and experience of the company secretary, Intercontinental Trust Limited ("ITL"), and ITL was deemed fit to continue in the role as company secretary for Rockcastle. ITL is independent of Rockcastle and the relationship with the board has been assessed and is considered to be at arm's length.

The board has considered and has concluded that Yan Ng's role as both a director of ITL and as a non-executive director of Rockcastle does not impact the independence of the company secretary. In reaching this conclusion the board has, amongst other things, considered the following factors:

- ITL is one of the largest management companies in Mauritius and the provision of company secretarial functions is within the ordinary course of its business.
- ITL is paid a market-related fee for these services by the company which is governed by a service level agreement between Rockcastle and ITL.
- ITL itself is not a director of Rockcastle.
- Yan Ng is an executive director of ITL and his position as executive director does not involve oversight over the day-to-day company secretarial functions undertaken by ITL for Rockcastle.
- Yan Ng is not the point of contact between Rockcastle and ITL pertaining to company secretarial matters. In addition, no correspondence pertaining to company secretarial matters is sent to him unless it involves the business of the non-executive directors of Rockcastle and other non-executives are also included.
- Yan Ng is not responsible for the engagement between Rockcastle and ITL from ITL's perspective.
- The board undertakes an evaluation of the company secretary on an annual basis and has concluded that they are sufficiently independent and have the requisite qualifications, experience and competence to fulfil the role of company secretary.

Information technology ("IT") governance

The board is ultimately responsible for IT governance. The Rockcastle IT function is outsourced to a third party service provider and is governed by a service level agreement. Compliance with the service level agreement is monitored by management and the terms are reviewed on a regular basis.

The risks and controls over IT assets and data are considered by the risk committee.

Dealing in securities by the directors

Dealing in the company's securities by directors and company officials is regulated and monitored as required by the SEM Listing Rules and the JSE Listings Requirements. With regard to directors' dealings in the shares of their own company, the directors confirm that they have followed the absolute prohibition principles and notification requirements of the model code for securities transactions by directors as detailed in Appendix 6 of the SEM Listing Rules. All directors' trading must take place exclusively outside of the closed periods prescribed by the Stock Exchange Regulations and requires written authorisation from the board of directors. Rockcastle maintains a closed period from the end of a financial period to the date of publication of the financial results.

Refer to page 10 for current holdings by directors and to note 9 of the financial statements for disclosure of shares issued to directors for the period.

Communications with stakeholders

Rockcastle is committed to ensuring timeous, effective and transparent communication with shareholders and other stakeholders as set out below:

Stakeholder	Communication
Shareholders	Rockcastle is committed to providing shareholders with timely access to applicable information. Communication with its shareholders is open, honest and transparent. Shareholders are provided with information via circulars and integrated and interim reports. Additional information is provided on Rockcastle's website, via SENS announcements and press releases.
Analysts	Rockcastle holds semi-annual results presentations in South Africa.
Financiers	Rockcastle meets with its financiers on a regular basis to discuss its requirements and theirs. Information is provided through analyst presentations, road shows, integrated reports and interim reporting.
Tenants	Rockcastle strives to form mutually beneficial business relationships with its tenants. Rockcastle's asset managers and property managers meet with the tenants on a regular basis and conduct regular site visits to Rockcastle's properties.
Government	Rockcastle endeavours to have mutually beneficial relationships with government, its departments and parastatals. Rockcastle engages with local authorities both directly and via its property managers and external consultants regarding utility issues, rates clearances, zoning, etc.
Business partners	Rockcastle maintains professional working relationships with its business partners at the same time as fostering a culture of teamwork. Rockcastle ensures that all of its business partners fully understand its performance standards and requirements. Rockcastle's business partners include the property managers and both Rockcastle's asset managers and senior management meet with the property managers on a regular basis.
Communities and environment	Rockcastle is committed to being a good corporate citizen and frequently evaluates the impact of its projects and developments on society and the environment.
Suppliers	Rockcastle maintains professional working relationships with all of its suppliers and ensures that its suppliers understand Rockcastle's performance standards and requirements. Where possible, Rockcastle will have service level agreements or terms of reference for its relationships with suppliers, which include performance expectations.

Material clauses of the constitution

There are no clauses of the constitution deemed material enough for separate disclosure.

Shareholders agreements

There are currently no shareholders' agreements affecting the governance of Rockcastle by the board.

Promotion of access to information act

There were no requests for information lodged with the company in terms of the Promotion of Access to Information Act, No 2 of 2000.

Dividend policy

The company has a semi-annual distribution policy as set out in the initial listing particulars.

Miscellaneous items

The company does not have an employee share option scheme.

The company and its subsidiaries made no charitable or political donations during the period.

Related party transactions are set out in note 31 to the financial statements.

There is no third party management agreement between third parties and the company in the period under review besides the property management agreements that relate to the day-to-day property management of Rockcastle's properties.

Some of the company's subsidiaries in Poland incurred statutory audit fees in the ordinary course of business during the period. Remuneration paid to auditors for other services are disclosed in note 20 to the financial statements.

The company's share price performance is set out on pages 51 to 52.

The group's remuneration policy is set out on pages 23 to 24.

< Pogoria Shopping Centre

Dąbrowa Górnicza, Poland

ROCKCASTLE
GLOBAL REAL ESTATE COMPANY LIMITED

Three-year review

< Platan Shopping Centre

Artist's impression

Zabrze, Poland

Summarised consolidated statement of financial position	31 December 2016 (USD'000)	30 June 2015 (USD'000)	30 June 2014 (USD'000)
Information shown on a proportionate consolidated basis			
ASSETS			
Investment property	**1 258 786**	58 708	-
Straight-lining of rental revenue adjustment	**199**	415	-
Investment property under development	**5 611**	7 436	-
Intangible assets	**7 341**	-	-
Goodwill	**17 433**	-	-
Listed security investments	**383 994**	2 161 724	1 565 259
Property, plant and equipment	**499**	-	-
Rockcastle management incentive loans	**26 968**	25 129	17 000
Investment in and loans to joint ventures	**37 000**	41 727	5 192
Deferred tax assets	**1 253**	-	-
Current assets	**340 218**	31 366	19 125
Total assets	**2 079 302**	2 326 505	1 606 576
EQUITY AND LIABILITIES			
Total equity attributable to equity holders	**1 556 106**	1 241 128	983 184
Non controlling interest	**532**	-	-
Interest-bearing borrowings	**426 768**	1 080 391	615 953
Deferred tax liabilities	**25 322**	-	-
Current liabilities	**70 574**	4 986	7 439
Total equity and liabilities	**2 079 302**	2 326 505	1 606 576
Net asset value per share (USD)	**1,65**	1,46	1,39
Interest-bearing debt to asset ratio #	**37.7%**	46.9%	38.8%

The interest-bearing debt to asset ratio is calculated by dividing total gross interest-bearing borrowings adjusted for cash on hand by the total investments in property and related intangibles (excluding goodwill), listed securities and loans advanced.

Summarised consolidated statement of comprehensive income	For the period ended 31 December 2016 (USD'000)	For the year ended 30 June 2015 (USD'000)	For the year ended 30 June 2014 (USD'000)
Information shown on a proportionate consolidated basis			
Net rental and related revenue	**36 942**	1 992	-
Income from derivatives and listed securities	**90 254**	77 931	54 088
Income from joint ventures	**8 263**	5 892	35
Gain on acquisition of subsidiary	**1 731**	-	-
Fair value gain on investment properties and listed security investments	**134 200**	14 637	105 081
Foreign exchange gain/(loss)	**12 169**	(77 935)	6 915
Operating expenses	**(5 974)**	(2 994)	(1 327)
Profit before net finance costs	**277 585**	19 523	164 792
Net finance costs	**(2 656)**	(9 371)	(22 174)
Profit before income tax	**274 929**	10 152	142 618
Income tax	**(6 838)**	(20)	(607)
Profit for the period	**268 091**	10 132	142 011

Share statistics			
Shares in issue	**945 502 019**	847 862 018	705 500 000
Dividend per share (USD cents)	**14,60**	8,70	8,25
Annualised distribution growth	**12.1%**	5.5%	4.4%
Market capitalisation (USD million)	**2 381**	1 882	1 125

Property statistics			
Total number of properties	**13**	4	1
Total GLA (m²)	**432 380**	58 679	11 859
Vacancy %	**7.80%**	0.02%	0.0%

Property	Occupation %	GLA (m²)	Vacant GLA (m²)
Bonarka City Center	92%	72 543	5 750
Karolinka Shopping Centre	96%	69 994	2 612
Forum Liberec Shopping Centre	83%	47 087	7 861
Galeria Warmińska	100%	42 695	121
Pogoria Shopping Centre	97%	36 706	1 084
Focus Mall Piotrków Trybunalski	78%	35 141	7 886
Focus Mall Zielona Góra	89%	28 909	3 172
Platan Shopping Centre	97%	25 336	823
Galeria Wołomin	94%	24 153	1 506
Galeria Tomaszów	98%	18 466	425
Solaris Shopping Centre	86%	17 689	2 508
Cosmopolitan Mall	100%	13 076	-
Rockcastle House	100%	585	-
		432 380	**33 748**

< Forum Liberec Shopping Centre

Liberec, Czech Republic

< Pogoria Shopping Centre

Dąbrowa Górnicza, Poland

Directors' responsibility for the annual financial statements

For the period ended 31 December 2016

The directors acknowledge their responsibilities for:

(i) adequate accounting records and maintenance of effective internal control systems;
(ii) the preparation of the consolidated annual financial statements and annual financial statements which fairly present the state of affairs of the company as at the end of the financial period and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards ("IFRS"); and
(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The external auditors are responsible for reporting on whether the consolidated annual financial statements and annual financial statements are fairly presented.

The directors report that:

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
(iii) IFRS has been adhered to. Any departure in the interest of fair presentation has been disclosed, explained and quantified; and
(iv) the Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

In addition, the directors have made an assessment of the group's and company's ability to continue as a going concern and there is no reason to believe that the business will not be a going concern in the year ahead.

Approval of the consolidated annual financial statements and annual financial statements of the company

The consolidated annual financial statements and annual financial statements of the group and company were approved by the board of directors on 15 February 2017 and signed on its behalf by:

Mark Olivier	Spiro Noussis
Chairman	Chief executive officer

Statement of compliance

We, the directors of Rockcastle, confirm to the best of our knowledge that the company has complied with all of its obligations and requirements under the Code of Corporate Governance.

Mark Olivier	Spiro Noussis
Chairman	Chief executive officer

Company secretary's certificate for the period ended 31 December 2016

We certify that, to the best of our knowledge and belief, the company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.

Intercontinental Trust Ltd.

Company secretary

ROCKCASTLE GLOBAL REAL ESTATE COMPANY LIMITED

Report of the audit committee

The audit committee is pleased to submit its report for the period ended 31 December 2016. Details on the composition of the audit committee, frequency of meetings and attendance at meetings are set out in the board of directors' section of the integrated report on page 10 and further details on the role of the audit committee are set out in the corporate governance review section on pages 61 to 70. The committee met six times during the financial period.

Execution of the functions of the audit committee

The audit committee has carried out its functions in terms of the applicable requirements of the Companies Act, the Code of Corporate Governance and the JSE Listings Requirements, the audit committee charter as approved by the board as well as the duties specifically delegated by the Company's board of directors.

External auditors

The audit committee is satisfied that the external auditors are independent of the group. The audit committee considered information pertaining to the balance between fees received by the external auditors for audit and non-audit work for the group in 2016 and concluded that the nature and extent of non-audit fees do not present a threat to the external auditors' independence. Furthermore, after obtaining confirmation and reviewing a report from the external auditors on all of their relationships with the company that might reasonably have a bearing on the external auditors' independence and the audit engagement partner's objectivity, and the related safeguards and procedures, the audit committee has concluded that the external auditors' independence was not impaired.

The audit committee approved the external auditors' terms of engagement, scope of work, the annual fee and noted the applicable levels of materiality. Based on written reports submitted, the audit committee reviewed, with the external auditors, the findings of their work and confirmed that all significant matters had been satisfactorily resolved. The audit committee is satisfied that the 2016 audit was completed without any restrictions on its scope.

The audit committee has satisfied itself as to the suitability of the external auditors for re-appointment for the ensuing year.

Financial statements and accounting policies

The audit committee has reviewed and discussed the audited annual financial statements included in this integrated report with the external auditors, the chief executive officer and the chief financial officer and have considered the accounting treatments and judgements as well as the accounting policies applied in the preparation of the annual financial statements.

Following the review by the audit committee of the consolidated and separate annual financial statements of Rockcastle for the period ended 31 December 2016, the committee is of the view that, in all material respects, it complies with the relevant provisions of the Companies Act and IFRS and fairly presents the financial position at that date and the results of its operations and cash flows for the period. In conjunction with the risk committee and social and ethics committee, the committee has also satisfied itself as to the integrity of the remainder of the integrated report.

On 11 February 2016 the JSE Limited issued a report on the findings of their process of monitoring financial statements for compliance with IFRS. This report was considered by the audit committee during the review of the consolidated and separate annual financial statements.

The audit committee has applied its mind to the preparation and presentation of the integrated report and acknowledges its responsibility to ensure the integrity of the integrated report. The audit committee recommended the integrated report to the board for approval.

Internal financial controls

The audit committee has satisfied itself that no breakdown in accounting controls, procedures and systems has occurred during the period under review that could have a material impact on financial reporting.

Finance function review

The audit committee has considered and confirms that the chief financial officer, Nick Matulovich, has the appropriate expertise and experience and that the finance function has adequate resources and expertise.

Rory Kirk

Chairman of the audit committee

15 February 2017

Independent auditor's report

To the Shareholders of Rockcastle Global Real Estate Company Limited

This report is made solely to the members of Rockcastle Global Real Estate Company Limited (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Rockcastle Global Real Estate Company Limited and its subsidiaries (the Group), and the Company's separate financial statements on pages 83 to 147 which comprise the statements of financial position as at 31 December 2016 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 83 to 147 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. The group

Key audit matter

The Group carries its investment properties at fair value. At 31 December 2016, the carrying amount of investment properties amounted to USD 1.3 billion, which is material to the financial statements. Moreover, the valuation exercise involves the use of judgement and assumptions, which are affected by expected future market conditions, amongst others.

Related Disclosures

Refer to note 3 of the accompanying financial statements.

Audit Response

We reviewed the independent valuation reports and documented and understood the valuation methods used. We also held discussion with the independent valuer regarding the yield applied and other assumptions used. For recently purchased properties for which no independent valuation was done, we enquired on whether there have been any changes from date of acquisition to year end.

2. The Company

Key audit matter

At 31 December 2016, amount receivable from one of the company's subsidiaries amounted to USD2.2 billion. The amount is significant to the financial statements. The amount is unsecured and has no fixed terms of repayment and is expected to be refunded in the normal course of business.

Related Disclosures

Refer to note 7 of the accompanying financial statements.

Audit Response

We tested the recoverability of the amount receivable with regards to underlying independently valued assets of the subsidiaries, being the property holding companies.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Integrated Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

• Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors, business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Financial Reporting Act 2004

The Directors are responsible for preparing the corporate governance report. Our responsibility is to report the extent of compliance with the Code of Corporate Governance as disclosed in the Integrated Report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the Integrated Report is consistent with the requirements of the Code.

BDO & CO
Chartered Accountants
Port Louis,Mauritius.

Rookaya Ghanty, FCCA
Licensed by FRC

Financial statements

AS AT 31 DECEMBER 2016

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	Group 31 Dec 2016 USD'000	Group 30 Jun 2015 USD'000	Company 31 Dec 2016 USD'000	Company 30 Jun 2015 USD'000
ASSETS					
Non-current assets		**1 739 084**	2 295 139	**2 226 468**	2 275 124
Investment property	3	**1 258 786**	58 708	**-**	-
Straight-lining of rental revenue adjustment	3	**199**	415	**-**	-
Investment property under development	3	**5 611**	7 436	**-**	-
Intangible asset	4	**7 341**	-	**-**	-
Goodwill	5	**17 433**	-	**-**	-
Listed security investments	6	**383 994**	2 161 724	**-**	2 161 724
Property, plant and equipment		**499**	-	**-**	-
Investment in and loans to subsidiaries	7	**-**	-	**2 199 500**	88 271
Investment in and loans to joint ventures	8	**37 000**	41 727	**-**	-
Rockcastle management incentive loans	9	**26 968**	25 129	**26 968**	25 129
Deferred tax assets	10	**1 253**	-	**-**	-
Current assets		**340 218**	31 366	**11 797**	29 527
Equity derivative collateral	12	**244 524**	-	**-**	-
Financial assets at fair value through profit or loss	15	**18 004**	14 849	**-**	14 849
Investment income receivable	11	**2 810**	7 589	**190**	7 589
Trade and other receivables	13	**50 376**	561	**2 762**	3
Loans to development partners	14	**-**	5 332	**-**	5 332
Income tax receivable		**414**	-	**-**	-
Cash and cash equivalents	12	**24 090**	3 035	**8 845**	1 754
Total assets		**2 079 302**	2 326 505	**2 238 265**	2 304 651
EQUITY AND LIABILITIES					
Total equity attributable to equity holders		**1 556 106**	1 241 128	**2 235 233**	1 236 891
Stated capital	16	**1 383 676**	1 180 670	**1 383 676**	1 180 670
Retained income		**371 467**	183 601	**1 018 155**	176 017
Non-distributable reserves		**(168 723)**	(123 947)	**(166 598)**	(119 796)
Currency translation reserve		**(30 314)**	804	**-**	-
Non-controlling interest		**532**	-	**-**	-
		1 556 638	1 241 128	**2 235 233**	1 236 891
Total liabilities		**522 664**	1 085 377	**3 032**	1 067 760
Non-current liabilities		**450 552**	16 614	**-**	-
Interest-bearing borrowings	17	**425 230**	16 614	**-**	-
Deferred tax liabilities	10	**25 322**	-	**-**	-
Current liabilities		**72 112**	1 068 763	**3 032**	1 067 760
Financial liabilities at fair value through profit or loss	15	**6 633**	1 975	**-**	1 975
Interest-bearing borrowings	17	**1 538**	1 063 777	**-**	1 063 777
Trade and other payables	18	**63 872**	2 991	**2 963**	1 988
Income tax payable		**69**	20	**69**	20
Total equity and liabilities		**2 079 302**	2 326 505	**2 238 265**	2 304 651

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Group		Company	
		For the 18 months ended 31 Dec 2016 USD'000	For the 12 months ended 30 Jun 2015 USD'000	For the 18 months ended 31 Dec 2016 USD'000	For the 12 months ended 30 Jun 2015 USD'000
Net rental and related revenue		**36 942**	1 992	**-**	-
Recoveries and contractual rental revenue		**49 417**	2 240	**-**	-
Straight-lining of rental revenue adjustment		**199**	415	**-**	-
Rental revenue		**49 616**	2 655	**-**	-
Property operating expenses		**(12 674)**	(663)	**-**	-
Income from derivatives and listed securities	19	**90 254**	77 931	**80 011**	77 931
Dividend income on physical listed security holdings		**11 204**	5 400	**11 204**	5 400
Equity and other derivative gains		**79 050**	72 531	**68 807**	72 531
Income from joint ventures	33	**8 263**	5 892	**4 481**	-
Gain on acquisition of subsidiary	32	**1 731**	-	**-**	-
Fair value gain on investment property and listed security investments		**134 200**	14 637	**857 834**	15 052
Adjustment resulting from straight-lining of rental revenue		**(199)**	(415)	**-**	-
Fair value gain on investment property	3	**43 228**	-	**-**	-
Fair value loss on financial instruments at fair value through profit or loss		**(19 407)**	(6 090)	**(19 003)**	(6 090)
Fair value gain on listed security investments	6	**110 578**	21 142	**876 837**	21 142
Foreign exchange gain/(loss)		**12 169**	(77 935)	**(19 072)**	(74 212)
Operating expenses		**(5 974)**	(2 994)	**(4 435)**	(2 733)
Profit before net finance costs		**277 585**	19 523	**918 819**	16 038
Net finance costs		**(2 656)**	(9 371)	**(712)**	(9 284)
Finance income		**3 359**	2 363	**3 581**	2 462
Interest on Rockcastle management incentive loans		**2 150**	1 149	**2 150**	1 149
Interest and facilitation fee		**441**	-	**426**	-
Interest received from group companies		**-**	-	**237**	99
Interest on development partner loans		**768**	1 214	**768**	1 214
Finance costs		**(6 015)**	(11 734)	**(4 293)**	(11 746)
Interest on borrowings		**(7 871)**	(11 913)	**(4 293)**	(11 746)
Capitalised interest	3	**1 856**	179	**-**	-
Profit before income tax expense	20	**274 929**	10 152	**918 107**	6 754
Income tax expense	21	**(6 838)**	(20)	**(69)**	(20)
Profit for the period		**268 091**	10 132	**918 038**	6 734

OTHER COMPREHENSIVE INCOME NET OF TAX

FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Group		Company	
		For the 18 months ended 31 Dec 2016 USD'000	For the 12 month ended 30 Jun 2015 USD'000	For the 18 months ended 31 Dec 2016 USD'000	For the 12 months ended 30 Jun 2015 USD'000
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations - equity holders of the company		**(32 775)**	804	**-**	-
Exchange differences on translation of foreign operations - non-controlling interest		**(121)**	-	**-**	-
Reclassification of exchange differences on joint ventures on sale of investments		**1 657**	-	**-**	-
		(31 239)	804	**-**	-
Total comprehensive income for the period		**236 852**	10 936	**918 038**	6 734
Profit for the period attributable to:					
Equity holders of the company		**267 449**	10 132	**918 038**	6 734
Non-controlling interest		**642**	-	**-**	-
		268 091	10 132	**918 038**	6 734
Total comprehensive income for the period attributable to:					
Equity holders of the company		**236 331**	10 936	**918 038**	6 734
Non-controlling interest		**521**	-	**-**	-
		236 852	10 936	**918 038**	6 734
Weighted average number of shares in issue		**916 429 393**	772 800 853	**916 429 393**	772 800 853
Basic earnings per share (USD cents)	25	**29.18**	1.31	**100.18**	0.87
Headline earnings per share (USD cents)	26	**23.77**	0.69	**14.96**	0.87

STATEMENTS OF CASH FLOWS

	Notes	Group: For the 18 months ended 31 Dec 2016 USD'000	Group: For the 12 months ended 30 Jun 2015 USD'000	Company: For the 18 months ended 31 Dec 2016 USD'000	Company: For the 12 months ended 30 Jun 2015 USD'000
Operating activities					
Cash generated from operations	22.1	**130 404**	61 053	**79 279**	63 016
Interest received on management incentive loans advanced		**-**	1 149	**-**	1 149
Distributions received from joint ventures		**3 907**	-	**-**	-
Interest received on equity derivative collateral		**3 913**	-	**3 802**	-
Interest and facilitation fee received		**361**	-	**361**	-
Interest paid on borrowings		**(10 907)**	(7 836)	**(7 218)**	(7 668)
Income tax paid	22.3	**(536)**	(607)	**(20)**	(607)
Cash inflow from operating activities		**127 142**	53 759	**76 204**	55 890
Investing activities					
Rockcastle management incentive loans advanced		**(14 120)**	(8 129)	**(14 120)**	(8 129)
Rockcastle management incentive loans repayments		**13 809**	-	**13 809**	-
Proceeds from disposal of joint ventures and subsidiaries		**21 606**	-	**21 606**	-
Investment in joint venture		**(6 581)**	(18 136)	**-**	-
Development partner loans advanced		**(5 912)**	(5 332)	**(5 912)**	6 370
Increase in investment in and loans to subsidiaries		**-**	-	**(757 803)**	(83 015)
Acquisition of subsidiaries, net of cash acquired		**(233 696)**	-	**-**	-
Acquisition and development of investment property		**(700 799)**	(66 380)	**-**	-
Acquisition of property, plant and equipment		**(593)**	-	**-**	-
Acquisitions of physical listed security investments		**(29 138)**	-	**(29 138)**	-
Disposals of physical listed security investments and cash flows from equity swap reset settlement proceeds		**608 293**	(653 258)	**624 517**	(653 258)
Cash outflow from investing activities		**(347 131)**	(751 235)	**(147 041)**	(738 032)
Financing activities					
Increase in interest-bearing borrowings		**165 867**	453 017	**-**	436 402
Cash flow on financial assets at fair value through profit or loss		**(5 138)**	-	**(2 376)**	-
Proceeds from share issuances		**96 019**	277 242	**96 019**	277 242
Equity contributed by non-controlling interest		**11**	-	**-**	-
Dividends paid to shareholders	22.2	**(15 715)**	(30 234)	**(15 715)**	(30 234)
Cash inflow from financing activities		**241 044**	700 025	**77 928**	683 410
Increase in cash and cash equivalents		**21 055**	2 549	**7 091**	1 268
Cash and cash equivalents at the beginning of the period		**3 035**	486	**1 754**	486
Cash and cash equivalents at the end of the period		**24 090**	3 035	**8 845**	1 754
Cash and cash equivalents consist of:					
Current accounts	12	**24 090**	3 035	**8 845**	1 754

STATEMENTS OF CHANGES IN EQUITY

Group

	Stated capital USD'000	Retained income/(loss) USD'000	Non-controlling interest USD'000	Non-distributable reserves USD'000	Currency translation reserve USD'000	Total USD'000
Balance at 30 June 2014	871 154	131 714	-	(19 684)	-	983 184
Issue of shares	277 242					277 242
Dividends declared	32 274	(62 508)				(30 234)
Exchange differences on translation of foreign operations					804	804
Profit for the year		10 132				10 132
Transfer from non-distributable reserves		104 263		(104 263)		-
Balance at 30 June 2015	**1 180 670**	**183 601**	**-**	**(123 947)**	**804**	**1 241 128**
Shares issued and *cum* distribution portion on issue during the period	**92 641**	**3 378**				**96 019**
Dividends declared	**110 365**	**(126 080)**				**(15 715)**
Exchange differences on translation of foreign operations			**(121)**		**(32 775)**	**(32 896)**
Reclassification of exchange differences on joint ventures on sale of investments		**(1 657)**			**1 657**	**-**
Profit for the period		**267 449**	**642**			**268 091**
Equity contributed			**11**			**11**
Transfer to non-distributable reserves		**44 776**		**(44 776)**		**-**
Balance at 31 December 2016	**1 383 676**	**371 467**	**532**	**(168 723)**	**(30 314)**	**1 556 638**

Company

	Stated capital USD'000	Retained income(loss) USD'000	Non-distributable reserves USD'000	Total USD'000
Balance at 30 June 2014	871 154	131 679	(19 684)	983 149
Issue of shares	277 242			277 242
Dividends declared	32 274	(62 508)		(30 234)
Profit for the year		6 734		6 734
Transfer to non-distributable reserves		100 112	(100 112)	-
Balance at 30 June 2015	**1 180 670**	**176 017**	**(119 796)**	**1 236 891**
Shares issued and *cum* distribution portion on issue during the period	**92 641**	**3 378**		**96 019**
Dividends declared	**110 365**	**(126 080)**		**(15 715)**
Profit for the period		**918 038**		**918 038**
Transfer to non-distributable reserves		**46 802**	**(46 802)**	**-**
Balance at 31 December 2016	**1 383 676**	**1 018 155**	**(166 598)**	**2 235 233**

Notes to the annual financial statements

For the period ended 31 December 2016

Reporting entity

Rockcastle Global Real Estate Company Limited ("the company") is a public company limited by shares incorporated in Mauritius on 30 March 2012. The company holds a Category One Global Business Licence issued by the Financial Services Commission. The consolidated financial statements of the company for the period ended 31 December 2016 comprise the company, its subsidiaries and joint ventures. The financial statements were authorised for issue by the directors on 15 February 2017.

The company changed its financial year end date from 30 June to 31 December. Accordingly, the financial results presented in the statement of comprehensive income and statements of cash flows are in respect of the 18-month period ended 31 December 2016 and the comparative period presented is in respect of the 12-month period ended 30 June 2015.

The group's main activity is to invest globally in listed real estate assets and direct property in developed and developing markets. Its registered office is Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius. These financial statements will be submitted for consideration and approval at the forthcoming AGM.

Basis of preparation

Basis of measurement

The financial statements are prepared on the historical cost basis, except for derivative financial instruments, investment property and financial instruments designated as financial instruments at fair value through profit or loss and other relevant financial assets and financial liabilities, which are measured at fair value or carried at amortised cost, as appropriate.

Statement of compliance

The consolidated and separate financial statements of the group are prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations committee of the IASB. The consolidated and separate financial statements comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, the SEM Listing Requirements and with the Mauritian Companies Act 2001.

The accounting policies are consistent with those applied in the prior periods with the exception of standards and interpretations that became effective in the current year.

This report was compiled under the supervision of Nick Matulovich CA(SA), the chief financial officer.

Functional and presentation currency

The functional currency of Rockcastle is the United States Dollar ("USD") and the group has elected to present its financial statements in USD, being the denomination of the issued stated capital of the group, rounded to the nearest thousand (USD'000) unless otherwise indicated.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are set out in note 30.

1 Accounting policies

The accounting policies set out below have been applied in preparing the financial statements for the period ended 31 December 2016.

1.1 Basis of consolidation

Subsidiaries

The consolidated annual financial statements incorporate the annual financial statements of the company and entities controlled by the company and its subsidiaries.

Control is achieved when the company:

• has power over the investee;

• is exposed, or has rights, to variable returns from its involvement with the investee; and

• has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

• the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

• potential voting rights held by the company, other vote holders or other parties;

• rights arising from other contractual arrangements; and

• any additional facts and circumstances that indicate that the company may have the current ability to direct the relevant activities at the time that decisions need to be made.

The results of subsidiaries are included from the date control was acquired up to the date control ceased. The purchase method of accounting has been adopted to account for the cost of the acquisition of the investments. Cost comprises the fair value of any assets transferred, liabilities or obligations assumed and equity instruments issued and excludes transaction costs. Transaction costs are expensed.

Investments in subsidiaries of the company are reflected at cost less accumulated impairment losses.

The accounting policies of the subsidiaries are consistent with those of the company.

Foreign subsidiaries

On consolidation, the assets and liabilities of the group's overseas entities are translated at exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are classified in other comprehensive income.

Such translation differences are recognised in profit or loss in the period in which the entity is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Investment in associates and joint ventures

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated into these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the group's share of losses of an associate or a joint venture exceeds the group's interest in that associate or joint venture, the group discontinues recognising its share of further losses.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. Loans advanced to joint ventures are capitalised to the value of the investment in joint ventures and disclosed as investments in and loans to joint ventures.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

The accounting policies of the joint ventures are consistent with those of the group.

Transactions eliminated on consolidation

In preparing the consolidated financial statements, intragroup balances and any unrealised gains and losses arising from intragroup transactions with subsidiaries and joint ventures are eliminated to the extent of the group's interest in these entities.

Transactions in foreign currency

The results of foreign entities are translated as follows:

• statement of financial position - at the spot exchange rate at period end (monetary items) or at rates of exchange ruling at the date of the transaction (non-monetary items)

• statement of comprehensive income - at the average exchange rate for the period.

1.2 Investment property

Investment property

Investment properties are those held either to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business or for administration purposes.

The cost of investment property comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment property is capitalised when it is probable that there will be future economic benefits from the use of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition, investment properties are measured at fair value. Fair values are determined annually by external independent professional valuers with appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. Valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of the methods. Gains or losses arising from changes in the fair values are included in profit or loss for the period in which they arise. In the prior period, unrealised gains, net of deferred tax, were transferred to a non-distributable reserve in the statement of changes in equity. Unrealised losses, net of deferred tax, were transferred to a non-distributable reserve to the extent that the decrease did not exceed the amount held in the non-distributable reserve.

Immediately prior to disposal of investment property the investment property is revalued to the net sales proceeds and such revaluation is recognised in profit or loss during the period in which it occurs.

When the group redevelops an existing investment property for continued future use as investment property, the property remains classified as investment property. The investment property is not reclassified as investment property under development during the redevelopment, excluding assets which will undergo complete redevelopment and for which the historic income producing nature is materially diminished prior to completion.

Investment property under development

Property that is being constructed or developed for future use as investment property is classified as investment property under development until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. To the extent that developments can be accurately fair valued, developments are carried at fair value.

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures for the development qualifying as acquisition costs, are capitalised.

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the assets are substantially ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of development cost financed out of general funds, the weighted average cost of borrowings.

1.3 Financial instruments

Financial assets and liabilities are recognised in the group's statements of financial position when the group has become party to the contractual provisions of the instrument. Financial instruments acquired for trading purposes and derivative instruments are stated at fair value. Resulting gains or losses are recognised directly in profit or loss. Financial instruments presented in the financial statements include cash and cash equivalents, investments in listed property securities, derivatives, loans, trade and other receivables, trade and other payables and interest-bearing borrowings. Financial instruments are initially recognised at fair value including transaction costs, except for those carried at fair value through profit or loss.

Subsequent to initial recognition, these instruments are measured as follows:

Financial assets

The classification of financial assets depends on their nature and purpose and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss and listed security investments - Financial assets at fair value through profit or loss and listed security investments are financial assets held-for-trading and those designated at fair value through profit or loss at inception. These assets are carried at fair value being the quoted closing price at the statement of financial position date. Realised and unrealised gains and losses arising from changes in the fair value of these investments are recognised in profit or loss in the period in which they arise. Attributable transaction costs are recognised in the statement of comprehensive income as incurred.

Trade and other receivables - Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents and equity derivative collateral
Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purposes of the statements of cash flows. Equity derivative collateral is cash held as collateral against the company's equity swap exposures. Cash and cash equivalents and equity derivative collateral are carried at amortised cost.

Impairment of financial assets - Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively impacted.

For trade receivables and investment income receivable, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised and the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss initially been recognised.

Derecognition of financial assets - A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where the contractual rights to receive cash flows from the asset have expired, the group retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement or the group has transferred its rights to receive cash flows from the asset and either:

• has transferred substantially all the risks and rewards from the asset; or

• has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Financial liabilities

Classification as debt or equity - Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Trade and other payables - Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss – Financial liabilities at fair value through profit or loss are carried at fair value. Realised and unrealised gains and losses arising from changes in fair value are recognised in profit or loss in the period in which they arise. Attributable transaction costs are recognised in the statement of comprehensive income as incurred.

Interest-bearing borrowings - All other financial liabilities, with the exception of those financial liabilities separately mentioned, are accounted for at amortised cost using the effective interest method.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Where an existing liability from a lender is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amount is recognised in profit or loss.

On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is recognised directly in profit or loss.

Effective interest method - The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset, or, where appropriate, a shorter period.

Offset - Where a legally enforceable right of set-off exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the assets simultaneously, all related financial effects are offset.

1.4 Derivative financial instruments

The group enters into a variety of derivative financial instruments to gain exposure to property securities and to hedge its interest rate risk arising from financing activities.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to the fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship. The group designates certain derivatives as either hedges of the fair value of recognised assets and liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges) or hedges of net investments in foreign operations.

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than twelve months and as a current asset or current liability if the remaining maturity of the hedge relationship is less than twelve months.

Derivatives not designated into an effective hedge relationship or that do not qualify in terms of hedge accounting rules, are classified as a current asset or current liability. The fair value of derivatives is the estimated amount that the group would receive or pay to terminate the derivative at the reporting date, taking into account current interest and exchange rates and the current creditworthiness of the swap counter parties.

1.5 Provisions and contingent liabilities

Provisions are recognised when a present legal or constructive obligation exists as a result of past events, for which it is probable that an outflow of economic benefits will occur and where a reliable estimate of the amount of the obligation can be made. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the obligation.

The group discloses a contingent liability when it has a possible obligation arising from past events, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group.

1.6 Stated capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds.

When stated capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity.

1.7 Employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service on an undiscounted basis. The accrual for employee entitlements to salaries and annual leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the statement of financial position date. The group does not provide any retirement or post-retirement benefits.

1.8 Revenue, investment income and expenses

Revenue

Revenue is recognised when it can be reliably measured and it is probable that the economic benefits will flow to the entity. Revenue is recognised at the fair value of the consideration received or receivable.

Revenue comprises rental revenue and recovery of expenses, excluding VAT. Rental revenue from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue over the lease period.

Other revenues earned by the group are recognised on the following bases:

• Dividend income - when the shareholder's right to receive payment is established. Dividend income is included in the statement of comprehensive income under income from derivatives and listed securities and relates to listed security positions that are held directly by the company or that are held via equity swap derivative instruments which are fully funded from a collateral perspective.

• Interest income - on a time-proportion basis using the effective interest method.

• Income from equity swap derivatives - when the derivative holder's right to receive payment is established. The equity swap mirrors the economic benefits associated with holding the underlying counter while accruing a funding cost. As such cash flows from the equity swap mirroring underlying counter income declarations are recognised under income from derivatives and listed securities together with associated funding costs thereon, however contractually such flows are settled as part of the net mark to market cash flows associated with the equity derivative contractual arrangement which are legally capital in nature as they represent cumulative fair value movements in the underlying contract.

Expenses

Service costs and property operating expenses

Service costs for service contracts entered into and property operating expenses are expensed as incurred.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense on a straight-line basis.

1.9 Finance income and finance costs

Finance income comprises interest receivable and is recognised as it accrues, taking into account the effective yield on the asset. Finance costs comprise interest payable on borrowings calculated using the effective interest rate method. Finance costs comprise interest payable on borrowings calculated using the effective interest method.

1.10 Tax

Current tax comprises tax payable calculated on the basis of the expected taxable income for the period, using the tax rates and laws enacted or substantively enacted at the reporting date, and any adjustment of tax payable in respect of previous years. Deferred tax is recognised for all taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, except to the extent that the deferred tax liability arises from:

• the initial recognition of goodwill; or

• the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax is charged to profit or loss except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in the statements of comprehensive income, except to the extent that it relates to items previously charged or credited directly to equity.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured at fair value, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

1.11 Translation of foreign currencies

The functional currency of Rockcastle is USD. Accordingly, transactions denominated in currencies other than USD are translated at the average rate of exchange during the month in which the transaction occurs. The prevailing rate of exchange on the date of a significant transaction is however utilised where significant fluctuations in the rate of exchange occur during the month in which the transaction occurs.

Monetary assets and liabilities denominated in foreign currencies (other than monetary items that form part of the net investment in a foreign operation) are translated at the rates of exchange ruling at the reporting date, with gains and losses recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost and are translated using the rates of exchange ruling at the date of the transaction.

1.12 Dividends to shareholders

A dividend to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividend is declared.

The balance on the statement of comprehensive income is transferred to retained income at the end of each financial period. Dividends paid in cash are deducted from retained income. Dividends for which shareholders elected to receive shares in lieu of cash are deducted from retained income and allocated to stated capital at the issue price determined in the scrip dividend circular net of share issue expenses.

1.13 Operating segments

A segment is a distinguishable component of the group that is engaged in providing services (business segment) or in providing services within a particular economic environment (geographic segment), which is subject to risks and returns that are different from those of other segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the board. The board reviews the group's internal reporting in order to assess performance. Segmental reporting, in line with internal reporting reviewed by the board, summarises the results generated by the group's listed securities portfolio and direct property portfolio. The corporate segment comprises corporate assets, related revenue and head office expenses.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of group revenue and expenses that can be allocated on a reasonable basis to a segment. Segmental assets comprise those assets that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

1.14 Related parties

Related parties in the case of the group include any shareholder who is able to exert a significant influence on the operating policies of the group. Directors, their close family members and any employee who is able to exert significant influence on the operating policies of the group are also considered to be related parties.

1.15 Earnings per share

The group presents basic and diluted earnings per share. It also presents headline and diluted headline earnings per share.

Basic earnings or loss per share is calculated by dividing profit or loss for the period attributable to equity holders by the weighted average number of shares in issue during the period. Headline earnings or loss per share is calculated by dividing headline earnings or loss by the weighted average number of shares in issue during the period.

Diluted earnings or loss per share is calculated by dividing profit or loss for the period attributable to equity holders by the weighted average number of shares in issue, adjusted for the potential dilutive impact of outstanding share options.

Diluted headline earnings or loss per share is calculated by dividing headline earnings or loss by the weighted average number of shares in issue, adjusted for the potential dilutive impact of outstanding share options acquired.

1.16 Distributable earnings per share

The Group presents distributable earnings per share, in accordance with its distribution policy.

Distributable earnings per share are calculated by dividing the distributable profit (earnings plus deferred tax, less/plus fair value increases/decreases, less/plus capital gains/losses on disposal and other adjustments that the board may consider necessary) for the period by the number of shares in issue which are entitled to dividends at the end of the period.

1.17 Non-distributable reserves

All realised/unrealised losses of a capital nature are transferred to non-distributable reserves.

1.18 Goodwill

Goodwill arises on acquisition of subsidiaries that constitute a business. Goodwill represents the amount paid in excess of the group's interest in the net fair value of the identifiable assets and liabilities of the acquired entity. When the excess is negative (negative goodwill) it is recognised directly in the statement of comprehensive income.

Subsequent measurement

Goodwill is not amortised but is tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquired entity are assigned to those units. Goodwill is usually generated exclusively by the recognition of deferred tax liabilities. The carrying amount of the cash-generating unit includes the values of the investment property, goodwill and the related deferred tax liability. Impairment testing is performed using the fair value less costs to sell approach. Goodwill is tested for impairment simultaneously with the corresponding investment property (refer to note 3).

On disposal of the subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

1.19 Intangible assets

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortised however, they are tested for impairment when a triggering event arises or at least once a year. Here, the respective carrying amounts are compared with the recoverable amount of the cash-generating unit. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses recognised on indefinite-life intangible assets other than goodwill are reversed if the original reasons for impairment no longer apply.

1.20 Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost, carried at amortised cost and tested annually for impairment. The cost of minor repairs and maintenance are expensed when incurred.

The cost of property, plant and equipment is depreciated on a straight-line basis over the length of their useful lives:

	Useful lives in years
Motor vehicles	5
Computer equipment	1-4
Office equipment and fittings	8-20
Office improvements	10

1.21 Business combinations

For each acquisition, management considers if a business exists, more specifically if inputs, significant processes and outputs exist. The inputs are represented by the properties. The outputs are the leases from which rental income is generated. In terms of processes, management considers if they exist and if they are substantive. Processes such as lease management, selection of tenants, marketing decisions, investment decisions, are seen as substantive processes that are indicative of the fact that a business combination exists. In assessing whether a transaction is a business combination, management looks at what has been acquired, rather than the group's subsequent intentions. A transaction is still accounted for as a business combination, even if the group is interested mostly in the assets that exist within the business acquired, whereas the processes and management within the business are disregarded or integrated within the existing structure.

For acquisitions or business combinations, the fair value of the net assets acquired is compared to the consideration transferred. If the fair value of net assets acquired is lower, the difference is recorded as goodwill. If the consideration is lower, the difference is recognised directly in the statement of comprehensive income.

If an acquisition does not qualify as a business combination, the purchase price is allocated to the individual assets and liabilities. Goodwill or deferred taxes are not recognised. Business combinations are accounted for using the acquisition method. The acquisition is recognised at the aggregate amount of the consideration transferred, measured at fair value on the date of acquisition and the amount of any non-controlling interest in the acquired entity.

For each business combination, the acquirer measures the non-controlling interest in the acquired entity either at fair value or as a proportionate share of their identifiable net assets. Transaction costs incurred are expensed.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation, in accordance with the contractual terms, economic circumstances and pertinent conditions on the date of acquisition.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value on the date of acquisition. Subsequent changes to the fair value of any contingent consideration classified as a liability will be recognised in the statement of comprehensive income. Acquisition accounting is finalised when the Group has gathered all the necessary information, which must occur within 12 months of the acquisition date.

2 Financial risk management

The group has exposure to the following risks from its use of financial instruments:

- credit risk; and
- liquidity risk; and
- market risk (including currency risk, interest rate risk and price risk).

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and

ROCKCASTLE GLOBAL REAL ESTATE COMPANY LIMITED

the group's management of capital. Further quantitative disclosures are included throughout these financial statements (refer to note 29).

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has delegated the responsibility for developing and monitoring the group's risk management policies to the risk committee. The committee reports to the board of directors on its activities. The risk committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

Credit risk

Credit risk is the risk of financial loss to the group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's tenants, investment in listed securities, derivatives, loans, receivables and cash and cash equivalents.

Investments

The group invests in listed securities by means of direct investments and by utilising equity swaps with recognised financial institutions. The group limits its exposure to credit risk in its direct investments by only investing in liquid securities listed on a recognised stock exchange. The group has policies and procedures in place to mitigate the credit risk associated with equity swaps. The group ensures that more than one reputable counterparty is used and that new investments are split in a responsible manner between counterparties in order to spread the credit exposure. In addition, counterparty credit risk is monitored and any changes thereto are analysed and policies are in place to mitigate any risks associated with increased counterparty credit risk.

Trade and other receivables and investment income receivable

Investment income receivable consists of dividends from investments accrued by the group as at the end of the period but which have not yet been received. The credit risk associated with these receivables is monitored as part of the group's greater investment strategy. The group ensures that the companies in which it invests are listed on a recognised stock exchange, are liquid and solvent and appear to be trading as a going concern for the foreseeable future.

Trade and other receivables include deposits with the group's tenants and interest rate swaps. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, industry, size of business and existence of previous financial difficulties. Counterparty credit risk is monitored and any changes thereto are analysed and policies are in place to mitigate any risks associated with increased counterparty credit risk.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures.

Rockcastle management incentive loans

The group's exposure to credit risk is influenced by the security provided for the loan and also the characteristics of each borrower, who is an employee of the group.

The group establishes an allowance for impairment that represents its estimate of specific losses to be incurred in the event of the borrowers' inability to meet their commitments.

Loans to development partners

In reducing credit risk attributable to loans to development partners, the group takes a pledge over the shares in the company in which the development is undertaken.

Cash and cash equivalents

The group's exposure to credit risk is limited through the use of financial institutions of good standing for investment and cash handling purposes.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations, comprising interest-bearing borrowings and trade and other payables, as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. In this respect, the group prepares cash flow analyses and forecasts which enable the directors to assess the level of financing required in future periods.

The interest-bearing borrowings at statement of financial position date relate to bank loan facilities (previously also included borrowings associated with the equity swaps utilised by the group). The board of directors agree on gearing parameters for the group and the gearing levels are consistently monitored, taking into account the fluctuations in the underlying investments.

Typically, the group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. The group generates a significant amount of cash from dividends received from listed security investments and rental. Management is able to accurately budget the respective cash inflows as the dividend policies of the underlying investments are published in advance and rental income is contractual. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The group buys derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the audit committee. The investment committee together with the risk committee determine parameters by which investments in listed securities are made taking into account an appropriate margin of safety regarding the collateral pool to ensure the portfolio is able to withstand volatile market movements.

Currency risk

The group is exposed to foreign currency risk on investments denominated in Euros, Great British Pounds, Singapore Dollars, Hong Kong Dollars, Australian Dollars and Canadian Dollars. The group mitigates a portion of the risk associated with exposure to foreign currency fluctuations by borrowing in the same currency as the underlying investment. In addition, the group hedges its exposure to currency fluctuations on distributable income through the use of currency forwards and cross-currency swaps.

Interest rate risk

The group is exposed to interest rate risk on its interest-bearing borrowings and cash and cash equivalents.

Interest-bearing borrowings and cash and cash equivalents bear interest at rates linked to the base lending rate in the jurisdiction to which they relate. However, the group utilises interest rate swaps to hedge a portion of the interest rate risk.

Equity price risk

The group is exposed to equity price risk on its investments. It limits its exposure to equity price risk by only investing in liquid securities that are listed on a recognised stock exchange and where the directors are in agreement with the business strategy implemented by such companies. The group also makes use of short-selling of government bonds which provides a form of natural hedge against equity price fluctuations.

Fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.

A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current closing price. These instruments are designated as level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are directly or indirectly observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments for indicative valuation parameters; or

- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the group's investment property portfolio every year, excluding those properties acquired close to balance sheet date for which management views the purchase price as an appropriate measure of the fair value, being the amount for which the relevant property was exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Further information regarding the property valuation methodology is disclosed in note 3.

Capital management

The group considers the equity attributable to equity holders as the permanent capital of the group. The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board also monitors the level of dividends to shareholders. The board seeks to maintain a balance between the higher returns that may be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The board's objectives when managing capital are:

- to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

3 Investment property, straight-lining of rental revenue adjustment and investment property under development

	Group	
	2016 USD'000	2015 USD'000
Investment in property comprises		
Investment property	**1 258 786**	58 708
Straight-lining of rental revenue adjustment	**199**	415
	1 258 985	59 123

	Group	
	2016 USD'000	2015 USD'000
Movement in investment property at fair value		
Carrying value at beginning of period	**59 123**	-
Additions	**649 923**	58 708
Additions from business combinations (refer to note 32)	**484 609**	-
Transferred from investment property under development	**79 082**	-
Fair value adjustments	**43 228**	-
Net foreign exchange differences	**(57 179)**	-
Straight lining of rental revenue adjustment	**199**	415
Carrying value at end of period	**1 258 985**	59 123

Investment property is carried at fair value, except for those properties acquired close to statement of financial position date for which management views the purchase price as an appropriate measure of the fair value, and is assessed on an annual basis.

The fair value of completed investment property is determined using the discounted cash flow method (DCF) as well as capitalisation of income method, with explicit assumptions regarding the benefits and liabilities of ownership over the asset's life, including an exit, or terminal, value. As an accepted method within the income approach to valuation, the DCF method involves the projection of a series of cash flows onto a real property interest. To these projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of cash inflows associated with the real property.

The duration of cash flow, and the specific timing of inflows and outflows, are determined by events such as rent reviews, lease renewal and related lease-up periods, re-letting, redevelopment or refurbishment. The appropriate duration is typically driven by market behaviour. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission fees, and other operating and management expenses. The series of periodic net cash inflows, combined with the estimated terminal value anticipated at the end of the projection period, is then discounted.

For the period ended 31 December 2016, the group commissioned independent appraisal reports on its investment property, as at the statement of financial position date, from Cushman & Wakefield and Jones Lang LaSalle, both members of the Royal Institution of Chartered Surveyors (RICS). The fair value of investment property is based on these, except for properties acquired in the last quarter of the financial period, for which the purchase price is deemed to be the best indicator of fair value. An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the group's investment property portfolio every year. The valuations provided by the external valuer have been recorded without adjustment. The group's investment property is classified as Level 3 on the fair value hierarchy as defined in IFRS 13. There were no transfers between hierarchy levels during the period.

The group's Zambian investment property was externally valued by Peter Parfitt of Quadrant Properties (Pty) Ltd, a professional associated valuer (Dip Val MIV (SA)). The valuation was done on an open market basis and with consideration to the future earnings potential and an appropriate capitalisation rate for the property. The group's investment in the Zambian property is reflected in Investment in and loans to joint ventures in note 8 below.

At the end of the reporting period, the group's investment property portfolio included eleven retail properties and one office property. The group also has a joint venture investment in an additional retail property as per note 8.

The residual value is the market value of the property at the end of the calculation period, which is based on the forecast net operating income for the first year after the calculation period.

The required yield at the end of the calculation period is between 5.5% and 8.4%. The group's resulting weighted average net yield was 6.1% for the entire property portfolio (retail: 6.1%; office: 6.8%).

Based on the period end valuation net yield of 6.1%, an increase/decrease of 25bps would result in a USD51 590 thousand decrease/increase in the group's property portfolio (2015: net yield of 6.7%, increase of 25bps would have resulted in a USD2 191 thousand decrease/increase).

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the group's property portfolio, together with the impact of significant movements in these inputs on the fair value measurement, are detailed below:

Unobservable input	Impact on fair value of increase in input
Estimated rental value	Increase
Discount rate	Decrease
Capitalisation rate for terminal value	Decrease

Information relating to fair value measurement using significant unobservable inputs (Level 3) for 2016 is presented in the table below:

Segment	Direct property
Valuation technique	Discounted cash flow
Estimated rental value (yearly amount in USD'000)	2 800 - 21 246 (7,320*)
Discount rate (%)	5.50 - 7.50 (6.05*)
Capitalisation rate for terminal value (%)	5.50 - 7.50 (6.16*)

* Amounts or percentages represent weighted averages.

	Group	
	2016 USD'000	2015 USD'000
Movement in investment property under development at cost		
Carrying value at beginning of period	**7 436**	-
Additions, including construction in progress	**75 401**	7 257
Interest capitalised	**1 856**	179
Assets which became operational and were transferred to Investment property at fair value	**(79 082)**	-
Carrying value at end of period	**5 611**	7 436

Borrowing costs capitalised in 2016 amount to USD1 856 thousand (2015: USD179 thousand) and were calculated using an average annual interest rate of 2.8% (2015: 3.5%).

Interest-bearing borrowings are secured over certain investment properties. Refer to note 17 for further details.

4 Intangible asset

	Group	
	2016 USD'000	2015 USD'000
Carrying value at beginning of period	**-**	-
Additions (refer to note 32)	**7 795**	-
Foreign exchange revaluation	**(454)**	-
Carrying value at end of period	**7 341**	-

The intangible asset consists of contracts with retail property tenants to supply electricity, and is held within an acquired subsidiary company, Energit sp.zo.o. The company was purchased as part of the Bonarka City Center shopping mall acquisition and is licensed to distribute energy in Krakow, Poland where the shopping mall is based. The intangible asset is valued at the purchase price of Energit sp.zo.o.

The asset is considered to have an indefinite useful life and is not amortised as it is probable that the licence to distribute energy is renewable indefinitely. Its useful life will be reviewed at each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment. The recoverable amount of the intangible asset was calculated at the statement of financial position date by discounting Energit sp.zo.o's net operating income by an appropriate discount rate and the asset was found to be appropriately valued at its current carrying amount and no impairment necessary.

5 Goodwill

	Group
	2016 USD'000
The Group recognised goodwill for the following business acquisition:	
Bonarka City Center sp.zo.o	
Carrying value at beginning of period	**-**
Additions (refer to note 32)	**17 433**
Carrying value at end of period	**17 433**

The acquisition of Bonarka City Center sp.zo.o generated goodwill that resulted from the deferred tax liability at acquisition date.

It is anticipated that in the following financial year a deferred tax asset will arise as a result of the restructuring of the acquisition company. Accordingly the goodwill balance will be assessed for impairment by taking this and other relevant factors into account.

No impairment charge arose as a result of the impairment test. The recoverable amounts of the CGUs, were based on their fair value less costs of disposal. The fair values of the properties were assessed based on reports by external valuers. The external valuations are determined using DCF projections based on significant unobservable inputs. For more information on the unobservable inputs used in the external valuation, reference is made to note 3. The most relevant assumption is the terminal value capitalisation rate.

6 Listed security investments

Listed security investments are categorised as financial investments at fair value through profit or loss. The fair values of the listed security investments are determined based on quoted prices in active markets.

	Group	Company	Group and Company
	2016 Total USD'000	2016 Total USD'000	2015 Total USD'000
Cumulative historical cost	**273 416**	-	2 140 582
Increase in fair value	**110 578**	*	21 142
Total investment balance	**383 994**	-	2 161 724
Non-current (level 1)	**383 994**	-	2 161 724

Changes in fair values are recorded in the statement of comprehensive income and none of the financial assets are impaired.

During the period revised prime brokerage agreements were signed with improved terms. As a result, Rockcastle's listed security investments as at 31 December 2016 represent only fully-funded derivative positions and physical positions. The equity derivative collateral of USD244.5 million included in current assets (together with the gross listed security positions of USD383.9 million) provided the group with exposure to investments with a gross value of USD1 126.6 million. The income from derivatives and listed securities of USD90.3 million includes interest of USD20.87 million on the implied gross interest-bearing borrowings of USD551.1 million (refer to note 17 for disclosure of the notional borrowings). Positions disclosed under listed security investments of USD383.9 million include physical positions held at 31 December 2016 as well as derivative positions that are 100% collateralised in cash for funding and dividend yield optimisation purposes.

* In anticipation of the proposed merger with NEPI, Rockcastle undertook an internal restructuring of the listed security portfolio which is now housed in a wholly-owned subsidiary of the company.

Focus Mall >
Zielona Góra

Zielona Góra,
Poland

7 Investment in and loans to subsidiaries

Subsidiaries	Country of incorporation and place of business	Incorporation/ group acquisition date	Principal activity	Investment	Immediate parent investment^ USD'000	Company					
						2016 Effective interest (%)	2016 Investment USD'000	2016 Loan Amount USD'000	2016 Total USD'000	2015 Effective interest (%)	2015 Total USD'000
Rockcastle Europe Limited	Republic of Mauritius	May 2014	Holding company	Direct	#	100	-	**2 179 836**	**2 179 836**	100	63 609
Rockcastle UK Property SPV Limited	Republic of Mauritius	Oct 2014	Property owning company	Direct	1 058	100	**1 058**	**2 005**	**3 063**	100	3 591
Ndola Kafubu Investments Limited*	Republic of Mauritius	Oct 2013/Apr 2014	Holding company	Direct	-	-	-	-	-	100	5 143
Kitwe Mukuba Investments Limited*	Republic of Mauritius	Nov 2012/May 2015	Holding company	Direct	-	-	-	-	-	100	15 865
Lusaka Cosmopolitan Investments Limited***	Republic of Mauritius	Mar 2014/Mar 2016	Holding company	Direct	1	100	**6 582**	**10 019**	**16 601**	-	-
Rockcastle Global Securities Limited	Republic of Mauritius	Oct 2016	Listed security holding company	Indirect	@	100	-	-	-	-	-
Rockcastle Global Real Estate Company UK Limited	United Kingdom	Sep 2014	Services	Indirect	101 410	100	-	-	-	100	63
Rockcastle Global Real Estate Holdings BV	Netherlands	Oct 2013	Holding company	Indirect	105 474	100	-	-	-	100	-
Rockcastle Poland sp.zo.o	Poland	Jul 2015/Oct 2015	Services	Indirect	1	100	-	-	-	100	-
Gontar sp.zo.o	Poland	Mar 2013/Dec 2014	Property owning company	Indirect	16	100	-	-	-	100	-
IGI Exclusive sp.zo.o	Poland	Oct 2007/Mar 2015	Property owning company	Indirect	13	100	-	-	-	100	-
ACE3 sp.zo.o	Poland	Jun 2013/Dec 2014	Property owning company	Indirect	3	85	-	-	-	85	-
Pogoria Property sp.zo.o	Poland	Jun 2014/Apr 2015	Property owning company	Indirect	2	100	-	-	-	-	-
Karolinka Property sp.zo.o	Poland	Jul 2014/Jul 2015	Property owning company	Indirect	2	100	-	-	-	-	-
Platan Property sp.zo.o	Poland	Jul 2015/Aug 2015	Property owning company	Indirect	2	100	-	-	-	-	-
Monarda sp.zo.o	Poland	Jul 2015/Aug 2015	Property owning company	Indirect	101	90	-	-	-	-	-
Zielona Gora Property sp.zo.o	Poland	Dec 2011/Jul 2016	Property owning company	Indirect	1	100	-	-	-	-	-
Piotrkow Property sp.zo.o	Poland	Feb 2011/Jul 2016	Property owning company	Indirect	1	100	-	-	-	-	-
Olsztyn Property sp.zo.o	Poland	Feb 2011/Sep 2016	Property owning company	Indirect	1	100	-	-	-	-	-
Bonarka Property sp.zo.o	Poland	Dec 2011/Aug 2016	Holding company	Indirect	1	100	-	-	-	-	-
Bonarka City Center sp.zo.o**	Poland	May 2014/Sep 2016	Property owning company	Indirect	261	100	-	-	-	-	-
Energit sp.zo.o**	Poland	Dec 2007/Sep 2016	Energy trading company	Indirect	13	100	-	-	-	-	-
Liberec Property s.r.o	Czech Republic	Jan 2007/Jun 2016	Property owning company	Indirect	409	100	-	-	-	-	-
							7 640	**2 191 860**	**2 199 500**		88 271

Amounts owing by subsidiaries are unsecured, bear interest at rates agreed from time to time and the terms of repayment are specific to individual tranches advanced.

The subsidiaries' year ends are all 31 December. Class of shares held in subsidiary companies are all ordinary share capital.

There are no material non-controlling interests.

^ Includes share capital and share premium of subsidiary, adjusted for relevant non-controlling interest.

Less than USD1 000.

* Investments sold on 30 November 2015.

** Investment held in Bonarka Property sp.zo.o which owns 100% of the shares of Bonarka City Center sp.zo.o and Energit sp.zo.o.

*** Holds a 50% investment in Cosmopolitan Shopping Centre Limited

@ USD613 529 000 represents the investment in and loan to Rockcastle Global Securities Limited.

8 Investment in and loans to joint ventures

	Group 2016 USD'000	Group 2015 USD'000
Interest in joint venture Kafubu Mall Limited		
Investment at cost	-	4 084
Share of post-acquisition reserves	-	193
Loan advanced	-	5 998
Carrying value	-	10 275
Holding	-	50%
Condensed consolidated statement of financial position*		
Non-current assets	-	22 240
Current assets	-	89
Equity	-	(9 518)
Non-current liabilities	-	(12 631)
Current liabilities	-	(180)
Condensed consolidated statement of comprehensive income*		
Net income	-	7 558
Net finance costs	-	(86)
Income for the period	-	7 472

Rockcastle sold its 100% interest in Ndola Kafubu Investments Limited (a Category Two Global Business License Company in Mauritius) during the period ended 31 December 2016. Ndola Kafubu Investments Limited holds 50% of the equity and voting rights in Kafubu Mall Limited (Zambia). Refer to note 23 for details of guarantee agreement entered into by Rockcastle.

Kafubu Mall Limited owns Kafubu Mall which is a 12 500m² mall situated in Ndola, Zambia.

Kafubu Mall Limited was accounted for using the equity method.

** The prior year information was extracted from Kafubu Mall Limited's management accounts for the period ended 30 June 2015.*

	Group 2016 USD'000	Group 2015 USD'000
Interest in joint venture Mukuba Mall Limited		
Investment at cost	-	699
Share of post-acquisition reserves	-	4 077
Loan advanced	-	26 676
Carrying value	-	31 452
Holding	-	50%
Condensed consolidated statement of financial position*		
Non-current assets	-	64 507
Current assets	-	203
Equity	-	(26 748)
Non-current liabilities	-	(37 512)
Current liabilities	-	(450)
Condensed consolidated statement of comprehensive income*		
Net income	-	27 431
Net finance costs	-	-
Income for the period	-	27 431

Rockcastle sold its 100% interest in Kitwe Mukuba Investments Limited (a Category Two Global Business License Company in Mauritius) during the period ended 31 December 2016. Kitwe Mukuba Investments Limited holds 50% of the equity and voting rights in Mukuba Mall Limited (Zambia). Refer to note 23 for details of guarantee agreement entered into by Rockcastle.

Mukuba Mall Limited owns Mukuba Mall which is a 28 773m² mall situated in Kitwe, Zambia.

Mukuba Mall Limited was accounted for using the equity method.

** The prior year information was extracted from Mukuba Mall Limited's management accounts for the period ended 30 June 2015.*

	Group 2016 USD'000	2015 USD'000
Interest in joint venture Cosmopolitan Shopping Centre Limited		
Investment at cost	**12 588**	-
Share of post-acquisition reserves^	**7 653**	-
Loan advanced	**16 759**	-
Carrying value	**37 000**	-
Holding	**50%**	-
Condensed consolidated statement of financial position*		
Non-current assets	**74 000**	-
Current assets	**433**	-
Equity	**(36 207)**	-
Non-current liabilities	**(37 782)**	-
Current liabilities	**(444)**	-
Condensed consolidated statement of comprehensive income*		
Net income	**15 306**	-
Net finance costs	**-**	-
Income for the period	**15 306**	-

Rockcastle holds a 100% interest in Lusaka Cosmopolitan Investments Limited (a Category Two Global Business License Company in Mauritius). Lusaka Cosmopolitan Investments Limited holds 50% of the equity and voting rights in Cosmopolitan Shopping Centre Limited (Zambia).

Cosmopolitan Shopping Centre Limited owns Cosmopolitan Shopping Centre which is a 26 152m² mall situated in Lusaka, Zambia.

Cosmopolitan Shopping Centre Limited was accounted for using the equity method. The loan advanced is unsecured, interest free and there are no fixed terms for repayment.

** The information was extracted from Cosmopolitan Shopping Centre Limited's ("CSSL") management accounts for the period ended 31 December 2016. 50% of the above net income of CSSL has been included as Rockcastle's share of post-acquisition reserves and the carrying value of the investment in joint venture consists of Rockcastle's 50% share of investment property reflected under non-current assets.*

^ Calculated as 50% of the above net income of CSSL (50% of USD is 15 306 thousand).

	Group 2016 USD'000	2015 USD'000
Total investments in joint ventures	**37 000**	41 727

Rockcastle has accounted for the above investments as joint ventures as there is an agreement of shared control with the entities' other shareholders, whereby decisions relating to the activities of the joint venture companies require the unanimous consent of the parties sharing control.

9 Rockcastle management incentive loans

The movements in the Rockcastle management incentive loans ("MIL") were approved by the board during the financial period. The purpose of the incentive is to provide employees with an incentive linked to the growth of the company's long-term value as measured by the share price. This form of long-term incentivisation is designed to provide an incentive programme that will contribute to the achievement of the company's objectives and enhance shareholder value. Employees are provided with a 10 year loan to facilitate the purchase of Rockcastle shares which are pledged as security for the aforesaid loan. Dividends received on these shares are applied to settle the interest payable on the loans and any excess is then utilised to reduce the outstanding liability balance.

	Group and company		
	2016 % of issued shares	2016 Number of issued shares	2016 Loan balance USD'000
Shares issued to directors and employees in terms of the MIL	**1.62%**	**15 344 099**	**26 968**
	2015 % of issued shares	2015 Number of issued shares	2015 Loan balance USD'000
Shares issued to directors and employees in terms of the MIL	2.08%	17 665 000	25 129

The participants in the MIL carry the risk associated with the shares issued to them. This disclosure includes all shares issued since incorporation.

The MIL loans bear interest at 5% for the period ended 31 December 2016 (2015: 5%). The loans are secured by 15.344 million (2015: 17.665 million) shares in Rockcastle with a fair value of USD38.36 million (2015: USD39.22 million). The value of security held for each individual loan exceeds the amount of the related loan. The fair value of the loan approximates its carrying amount.

The loans are repayable on the tenth anniversary of the loans being granted. During the course of December 2016 the board resolved to convert the underlying loans to Euro denominated loans.

Details of the shares issued to directors in terms of the Rockcastle Management Incentive Scheme ("MIS") as at 31 December 2016 are as follows:

	Number of shares issued	Date of issue	Issue price USD per share (excluding costs)	Employee asset as recorded in financials USD'000
Spiro Noussis	1 600 000	09 Sep 15	2.17	3 472
	1 000 000	02 Oct 14	1.83	1 830
	4 615 000	18 Feb 14	1.33	6 138
Nick Matulovich	1 540 000	09 Sep 15	2.17	3 342
	850 000	02 Oct 14	1.83	1 556
	1 000 000	18 Dec 13	1.30	1 300
Marek Noetzel	374 000	26 Aug 16	2.54	950

Number of shares issued to employees that are not directors at statement of financial position date was 4 365 099 (2015: 8 100 000).

10 Deferred tax	Group 2016 USD'000	2015 USD'000
Deferred tax comprises the following:		
Revaluation of investment properties	**(35 890)**	-
Revaluation of interest rate derivatives	**197**	-
Foreign exchange differences on interest - bearing borrowings	**6 405**	-
Tax losses	**4 610**	-
Prepayments and accruals	**499**	-
Deferred income	**55**	-
Allowances for doubtful debts	**55**	-
	(24 069)	-
Carrying amount at beginning of the period:		
Charged to the statement of comprehensive income during the period	**(6 769)**	-
Acquired through business acquisitions (refer note 32)	**(17 030)**	-
Exchange difference	**(270)**	-
Carrying amount at end of the period	**(24 069)**	-
Represented by:		
Deferred tax asset	**1 253**	-
Deferred tax liabilities	**(25 322)**	-
	(24 069)	-

Group subsidiaries are subject to corporate tax on an annual basis. The group carries forward aggregate fiscal losses of USD24,26 thousand all of which are available for up to five years to offset against any future taxable profits of the companies in which the losses arose. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine recognisable deferred tax assets, based on the timing of fiscal loss expiry and the level of future taxable profits and future tax planning strategies.

11 Investment income receivable

Investment income receivable pertains to income which has met the revenue recognition requirements of IAS 18 as set out in note 1.8 and has accordingly been recognised as income during the current financial period but has not yet been received as at the end of the financial period.

As of 31 December 2016, none of the receivables were past due or impaired. In addition, no provision for impairment has been made as of 31 December 2016. The maximum exposure to credit risk at the reporting date pertaining to these receivables is the fair value of the receivables. The company does not hold any collateral as security.

12 Cash and cash equivalents and equity derivative collateral

	Group		Company	
	2016 USD'000	2015 USD'000	2016 USD'000	2015 USD'000
Cash and cash equivalents comprise the following:				
Cash at bank - current accounts	**24 090**	3 035	**8 845**	1 754
Equity derivative collateral - collateral accounts*	**244 524**	-	-	-

*Equity derivative collateral comprises cash required to be held with prime brokers in order for the group to obtain exposure to listed real estate investments as described in note 6.

13 Trade and other receivables

	Group		Company	
	2016 USD'000	2015 USD'000	2016 USD'000	2015 USD'000
Trade and other receivables include the following:				
Tenant receivables	**6 400**	-	**-**	-
VAT receivables	**39 742**	-	**-**	-
Prepaid property expenses	**644**	-	**-**	-
Other prepaid expenses	**5**	-	**-**	-
Tenant deposits	**59**	-	**-**	-
Other	**3 526**	561	**2 762**	3
	50 376	561	**2 762**	3

14 Loans to development partners

	Group and Company	
	2016 USD'000	2015 USD'000
Loan to Cosmopolitan Shopping Centre Limited	**-**	5 332
Current portion included in current assets	**-**	(5 332)
Non current portion	**-**	-

The amount owed by the development partner was secured by a pledge of the shares in the company in which the property is held. The loan bore interest at the rate of 9.5%.
The loan was converted to investment in joint venture on completion of the development in March 2016.

15 Financial instruments at fair value through profit or loss

	Group		Company	
	2016 USD'000	2015 USD'000	2016 USD'000	2015 USD'000
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss include the following:				
Interest rate derivatives	**1 385**	14 849	-	14 849
Foreign currency derivatives	**740**	-	-	-
Equity swap derivatives	**15 879**	-	-	-
	18 004	14 849	-	14 849
Financial liabilities at fair value through profit or loss				
Financial liabilities at fair value through profit or loss include the following:				
Interest rate derivatives	**6 633**	1 975	-	1 975

16 Stated capital

	Group and Company	
	2016 USD'000	2015 USD'000
Authorised 1 142 477 869 (2015: 1 279 661 805) ordinary shares of no par value		
Issued 945 502 019 (2015: 847 862 018) ordinary shares at an average of approximately USD1.46 (2015: USD1.39) per share *	**1 383 676**	1 180 670

** Transaction costs recognised as a deduction from equity in the current period amounted to USD1.2 million.*

	2016 Shares	2015 Shares
Reconciliation of movement in issued shares		
Balance at beginning of period	**847 862 018**	705 500 000
Shares issued by way of a scrip dividend during the period	**49 837 691**	14 669 955
Shares issued by way of share purchase scheme	**6 423 000**	-
Shares issued by way of book build	**41 379 310**	127 692 063
	945 502 019	847 862 018

	Shares Issued	Stated capital USD'000
Shares issued by way of a scrip dividend during the period included:		
Scrip dividend - Sep 2015	**17 358 776**	**36 627**
Scrip dividend - Mar 2016	**18 454 215**	**39 307**
Scrip dividend - Sep 2016	**14 024 700**	**34 430**
Shares issued by way of a share incentive scheme (MIS as per note 9) included:		
Share purchase scheme - Sep 2015	**5 940 000**	**12 890**
Share purchase scheme - Aug 2016	**483 000**	**1 227**

Book build September 2015

In order to seize potential acquisition and development opportunities the company increased its cash reserves by issuing 41 379 310 at an issue price of R29.00 per share ordinary shares through accelerated book build processes that generated over USD80 million in 2015.

The equity raise was completed as part of an accelerated book build and where required under the company's general authority to issue shares for cash approved by Rockcastle shareholders at the annual general meeting of the company.

The issued share capital figure includes shares issued under the Management Incentive Scheme (set out in note 9). Ordinary shares carry the right to vote at general meetings, to distribution and to the surplus assets of the group on winding-up.

17 Interest-bearing borrowings

The group's interest-bearing borrowings comprise short term interest-bearing borrowings as well as long term loans.

The borrowing facilities, together with shareholder stated capital, are used to fund the company's investment activities.

The company's investment mandate allows the company to have borrowings of up to 60% of the total asset value. The group's current funding philosophy allows for funding sources to be adapted to respond to developments in the business and the market at large.

During the current financial period the company utilised long-term funding by way of secured bank facilities as well as short-term funding by way of equity swap funding. The company utilises equity swaps to gain exposure to listed security positions. Rockcastle's prime brokers provide access to equity swaps against which Rockcastle posts collateral to secure such exposures. The equity swaps contain a funding leg which serves as the determinant of the cost associated with the underlying exposure. The funding leg accrues interest based on the notional exposure underlying the equity swap at the benchmark rate plus a spread agreed for the particular currency and with the respective prime broker. Where the equity swaps are not fully funded positions they are treated as derivative instruments and disclosed accordingly. As such, the gross liability exposure is not separately recognised. The gross liability underlying the equity swap positions is disclosed for information purposes in note 6.

Interest-bearing borrowings are initially recognised at fair value and subsequently measured at amortised cost. The company's exposure to interest rate, foreign currency and liquidity risk is discussed in note 29.

During the period the group raised USD408 million in secured debt. The details of these loans are outlined below.

The group's average interest rate attributable to long-term debt including hedging costs was approximately 1.73% during 2016. As of 31 December 2016, the group is fully hedged against EURIBOR based interest rate movements on long term debt via interest rate swaps and caps.

Rockcastle has complied with the financial covenants of its borrowing facilities during 2016 and 2015.

Cosmopolitan Mall - Standard Bank of South Africa Isle of Man

The group contracted a loan facility from Standard Bank for Cosmopolitan Shopping Centre, which matures during July 2018 and is repayable on final repayment date.

Security
- General security over the property (fair value as at 31 December 2016 of USD74 million),
- General security over the shares in the subsidiary controlling the underlying investment, and
- Corporate Guarantee issued by the company for a maximum amount of USD13 million.

Covenants
- Loan to value ratio of maximum 48% in year 1, 44% in year 2 and 42% in year 3;
- Interest cover ratio of minimum 4.5 in year 1, 5.0 in year 2 and 5.5 in year 3, and
- Rockcastle group net asset value to exceed USD750 million.

Solaris Shopping Centre- ING Bank Slaski

The group contracted a loan facility from ING Bank Slaski for Solaris Shopping Centre, which matures during November 2020 and is repayable at final maturity.

Security
- General security over the property (fair value as at 31 December 2016 of USD61.6 million), current assets, cash inflows from operating activities, accounts and receivables of Solaris Shopping Centre, and
- General security over the shares in Gontar sp.z o.o in which the property is held.

Covenants
- Loan to value ratio of maximum 70% in year 1, 69% in year 2, 68% in year 3, 67% in year 4 and 65% in year 5; and
- Interest service cover ratio of above 3.0x.

2016

Group	Type	Payable in less than 1 year USD'000	Payable in 2-5 years USD'000	Fair value USD'000	Carrying amount USD'000
Interest-bearing borrowings					
Cosmopolitan Mall	Term Loan	-	**13 100**	**13 100**	**13 100**
Solaris Shopping Centre	Term Loan	-	**36 513**	**36 513**	**36 513**
Galeria Tomaszow	Shareholder Loan	-	**3 613**	**3 613**	**3 613**
Galeria Wolomin	Shareholder Loan	-	**2 121**	**2 121**	**2 121**
Karolinka Shopping Centre	Term Loan	-	**91 178**	**91 178**	**91 178**
Platan Shopping Centre	Term Loan	-	**32 937**	**32 937**	**32 937**
Pogoria Shopping Centre	Term Loan	-	**46 948**	**46 948**	**46 948**
Bonarka City Center	Term Loan	**1 538**	**198 820**	**200 358**	**200 358**
		1 538	**425 230**	**426 768**	**426 768**

2015

Group	Type	Payable in 2-5 years USD'000	Fair value USD'000	Carrying amount USD'000
Interest-bearing borrowings				
Makuba Mall	Term Loan	11 579	11 579	11 579
Kafubu Mall	Term Loan	5 035	5 035	5 035
		16 614	16 614	16 614

2015

Group and Company	Type	Payable in less than 1 year USD'000	Payable in 2-5 years USD'000	Fair value USD'000	Carrying amount USD'000
Interest-bearing borrowings					
Listed Securities	Cash Collateral	1 063 777	-	1 063 777	1 063 777

As noted above, the gross short-term liabilities underlying the equity swap notional positions as at 31 December 2016 are disclosed below for information and comparative purposes:

Group			2016	
Interest-bearing borrowings - current	**Rate**	**Maturity**	**Fair value USD'000**	**Carrying amount USD'000**
USA	Federal Funds Effective Rate + 0.45%	Less than one year	**(343 730)**	**(343 730)**
USA	1-month USD LIBOR + 1.00%	Less than one year	**(110 037)**	**(110 037)**
USA	1-month USD LIBOR + 0.65%	Less than one year	**(67 318)**	**(67 318)**
Australia	RBA overnight rate + 0.05%	Less than one year	**(13 275)**	**(13 275)**
Europe	EONIA + 0.45%	Less than one year	**(116 851)**	**(116 851)**
Europe	1-month EURIBOR + 0.5%	Less than one year	**(16 329)**	**(16 329)**
UK	Overnight SONIA + 0.05%	Less than one year	**(299 706)**	**(299 706)**
UK	1-month LIBOR + 0.5%	Less than one year	**(89 977)**	**(89 977)**
UK	1-month LIBOR + 0.65%	Less than one year	**(41 653)**	**(41 653)**
Singapore	1-month Association of Banks in Singapore Swap + 0.5%	Less than one year	**(11 816)**	**(11 816)**
			(1 110 692)	**(1 110 692)**
Cumulative cash collateral held with prime brokers used to offset short term borrowings balance			**559 587**	**559 587**
Net short term borrowings			**(551 105)**	**(551 105)**

Group and Company			2015	
Interest-bearing borrowings - current	**Rate**	**Maturity**	**Fair value USD'000**	**Carrying amount USD'000**
USA	Federal Funds Effective Rate + 0.45%	Less than one year	(670 081)	(670 081)
USA	1-month USD LIBOR + 1.00%	Less than one year	(512 346)	(512 346)
Australia	RBA overnight rate + 0.05%	Less than one year	(26 105)	(26 105)
Europe	EONIA + 0.45%	Less than one year	(67 467)	(67 467)
UK	Overnight SONIA + 0.45%	Less than one year	(198 554)	(198 554)
UK	1-month LIBOR + 0.5%	Less than one year	(198 549)	(198 549)
Singapore	1-month Association of Banks in Singapore Swap + 0.5%	Less than one year	(194 438)	(194 438)
Canada	CABROVER + 0.05%	Less than one year	(54 317)	(54 317)
Canada	1-month CDOR + 0.7%	Less than one year	(53 340)	(53 340)
			(1 975 197)	(1 975 197)
Cumulative cash collateral held with prime brokers used to offset short term borrowings balance			911 420	911 420
Net short term borrowings			(1 063 777)	(1 063 777)

Galeria Tomaszow & Galeria Wolomin - Acteum Investments

These borrowings represent shareholder loans advanced by the group's non-controlling interest in Galeria Tomaszow and Galeria Wolomin.

Security

— The loans are unsecured.

Karolinka Shopping Centre, Platan Shopping Centre & Pogoria Shopping Centre - ING Bank Slaski, Helaba & Deutsche Pfandbrief

The group contracted a secured loan facility from the syndicate of banks mentioned above for a portfolio of assets including Karolinka, Pogoria and Platan, which matures during August 2021 and is repayable in quarterly instalments from year 3 onwards at 1% per annum with a final bullet repayment.

Security

— General security over the properties (fair value as at 31 December 2016 of USD290.9 million), current assets, cash inflows from operating activities, accounts and receivables of Karolinka, Pogoria and Platan, and

— General security over the shares in the respective property owning SPVs in Poland.

Covenants

— Loan to value ratio of maximum 70%;

— Debt service cover ratio at least 150% from commencement of year 3 onwards;

— Interest service cover ratio in year 1 and year 2 of at least 200%

— Debt service cover ratio of minimum 150% for year 3, 4 and 5, and

— Interest service cover ratio of minimum 200% in year 1 and 2.

Bonarka City Center - ING Bank Slaski, Berlin Hyp & Nationale Nederlanden

The group assumed an existing loan facility from a syndicate of banks mentioned above as part of the acquisition of Bonarka City Center. The loan matures during February 2020 and is repayable in quarterly instalments.

Security

— General security over the property (fair value as at 31 December 2016 of USD393.8 million), current assets, cash inflows from operating activities, accounts and receivables of Bonarka City Center, and

— General security over the shares in Bonarka City Center sp. z o. o

Covenants

— Loan to value ratio of maximum 80% in year 1, 79% in year 2, 78% in year 3, 77% in year 4, 76% in year 5; and

— Debt service cover ratio of minimum 120%.

18 Trade and other payables

	Group		Company	
	2016 USD'000	2015 USD'000	2016 USD'000	2015 USD'000
Trade and other payables include the following:				
Tenant deposits	**2 656**	205	**-**	-
Advances from tenants	**3 672**	-	**-**	1 988
VAT payable	**775**	143	**-**	-
Payables for assets under construction	**4 098**	-	**-**	-
Property-related payables	**5 151**	-	**-**	-
Other payables*	**47 520**	2 643	**2 963**	-
	63 872	2 991	**2 963**	1 988

*Other payables include USD40 943 773 owing to Aviva for the purposes of the Aviva acquisition. This payable represents a deposit received from Aviva for the purposes of securing Rockcastle's VAT refund application pertaining to the acquisition of properties in the Aviva transaction via a VATable transaction. As such a receivable of the VAT amount receivable from the tax authorities exists as at 31 December 2016 and is reflected in the trade and other receivables (see note 13).

19 Income from derivatives and listed securities

Income received from derivatives and listed securities relates to dividend income on physical listed security investments as well as returns related to the income leg of equity swap derivative mark to market movements including related interest recognised by the company during the period in accordance with the recognition and measurement criteria in IAS 18 and the accounting policy in note 1.8.

20 Profit before income tax expense

	Group	Company	Group	Company
	For the 18 months ended 31 Dec 2016 USD'000	For the 18 months ended 31 Dec 2016 USD'000	For the 12 months ended 30 Jun 2015 USD'000	For the 12 months ended 30 Jun 2015 USD'000
Profit before income tax expense is stated after charging:				
Auditors' remuneration				
– audit fee	**(66)**	**(15)**	(14)	(14)
– other services*	**(13)**	**(5)**	(3)	(3)
Directors' remuneration				
– services as director (non-executive)	**(132)**	**(132)**	(84)	(84)
Salaries	**(3 622)**	**(2 640)**	(1 506)	(1 385)
Travel and accommodation	**(348)**	**(94)**	(401)	(365)

*Fee in respect of the review of the group financial results for the 12 months ended 30 June 2016.

21 Income tax expense

	Group	Company	Group and Company
	For the 18 months ended Dec 2016 USD'000	For the 18 months ended Dec 2016 USD'000	For the year ended Jun 2015 USD'000
- Current tax expense	**(69)**	**(69)**	(20)
- Deferred tax expense	**(6 769)**	**-**	-
	(6 838)	**(69)**	(20)

Reconciliation of tax rate

The tax on the company's loss before taxation differs from the theoretical amount that would arise using the basic rate of the company as follows:

	Group 2016	Company 2016	Group 2015	Company 2015
Standard tax rate	**15,0%**	**15,0%**	15,0%	15,0%
Foreign tax credit*	**(12,0%)**	**(12,0%)**	(12,0%)	(12,0%)
Permanent differences	**(2,6%)**	**(3,0%)**	(2,8%)	(2,7%)
Effect of higher tax rate on overseas earnings	**2,1%**	**-**	-	-
Effective tax rate	**2,5%**	**-**	0,2%	0,3%

*The company is subject to 15% income tax in Mauritius according to the provisions of the Income Tax Act 1995 as amended. As the company holds a Category One Global Business License, the Income Tax (Foreign Tax Credit) Regulations 1996 provides for the setting off of any underlying tax, withholding tax or tax sparing credit by the company against the 15% tax or a deemed 80% foreign tax credit on the company's foreign source income where written evidence of foreign tax charged is not presented to the tax authorities in Mauritius. Gains on sale of securities are exempted from tax in Mauritius.

In Poland and the Czech Republic income is subject to tax at a rate of 19% after relevant permissable deductions.

22 Notes to the statement of cash flows

22.1 Cash generated from operations

	Group		Company	
	2016 USD'000	2015 USD'000	2016 USD'000	2015 USD'000
Profit before income tax expense	**274 929**	10 152	**918 107**	6 754
Adjusted for:				
Fair value gain on listed security investments	**(110 578)**	(21 142)	**(876 837)**	(21 142)
Income from joint ventures	**(8 969)**	(5 892)	**-**	-
Adjustment on sale of interest of joint ventures	**706**	-	**(4 481)**	-
Gain on acquisition of subsidiary	**(1 731)**	-	**-**	-
Fair value loss on financial instruments at fair value through profit or loss	**19 407**	6 090	**19 003**	6 090
Interest received on the Rockcastle management incentive loans	**(2 150)**	(1 149)	**(2 150)**	(1 149)
Interest paid on borrowings	**7 871**	7 836	**4 293**	7 668
Interest income on intercompany loans	**-**	-	**(237)**	(99)
Interest and facilitation fee	**(441)**	-	**(426)**	-
Interest on development partner loan	**(768)**	-	**(768)**	-
Depreciation	**111**	-	**-**	-
Capitalised interest	**(1 856)**	(179)	**-**	-
Straight lining of rental revenue adjustment	**(199)**	-	**-**	-
Fair value gain on investment property	**(43 228)**	-	**-**	-
Foreign exchange (gain)/loss	**(12 169)**	77 935	**19 072**	74 212
	120 935	73 651	**75 576**	72 334
Changes in working capital				
(Increase)/decrease in trade and other receivables	**(37 453)**	(10 732)	**4 703**	(6 446)
Increase/(decrease) in trade and other payables	**46 922**	(1 866)	**(1 000)**	(2 872)
	130 404	61 053	**79 279**	63 016

22.2 Dividends paid to shareholders

	Group and Company	
	2016 USD'000	2015 USD'000
Dividends payable at the beginning of the period	**-**	-
Dividends declared during the period*	**(126 080)**	(62 508)
Shares issued in lieu of cash dividends	**110 365**	32 274
Dividends payable at the end of the period	**-**	-
Total dividends declared and paid in cash	**(15 715)**	(30 234)

*The dividend declared during the period relates to:

- the 2015 financial year final dividend of 4.42 USD cents per share paid in September 2015. Shareholders were given the option to either receive a cash dividend or 2.096 new Rockcastle shares for every 100 Rockcastle shares held by the shareholder at the record date. There were 889 241 328 shares in issue that received the dividend.

- the 2016 financial period interim dividend of 4.631 USD cents per share paid in March 2016. Shareholders were given the option to either receive a cash dividend or 2.167 new Rockcastle shares for every 100 Rockcastle shares held by the shareholder at the record date. There were 912 540 104 shares in issue that received the dividend.

- the 2016 financial period interim dividend of 4.782 USD cents per share paid in September 2016. Shareholders were given the option to either receive a cash dividend or 1.937 new Rockcastle shares for every 100 Rockcastle shares held by the shareholder at the record date. There were 931 477 319 shares in issue that received the dividend.

22.3 Income tax paid

	Group	Company	Group and Company
	2016 USD'000	2016 USD'000	2015 USD'000
Income tax payable at the beginning of the period	**(20)**	**(20)**	(607)
Charged to the statement of comprehensive income during the period	**(69)**	**(69)**	(20)
Acquired through business acquisitions	**(516)**	**-**	-
Income tax payable at the end of the period	**69**	**69**	20
	(536)	**(20)**	(607)

23 Contingent liabilities

The company has entered into guarantee agreements with the Standard Bank of South Africa ("Standard Bank") as Guarantor, providing credit support to the following Borrowers for their obligations under their facility agreements with Standard Bank:

- Ndola Kafubu Investments Limited ("NKIL"): guarantee issued by the company for a maximum amount of USD5 million.

- Kitwe Mukuba Investments Limited ("KMIL"): guarantee issued by the company for a maximum amount of USD11.5 million.

Both of these companies were sold during the year, as referred to in note 32, to Delta International Mauritius Limited ("Mara Delta"). The company provided a vendor loan of USD2.5 million to KMIL and also continued to provide the aforementioned credit support to the entities sold to Mara Delta, being NKIL and KMIL. Mara Delta has also entered into a Guarantee Agreement with the company whereby Mara Delta guarantees the repayment of the USD19 million advanced to NKIL and KMIL on similar terms to the one between the company and Standard Bank.

24 Segmental reporting

Segment results 31 December 2016	Corporate USD'000	Listed Securities USD'000	Direct Property USD'000	Total USD'000
Net rental and related revenue	-	-	36 942	36 942
Recoveries and contractual rental revenue	-	-	49 417	49 417
Straight-lining of rental revenue adjustment	-	-	199	199
Rental revenue	-	-	49 616	49 616
Property operating expenses	-	-	(12 674)	(12 674)
Income/(loss) from derivatives and listed securities	-	92 114	(1 860)	90 254
Income from joint ventures	-	-	8 969	8 969
Adjustment on sale of interest in joint ventures	-	-	(706)	(706)
Gain on acquisition of subsidiary	-	-	1 731	1 731
Fair value gain on investment property, listed security investments and financial instruments at fair value through profit or loss	-	91 238	42 962	134 200
Adjustment resulting from straight-lining of rental revenue	-	-	(199)	(199)
Fair value gain on investment property	-	-	43 228	43 228
Fair value loss on financial instruments at fair value through profit or loss		(19 340)	(67)	(19 407)
Fair value gain on listed security investments	-	110 578	-	110 578
Foreign exchange (loss)/gain	-	(19 528)	31 697	12 169
Operating expenses	(4 925)	-	(1 049)	(5 974)
Profit/(loss) before net finance income	**(4 925)**	**163 824**	**118 686**	**277 585**
Net finance income/(costs)	**2 150**	**(4 293)**	**(513)**	**(2 656)**
Finance income	2 150	-	1 209	3 359
Interest on Rockcastle management incentive loans	2 150	-	-	2 150
Interest and facilitation fee	-	-	441	441
Interest on development partner loans	-	-	768	768
Finance costs	-	(4 293)	(1 722)	(6 015)
Interest on borrowings	-	(4 293)	(3 578)	(7 871)
Capitalised interest	-	-	1 856	1 856
Profit before income tax expense	**(2 775)**	**159 531**	**118 173**	**274 929**
Income tax expense	-	(69)	(6 769)	(6 838)
Profit for the period	**(2 775)**	**159 462**	**111 404**	**268 091**

Segment results 30 June 2015	Corporate USD'000	Listed Securities USD'000	Direct Property USD'000	Total USD'000
Net rental and related revenue	-	-	1 992	1 992
Recoveries and contractual rental revenue	-	-	2 240	2 240
Straight-lining of rental revenue adjustment	-	-	415	415
Rental revenue	-	-	2 655	2 655
Property operating expenses	-	-	(663)	(663)
Income from derivatives and listed securities	-	77 931	-	77 931
Income from joint ventures	-	-	5 892	5 892
Fair value gain on investment property, listed security investments and financial instruments at fair value through profit or loss	-	15 052	(415)	14 637
Adjustment resulting from straight-lining of rental revenue	-	-	(415)	(415)
Fair value loss on financial instruments at fair value through profit or loss	-	(6 090)	-	(6 090)
Fair value gain on listed security investments	-	21 142	-	21 142
Foreign exchange loss	-	(77 935)	-	(77 935)
Operating expenses	(2 773)	-	(221)	(2 994)
(Loss)/profit before net finance income	(2 773)	15 048	7 248	19 523
Net finance income/(costs)	1 149	(11 566)	1 046	(9 371)
Finance income	1 149	-	1 214	2 363
Interest on Rockcastle management incentive loans	1 149	-	-	1 149
Interest on development partner loans	-	-	1 214	1 214
Finance costs	-	(11 566)	(168)	(11 734)
Interest on borrowings	-	(11 745)	(168)	(11 913)
Capitalised interest	-	179	-	179
(Loss)/profit before income tax expense	(1 624)	3 482	8 294	10 152
Income tax expense	-	(20)	-	(20)
Profit/(loss) for the period	**(1 624)**	**3 462**	**8 294**	**10 132**

	Corporate USD'000	Listed Securities USD'000	Direct Property USD'000	Total USD'000
Segment Assets 31 December 2016				
Non-current assets	**26 968**	**383 994**	**1 328 122**	**1 739 084**
Investment property	-	-	1 258 786	1 258 786
Straight-lining of rental revenue adjustment	-	-	199	199
Investment property under development	-	-	5 611	5 611
Intangible assets	-	-	7 341	7 341
Goodwill	-	-	17 433	17 433
Listed security investments	-	383 994	-	383 994
Property, plant and equipment	-	-	499	499
Investment in and loans to joint ventures	-	-	37 000	37 000
Deferred tax assets	-	-	1 253	1 253
Rockcastle management incentive loans	26 968	-	-	26 968
Current assets	**2 869**	**265 827**	**71 522**	**340 218**
Investment income receivable	-	2 810	-	2 810
Cash and cash equivalents	105	489	23 496	24 090
Trade and other receivables	2 764	-	47 612	50 376
Equity derivative collateral	-	244 524	-	244 524
Financial assets at fair value through profit or loss	-	18 004	-	18 004
Income tax receivable	-	-	414	414
Total assets	**29 837**	**649 821**	**1 399 644**	**2 079 302**
Segment Liabilities 31 December 2016				
Non-current liabilities	-	-	**450 552**	**450 552**
Interest-bearing borrowings - non-current	-	-	425 230	425 230
Deferred tax liabilities	-	-	25 322	25 322
Current liabilities	**52**	**8 761**	**63 299**	**72 112**
Trade and other payables	52	3 092	60 728	63 872
Interest-bearing borrowings - current	-	-	1 538	1 538
Financial liabilities at fair value through profit or loss	-	5 600	1 033	6 633
Income tax payable	-	69	-	69
Total liabilities	**52**	**8 761**	**513 851**	**522 664**

	Corporate USD'000	Listed Securities USD'000	Direct Property USD'000	Total USD'000
Segment Assets 30 June 2015				
Non-current assets	25 129	2 161 724	108 286	2 295 139
Investment property	-	-	58 708	58 708
Straight-lining of rental revenue adjustment	-	-	415	415
Investment property under development	-	-	7 436	7 436
Listed security investments	-	2 161 724	-	2 161 724
Investment in and loans to joint ventures	-	-	41 727	41 727
Rockcastle management incentive loans	25 129	-	-	25 129
Current assets	40	29 909	1 417	31 366
Investment income receivable	-	7 589	-	7 589
Cash and cash equivalents	40	2 139	856	3 035
Trade and other receivables	-	-	561	561
Financial assets at fair value through profit or loss	-	14 849	-	14 849
Loans to development partner	-	5 332	-	5 332
Total assets	25 169	2 191 633	109 703	2 326 505
Segment Liabilities 31 December 2015				
Non-current liabilities	-	-	16 614	16 614
Interest-bearing borrowings - non-current	-	-	16 614	16 614
Current liabilities	185	1 067 756	822	1 068 763
Trade and other payables	185	1 984	822	2 991
Interest-bearing borrowings - current	-	1 063 777	-	1 063 777
Financial liabilities at fair value through profit or loss	-	1 975	-	1 975
Income tax payable	-	20	-	20
Total liabilities	185	1 067 756	17 436	1 085 377

Geographical segment information

	Poland USD'000	Czech Republic USD'000	Zambia USD'000	United Kingdom USD'000	France USD'000	USA USD'000	Other** USD'000	Total 2016 USD'000
	2016							
Net rental and related income	**33 883**	**2 800**	**-**	**259**	**-**	**-**	**-**	**36 942**
Income from joint ventures	**-**	**-**	**8 263**	**-**	**-**	**-**	**-**	**8 263**
Income from derivatives and listed securities	**-**	**-**	**-**	**20 226**	**11 739**	**51 591**	**6 698**	**90 254**
Investment property*	**1 175 270**	**86 733**	**37 000**	**2 593**	**-**	**-**	**-**	**1 301 596**

	Poland USD'000	United Kingdom USD'000	Zambia USD'000	France USD'000	USA USD'000	Other** USD'000	Total 2015 USD'000
	2015						
Net rental and related income	1 895	97	-	-	-	-	1 992
Income from joint ventures	-	-	5 892	-	-	-	5 892
Income from derivatives and listed securities	-	7 260	-	4 000	40 431	26 240	77 931
Investment property*	63 225	3 334	41 727	-	-	-	108 286

*Includes investment property under development, investment in and loans to joint ventures and straight-lining of rental revenue adjustment.
**Revenue from Singapore, Australia, Hong Kong and Canada.

25 Earnings and diluted earnings per share

The calculation of basic earnings per share for the period ended 31 December 2016 is based on the income attributable to ordinary equity holders of USD267.45 million (2015: income of USD10.13 million) and the weighted average of 916 429 393 (2015: 772 800 853) ordinary shares in issue during the period. The company has no dilutionary instruments in issue.

The weighted average number of shares for basic and diluted earnings per share purposes is presented below.

Group and company

2016	Event	Number of shares	% of period	Weighted average
1 Jul 2015	Opening balance	**847 862 018**	**100**	**847 862 018**
9 Sep 2015	Book build	**41 379 310**	**87**	**36 037 618**
11 Sep 2015	Private placement	**5 940 000**	**87**	**5 151 600**
28 Sep 2015	Scrip dividend	**17 358 776**	**84**	**14 518 249**
8 Mar 2016	Scrip dividend	**18 454 215**	**54**	**9 998 829**
31 Aug 2016	Private placement	**483 000**	**22**	**107 138**
14 Sep 2016	Scrip dividend	**14 024 700**	**20**	**2 753 941**
31 Dec 2016	Period end	**945 502 019**		**916 429 393**

2015	Event	Number of shares	% of year	Weighted average
1 Jul 2014	Opening balance	705 500 000	100	705 500 000
2 Oct 2014	Private placement	64 200 000	74	47 666 302
23 Mar 2015	Scrip dividend	14 669 955	27	3 978 974
1 Apr 2015	Book build	63 492 063	25	15 655 577
30 Jun 2015	Year end	847 862 018		772 800 853

26 Headline earnings and diluted earnings per share

The calculation of basic headline earnings per share for the period ended 31 December 2016 is based on headline earnings of USD217.84 million (2015: earnings of USD5.32 million) and the weighted average of 916 429 393 (2015: 772 800 853) ordinary shares in issue during the period.

There were no reconciling items to the income for the period attributable to equity holders to reach the headline earnings.

	Group 2016 USD'000	Group 2015 USD'000	Company 2016 USD'000	Company 2015 USD'000
Reconciliation of profit for the period to headline earnings				
Basic earnings - profit for the period attributable to equity holders	**267 449**	10 132	**918 038**	6 734
Adjusted for:				
- fair value gain on investment property of joint ventures	**(5 360)**	(4 814)	**-**	-
- adjustment on sale of interest in joint ventures	**706**	-	**(4 481)**	-
- fair value gain on investment property	**(43 228)**	-	**-**	-
- gain on acquisition of subsidiary	**(1 731)**	-	**-**	-
- gain on disposal of listed security investment	**-**	-	**(776 471)**	-
Headline earnings	**217 836**	5 318	**137 086**	6 734
Headline earnings per share (USD cents)	**23.77**	0.69	**14.96**	0.87

Rockcastle has no dilutionary instruments in issue.

ROCKCASTLE GLOBAL REAL ESTATE COMPANY LIMITED

27 Subsequent events

During the fourth quarter of 2016, Rockcastle and New Europe Property Investments plc ("NEPI"), a property investment company established in the Isle of Man and listed on the Johannesburg Stock Exchange Limited and the Bucharest Stock Exchange, issued joint cautionary announcements regarding a potential transaction. On 14 December 2016, a framework agreement was announced ("Framework Agreement"), pursuant to which their respective businesses would be merged into an entity newly incorporated in the Isle of Man, NEPI Rockcastle plc ("NewCo"). This is expected to be implemented with reference to an effective share swap ratio of 4.5 Rockcastle shares for one NEPI share ("the Swap Ratio").

In accordance with the Framework Agreement, NEPI and Rockcastle will transfer all assets and liabilities, including ownership interests in their respective subsidiaries, effectively transferring their entire businesses to NewCo. In exchange, NewCo will issue ordinary shares ("NewCo Shares") to NEPI and Rockcastle, in line with the Swap Ratio.

NewCo is expected to benefit from enhanced liquidity, and be the largest listed real estate company in Central and Eastern Europe. NewCo Shares are expected to be listed on the Main Board of the JSE and Euronext Amsterdam, as well as any other stock exchange NEPI and Rockcastle agree upon. The transaction will integrate two complementary management teams, unlocking strategic synergies and creating additional value for shareholders.

These transactions will be implemented following the fulfilment, or waiver, of several conditions precedent, including approval by Boards of Directors and shareholders, as well as all relevant authorities, on or before, 30 June 2017.

A circular detailing this transaction, accompanied by announcements on the relevant stock exchanges, is expected to be issued by 30 April 2017.

After the statement of financial position date the VAT receivable reflected in note 13 was received in full by Rockcastle and the payable to Aviva (reflected in note 18) was settled in full.

The Directors are not aware of any other subsequent events from 31 December 2016 and up to the date of signing these financial statements, not arising in the normal course of business, which are likely to have a material effect on the financial information contained in this report, other than as disclosed in the Directors' report.

28 Operating lease rentals

	Group 2016 USD'000	Group 2015 USD'000
Contractual rental revenue from tenants can be analysed as follows:		
Within one year	**96 346**	4 545
Within two to five years	**243 973**	10 048
More than five years	**77 469**	490
	417 788	15 083

29 Financial instruments

29.1 Credit risk

Credit risk is the risk of financial loss to the group if a tenant, or counterparty to a financial instrument, fails to meet its contractual obligations, and arises principally from the group's receivables from tenants.

	Group 2016 USD'000	Company 2016 USD'000	Group 2015 USD'000	Company 2015 USD'000
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:				
Listed security investments	**315 063**	**-**	1 883 150	1 883 150
Rockcastle management incentive loans	**26 968**	**26 968**	25 129	25 129
Loan to development partners	**-**	**-**	5 332	5 332
Receivables	**53 186**	**2 952**	8 150	7 592
Intercompany loans	**-**	**2 191 860**	-	82 823
Equity derivative collateral	**244 524**	**-**	-	-
Financial assets at fair value through profit or loss	**18 004**	**-**	14 849	14 849
Cash and cash equivalents	**24 090**	**8 845**	3 035	1 754
	681 835	**2 230 625**	1 939 645	2 020 629
The maximum exposure to credit risk for loans at the reporting date was:				
Rockcastle management incentive loans	**26 968**	**26 968**	25 129	25 129
Shares pledged as security	**(38 360)**	**(38 360)**	(39 220)	(39 220)
Intercompany loans	**-**	*****	-	*
Net exposure	**-**	**-**	-	-
Loan to development partners	**-**	**-**	5 332	5 332
Net exposure	**-**	**-**	5 332	5 332

None of the borrowers to whom loans were granted were in breach of their obligations.

No impairment allowance is necessary in respect of loans as the fair value of the security provided exceeds the value of the loans.

The loans to development partners were secured by a pledge of the shares in the company in which the underlying land and development was held. At the statement of financial position date the value of the land and development exceeded the loan to the development partner.

* The exposure to intercompany loans of USD2 192 million is indirectly secured as a result of the net asset value of the underlying subsidiaries exceeding the outstanding loan amount.

The maximum exposure to credit risk for receivables at the reporting date by segment was:

	Group 2016 USD'000	Company 2016 USD'000	Group 2015 USD'000	Company 2015 USD'000
Corporate	**2 764**	**2 952**	561	3
Listed securities	**2 810**	**-**	7 589	7 589
Direct property	**47 612**	**-**	-	-
Total receivables	**53 186**	**2 952**	8 150	7 592

The ageing of all receivables at the reporting date was less than 90 days. The company believes that no impairment allowance is necessary in respect of trade receivables as a comprehensive analysis of outstanding amounts are performed on a regular basis and impairment losses are accounted for timeously. The company believes that where trade receivables pertain to investment income receivable, that the respective companies to which these amounts relate are liquid and solvent and will be able to pay the distribution declared on the prescribed payment date and where they relate to interest rate swaps that the counterparty involved is sufficiently liquid and solvent and would be able to pay any outstandings as and when required.

There are no significant concentrations of credit risk.

	Group 2016 USD'000	Company 2016 USD'000	Group 2015 USD'000	Company 2015 USD'000
Gross receivables:				
Not past due	**53 186**	**2 952**	8 150	7 592
Past due not impaired	**-**	**-**	-	-
	53 186	**2 952**	8 150	7 592

29.2 Liquidity risk

The group approach to managing this risk ensures, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. To ensure this occurs, the group prepares budgets, cash flow analyses and forecasts, which enable the Directors to assess the level of financing required for future periods. Budgets and projections are used to assess any future potential investments and are compared to existing funds held on deposit to evaluate the nature and extent of any future funding requirements.

The group receives rental income on a monthly basis. Typically, the group ensures it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Refer to note 17 for bank loan maturity analysis.

The following are the contractual maturities of financial liabilities, excluding interest payments:

	Carrying value USD'000	Contractual outflows USD'000	1-12 months USD'000	2-5 years USD'000
Group - 2016				
Interest-bearing borrowings	**426 768**	**426 768**	**1 538**	**425 230**
Financial liabilities at fair value through profit or loss	**6 633**	**6 633**	**6 633**	**-**
Tenant deposits	**2 656**	**2 656**	**2 656**	**-**
Trade and other payables	**61 216**	**61 216**	**61 216**	**-**
Company - 2016				
Trade and other payables	**2 963**	**2 963**	**2 963**	**-**
Group - 2015				
Interest-bearing borrowings	1 080 391	1 080 391	1 063 777	16 614
Financial liabilities at fair value through profit or loss	1 975	1 975	1 975	-
Tenant deposits	205	205	205	-
Trade and other payables	2 786	2 786	2 786	-
Company - 2015				
Interest-bearing borrowings	1 063 777	1 063 777	1 063 777	-
Financial liabilities at fair value through profit or loss	1 975	1 975	1 975	-
Trade and other payables	1 988	1 988	1 988	-

Cash flows are monitored on a regular basis to ensure that cash resources are adequate to meet funding requirements.

Permitted borrowings:	Group 2016 USD'000	Company 2016 USD'000	Group 2015 USD'000	Company 2015 USD'000
Total assets	**2 079 302**	**2 238 265**	2 326 505	2 304 651
60% of total assets	**1 247 581**	**1 342 959**	1 395 903	1 382 791
Total interest-bearing borrowings	**(426 768)**	**-**	(1 080 391)	(1 063 777)
Unutilised borrowing capacity per company mandate	**820 813**	**1 342 959**	315 512	319 014

29.3 Market risk

29.3.1 Interest rate risk

	Group 2016 USD'000	Company 2016 USD'000	Group 2015 USD'000	Company 2015 USD'000
Interest-bearing instruments comprise:				
Variable rate instruments				
Cash and cash equivalents	**24 090**	**8 845**	3 035	1 754
Equity derivative collateral	**244 524**	**-**	-	-
Interest-bearing borrowings	**(255 705)**	**-**	(1 080 391)	(1 063 777)
	12 909	**8 845**	(1 077 356)	(1 062 023)
Fixed rate instruments				
Interest-bearing borrowings	**(171 063)**	**-**	**-**	**-**

The exposure of the group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	1-12 months USD'000	2-5 years USD'000	More than 5 years USD'000	Total USD'000
2016				
Total borrowings	**1 538**	**254 167**	-	**255 705**
2015				
Total borrowings	1 063 777	16 614	-	1 080 391

Details of existing interest rate derivatives are:

Group 2016	Swap maturity	Nominal amount USD'000	Average swap rate	Fair value USD'000
	Dec 2018	**74 077**	**0.73%**	**23**
	Dec 2019	**74 077**	**0.78%**	**151**
	Dec 2020	**223 301**	**0.15%**	**(575)**
	Dec 2021	**42 101**	**0.53%**	**(1 088)**
	Dec 2025	**161 423**	**1.82%**	**(3 085)**
		574 979	**0.80%**	**(4 574)**

Group 2015	Swap maturity	Nominal amount USD'000	Average swap rate	Fair value USD'000
	Jun 2020	80 735	0.79%	188
	Jun 2022	27 868	0.49%	498
	Jun 2025	404 755	1.96%	14 010
		513 358	1.70%	14 696

Interest rate swaps are used to hedge the interest rate risk relating to listed security investments as disclosed in note 6.

Cash flow sensitivity analysis for variable rate instruments

Interest

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) the profit or loss before income tax by the amounts shown below.

This analysis assumes that all other variables remain constant.

	Profit or loss before income tax increase USD'000	Profit or loss before income tax decrease USD'000
Group 2016		
Cash and cash equivalents	**241**	**(241)**
Equity derivative collateral	**2 445**	**(2 445)**
Interest-bearing borrowings	**(2 318)**	**2 318**
Cash flow sensitivity (net)	**368**	**(368)**
Company 2016		
Cash and cash equivalents	**88**	**(88)**
Cash flow sensitivity (net)	**88**	**(88)**
Group 2015		
Cash and cash equivalents	30	(30)
Interest-bearing borrowings	(5 670)	5 670
Cash flow sensitivity (net)	(5 640)	5 640
Company 2015		
Cash and cash equivalents	18	(18)
Interest-bearing borrowings	(5 670)	5 670
Cash flow sensitivity (net)	(5 652)	5 652

29.3.2 Equity price risk

The carrying amount of financial assets represents the maximum equity price risk exposure. The maximum exposure to equity price risk at the reporting date was:

	Group 2016 USD'000	Company 2016 USD'000	Group and Company 2015 USD'000
Listed security investments*	**1 195 502**	**-**	2 161 724
Financial assets at fair value through profit or loss	**18 004**	**-**	14 849

*Based on gross listed security investment exposure as reflected in note 6.

A one percent change in the market value of investments would have increased/(decreased) equity and profit and loss by the amounts shown below.

This analysis assumes that all other variables remain constant.

	Profit or loss before income tax increase USD'000	Profit or loss before income tax decrease USD'000
Group and Company 2016		
Listed security investments	**11 955**	**(11 955)**
Financial assets at fair value through profit or loss	**180**	**(180)**
Group and Company 2015		
Listed security investments	21 617	(21 617)

29.3.3 Currency risk

The group has assets and liabilities in currencies other than US Dollars, its reporting currency. The group is exposed to foreign currency risk on assets and liabilities denominated in Great British Pound Sterling (GBP), Czech Crown (CZK), Euro (EUR), Australian Dollar (AUD), Singapore Dollar (SGD), Canadian Dollar (CAD), Polish Zloty (PLN) and Zambian Kwacha (ZMW).

The group is mainly exposed to foreign exchange risk arising due to fluctuations of the US Dollar *vis-à-vis* other currencies. The group hedges its currency exposure on distributable income.

The company's direct property assets are predominantly valued in EUR and therefore are exposed to currency risk at reporting dates by virtue of movements between the EUR/USD rate of conversion. The group views such movements as unrealised exchange rate differences due to the long term direct property holding strategy.

At 31 December 2016 if the US Dollar had weakened/strengthened by 1% against the other currencies with all other variables being constant, profit or loss before income tax for the period would have been impacted as follows:

	Profit or loss before income tax USD weakened 1% USD'000	Profit or loss before income tax USD strenghtened 1% USD'000
Group 2016		
Investments at fair value through profit or loss	**3 963**	**(3 963)**
Equity derivative collateral	**(3 900)**	**3 900**
Rockcastle management incentive loans	**270**	**(270)**
Investment income receivable	**4**	**(4)**
	337	**(337)**
Company 2016		
Rockcastle management incentive loans	**270**	**(270)**
Investment income receivable	**2**	**(2)**
Cash and cash equivalents	**31**	**(31)**
	303	**(303)**
Group 2015		
Investments at fair value through profit or loss	10 364	(10 364)
Receivables	138	(138)
Cash and cash equivalents	21	(21)
	10 523	(10 523)
Company 2015		
Investments at fair value through profit or loss	10 364	(10 364)
Receivables	108	(108)
Cash and cash equivalents	9	(9)
	10 481	(10 481)

Investments at fair value through profit or loss above include listed security investments (as per note 6) and equity swap derivatives in the financial statement line item: financial assets at fair value through profit or loss (as per note 15).

29.3.4 Fair values

The fair values of all financial instruments are substantially the same as the carrying amounts reflected on the statement of financial position.

	Level	Designated at fair value USD'000	Loans and receivables USD'000	Amortised cost USD'000	Total carrying amount USD'000
Group 2016					
Listed security investments	1	**383 994**			**383 994**
Rockcastle management incentive loans	3		**26 968**		**26 968**
Investment income receivable	3		**2 810**		**2 810**
Financial assets at fair value through profit or loss	2	**18 004**			**18 004**
Trade and other receivables	3		**50 376**		**50 376**
Cash and cash equivalents	3			**24 090**	**24 090**
Equity derivative collateral	3			**244 524**	**244 524**
Interest-bearing borrowings	3			**(426 768)**	**(426 768)**
Trade and other payables	3			**(63 872)**	**(63 872)**
Financial liabilities at fair value through profit or loss	2	**(6 633)**			**(6 633)**
		395 365	**80 154**	**(222 026)**	**253 493**
Company 2016					
Rockcastle management incentive loans	3		**26 968**		**26 968**
Loans to subsidiaries	3		**2 191 860**		**2 191 860**
Investment income receivable	3		**190**		**190**
Trade and other receivables	3		**2 762**		**2 762**
Cash and cash equivalents	3			**8 845**	**8 845**
Trade and other payables	3			**(2 963)**	**(2 963)**
		-	**2 221 780**	**5 882**	**2 227 662**
Group 2015					
Listed security investments	1	2 161 724			2 161 724
Rockcastle management incentive loans	3		25 129		25 129
Investment income receivable	3		7 589		7 589
Financial liabilities at fair value through profit or loss	2	(1 975)			(1 975)
Financial assets at fair value through profit or loss	2	14 849			14 849
Loans to development partners	3		5 332		5 332
Trade and other receivables	3		561		561
Cash and cash equivalents	3			3 035	3 035
Interest-bearing borrowings	3			(1 080 391)	(1 080 391)
Trade and other payables	3			(2 991)	(2 991)
		2 174 598	38 611	(1 080 347)	1 132 862
Company 2015					
Listed security investments	1	2 161 724			2 161 724
Rockcastle management incentive loans	3		25 129		25 129
Investment income receivable	3		7 589		7 589
Financial liabilities at fair value through profit or loss	2	(1 975)			(1 975)
Financial assets at fair value through profit or loss	2	14 849			14 849
Loans to development partners	3		5 332		5 332
Loans to subsidiaries	3		82 823		82 823
Trade and other receivables	3		3		3
Cash and cash equivalents	3			1 754	1 754
Interest-bearing borrowings	3			(1 063 777)	(1 063 777)
Trade and other payable	3			(1 988)	(1 988)
		2 174 598	120 876	(1 064 011)	1 231 463

30 Accounting estimates and judgements

Management discusses with the audit committee the development, selection and disclosure of the company's critical accounting policies and estimates and the application of these policies and estimates. Estimates and judgements are continuously evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years are discussed below.

30.1 Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the company's view of possible near-term market changes that cannot be predicted with any certainty.

30.2 Revaluation of investment properties

The group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The group engaged independent valuation specialists to determine fair value as at 31 December 2016. The valuer used a valuation technique based on a discounted cash flow model and rental yield basis. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of the investment properties are further explained in note 3.

31 Related party transactions

Identity of related parties with whom material transactions have occurred

The subsidiaries, joint ventures and directors are related parties. The subsidiaries of the company are identified in note 7 and the joint ventures in note 8. Director information is available on the company's website: www.rockcastleglobal.com.

Material related party transactions

Loans to subsidiaries are set out in note 7 and transactions with joint ventures are disclosed in note 8. Interest received from subsidiaries is set out in the statement of

	Group						Company					
	For the 18 months ended 31 Dec 2016 Remuneration USD'000	For the 18 months ended 31 Dec 2016 Bonus USD'000	For the 18 months ended 31 Dec 2016 For services as director USD'000	For the 12 months ended 30 Jun 2015 Remuneration USD'000	For the 12 months ended 30 Jun 2015 Bonus USD'000	For the 12 months ended 30 Jun 2015 For services as director USD'000	For the 18 months ended 31 Dec 2016 Remuneration USD'000	For the 18 months ended 31 Dec 2016 Bonus USD'000	For the 18 months ended 31 Dec 2016 For services as director USD'000	For the 12 months ended 30 Jun 2015 Remuneration USD'000	For the 12 months ended 30 Jun 2015 Bonus USD'000	For the 12 months ended 30 Jun 2015 For services as director USD'000
Executive directors												
Karen Bodenstein (1)	**48**	**-**		-	-		**48**	**-**		-	-	-
Nick Matulovich	**368**	**208**		161	-		**290**	**-**		161	-	-
Marek Noetzel (2)	**117**	**20**		-	-		**-**	**-**		-	-	-
Spiro Noussis	**718**	**408**		406	-		**412**	**-**		406	-	-
Paul Pretorius (3)	**75**	**-**		188	-		**75**	**-**		188	-	-
	1 326	**636**		755	-	-	**825**	**-**	**-**	755	-	-
Non-executive directors												
Andries de Lange (4)			**6**			21			**6**			21
Rory Kirk (chairman of the audit, remuneration and social and ethics committees)			**33**			21			**33**			21
Yan Ng (5)			**-**			-			**-**			-
Mark Olivier (chairman of the board and the nomination committee)			**33**			21			**33**			21
Barry Stuhler (6)			**27**			-			**27**			-
Andre van der Veer (chairman of the investment and risk committees)			**33**			21			**33**			21
	-	**-**	**132**	-	-	84	**-**	**-**	**132**	-	-	84
Total directors remuneration	**1 326**	**636**	**132**	755	-	84	**825**	**-**	**132**	755	-	84

(1) Karen Bodenstein was appointed to the board in November 2015.
(2) Marek Noetzel was appointed to the board in August 2016.
(3) Paul Pretorius resigned from the board in November 2015.
(4) Andries de Lange resigned from the board in September 2015.
(5) Yan Ng's remuneration is incorporated into the fees paid by the company to Intercontinental Trust Limited, the company secretary.
(6) Barry Stuhler was appointed to the board in September 2015.

comprehensive income. Remuneration paid to executive and non-executive directors is set out below.

Rockcastle management incentive loans to directors are set out in note 9.

Interest paid by directors to the Rockcastle share incentive scheme amounted to USD2.151 million (2015: 1.149 million).

Related party transactions are made in the normal course of business. For the period ended 31 December 2016, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2015: nil). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

32 Business combinations

During the period the group made two acquisitions in Poland via company acquisitions for a total consideration of USD244.4 million, resulting in USD17.4 million goodwill due to a deferred tax liability as well as a gain on acquisition of subsidiary of USD1.7 million, as at the respective acquisition dates. The group is continually looking for direct property investment opportunities in Central and Eastern Europe in line with its investment strategy to increase the proportion of its investment asset base in direct property and reduce its listed security investments.

Bonarka Group

On 20 September 2016 the group finalised the 100% acquisition of Bonarka Property sp.zo.o, an investment holding company, Bonarka City Center sp.zo.o, a property holding company, and Energit sp.zo.o, an energy distribution company, from TPG.

The fair value of the respective companies' identifiable assets and liabilities at the acquisition date are detailed below.

	USD'000
Investment property	395 063
Property, plant and equipment	17
Intangible asset	7 795
Cash and cash equivalents	8 639
Trade and other receivables	3 234
Trade and other payables	(9 594)
Deferred tax liabililty	(18 442)
Income tax payable	(308)
Interest-bearing borrowings	(249 570)
Total identifiable net assets at fair value	136 834
Goodwill arising on acquisition	17 433
Total consideration paid - cash	154 267

From the effective acquisition date, the companies have contributed USD16.5 million to profit after tax and USD6.4 million to the group's recoveries and contractual rental revenue.

Liberec Property s.r.o

On 24 June 2016 the group finalised the 100% acquisition of Liberec Property s.r.o., a property holding company, from Tesco Holdings B.V.

The fair value of the respective company's identifiable assets and liabilities at the acquisition date are detailed below.

	USD'000
Investment property	89 546
Cash and cash equivalents	2 048
Trade and other receivables	565
Deferred tax asset	1 412
Trade and other payables	(1 517)
Income tax payable	(208)
Total identifiable net assets at fair value	91 846
Bargain purchase arising on acquisition	(1 731)
Total consideration paid - cash	90 115

From the effective acquisition date, the company has contributed USD4.1 million to profit after tax and USD3.8 million to he group's recoveries and contractual rental revenue.

The gain on acquisition of USD1.7 million was recognised in the statement of comprehensive income.

On 1 December 2015 the group also disposed of its 100% interests in Ndola Kafubu Investments Limited and Kitwe Mukuba Investments Limited for a total consideration of USD20.03 million. These subsidiaries held the group's 50% interest in joint venture investments in Kafubu Mall and Mukuba Mall respectively, in Zambia.

	USD'000
Ndola Kafubu Investments Limited	
Investment in and loans to joint venture	10 197
Interest-bearing borrowings	(5 022)
Total identifiable net assets at fair value	5 175
Adjustment on sale of interest	(1 099)
Consideration received - cash	4 076

	USD'000
Kitwe Mukuba Investments Limited	
Investment in and loans to joint venture	31 187
Interest-bearing borrowings	(11 550)
Total identifiable net assets at fair value	19 637
Adjustment on sale of interest	393
Total consideration received	20 030

Total consideration received was as follows:	20 030
Consideration received - cash	17 530
Consideration received - loan receivable	2 500

An adjustment on sale of interest in joint ventures of USD0.71 million was recognised in the statement of comprehensive income.

33 Income from joint ventures

	Group 2016 USD'000	Company 2016 USD'000	Group 2015 USD'000	Company 2015 USD'000
Income from joint ventures	**8 969**	**-**	5 892	-
Adjustment on sale of shares*	**(706)**	**4 481**	-	-
	8 263	**4 481**	5 892	-

* As indicated in note 32 above, the group's interest in joint ventures was held via Ndola Kafubu Investments Limited and Kitwe Mukuba Investments Limited ("the subsidiaries") which each owned a 50% interest in the underlying joint venture investments of Kafubu Mall and Mukuba Mall respectively ("the joint venture investments"). The company had a 100% direct investment in the subsidiaries and realised an accounting profit on sale of these investments whilst the group recognised an accounting loss on sale of the entire investment due to the allocation of Rockcastle's 50% share of income from the joint venture investments.

34 Standards and interpretations

Statement of compliance with International Financial Reporting Standards ("IFRS")

The company applies all applicable IFRS as issued by the International Accounting Standards Board ("IASB") in preparation of the financial statements.

34.1 Standards, amendments to published standards and interpretations effective in the reporting period

IFRS 14 Regulatory Deferral Accounts provides relief for first-adopters of IFRS in relation to accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). IFRS 14 permits these entities to apply their previous accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The standard is not expected to have any impact on the Group's financial statements.

Amendments to IFRS 11, Accounting for Acquisitions of Interests in Joint Operations: The amendments clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. The amendment had no impact on the Group's financial statements.

Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation: The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Amendments clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome under specific conditions. The amendment had no impact on the Group's financial statements.

Amendments to IAS 27, Equity method in separate financial statements: The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The amendment had no impact on the Group's financial statements.

Amendments to IAS 16 and IAS 41, Agriculture: Bearer Plants: IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property, plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. The amendment has no impact on the Group's financial statements.

Annual Improvements to IFRSs 2012-2014 cycle:

- IFRS 5 is amended to clarify that when an asset (or disposal group) is reclassified from "held for sale" to "held for distribution" or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such. The amendment had no impact on the Group's financial statements.
- IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. The amendment had no impact on the Group's financial statements.
- IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. The amendment had no impact on the Group's financial statements.
- IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The amendment had no impact on the Group's financial statements.
- IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. The amendment had no impact on the Group's financial statements.

Amendments to IAS 1, Disclosure Initiative: The amendments to IAS 1 provide clarifications on a number of issues. An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. Confirmation that the notes do not need to be presented in a particular order. The share of other comprehensive income arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

Amendments to IFRS 10, IFRS 12 and IAS 28, Investment entities: Applying the consolidation exception. The amendments clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. The amendment has no impact on the Group's financial statements.

34.2 Standards, amendments to published standards and interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2017 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contract with Customers
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRS 16 Leases
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
- Amendments to IAS 7 Statement of Cash Flows
- Clarifications to IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
- Annual Improvements to IFRSs 2014–2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Transfers of Investment Property (Amendments to IAS 40)

Where relevant, the Group is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 30.

35 Distributable earnings per share

The calculation of distributable earnings per share was based on the profit after tax, adjusted as shown in the table below, to arrive at the distributable earnings and the number of shares in issue at 31 December 2016.

	Unaudited For the 18 months ended 31 Dec 2016 USD'000	Unaudited For the 12 months ended 30 Jun 2016 USD'000
Profit for the period attributable to equity holders	**267 449**	10 132
Basic profit for the period	**267 449**	10 132
Foreign exchange (gain)/loss	**(12 169)**	77 935
Fair value loss on bond shorts	**-**	11 421
Fair value gain on listed security investments	**(110 578)**	(21 142)
Unrealised fair value loss on financial instruments at fair value through profit or loss	**20 969**	(5 331)
Fair value gain on investment property	**(43 228)**	-
Income from derivatives and listed securities	**(90 254)**	(77 931)
Gain on acquisition of subsidiary	**(1 731)**	-
Accrued income from listed securities investments	**102 118**	76 962
Adjustments related to joint ventures		
Fair value adjustments of investment property	**(6 066)**	(4 729)
Adjustment on sale of interest in joint ventures	**706**	-
Shares issued *cum* dividend	**1 977**	3 102
Deferred tax expense	**6 649**	-
Distributable earnings for the period	**135 842**	70 419
Less:	**(135 842)**	(70 419)
Interim dividend declared	**(42 260)**	(32 943)
Interim dividend declared	**(44 520)**	-
Final dividend declared	**(49 062)**	(37 476)
Earnings not distributed	**-**	-
Number of shares entitled to distribution	**945 502 019**	847 862 018
Distributable earnings per share (USD cents)	**14.60**	8,70
Less (USD cents per share):	**(14.60)**	(8.70)
Interim dividend per share (USD cents) - declared	**(4.63)**	(4.28)
Interim dividend per share (USD cents) - declared	**(4.78)**	-
Final dividend per share (USD cents) - declared	**(5.19)**	(4.42)
Distributable earnings per share not distributed (USD cents)	**-**	-

The 2016 distributable earnings figure is arrived at by adjusting the accounting profit of USD267.449 million as follows:

a. Reversing the non-cash flow items recognised in the statement of comprehensive income below:

- A foreign exchange gain of USD12.2 million, which resulted from the conversion of the assets and liabilities in foreign currency during the course of the financial period at the prevailing closing spot rate at the end of the period.

- A positive fair value adjustment of USD110.6 million to reflect a net increase in the fair value of listed security investments at fair value through profit and loss.

- A negative net fair value adjustment of USD20.9 million indicating the movement in the market value of the company's interest rate derivatives.

- A positive fair value adjustment of USD43.2 million to reflect a net increase in the fair value of investment property at fair value through profit and loss.

- A positive impact of USD90.3 million representing dividends and derivative gains actually received from listed securities investments net of equity derivative interest on funding leg of the derivative. Distributable earnings is calculated with reference to dividends accrued on a daily basis from investments.

- A gain on acquisition of subsidiary of USD1.7 million, resulting from a subsidiary bargain purchase.

- A positive fair value adjustment of USD6.1 million to reflect a net increase in the fair value of investment property of joint venture at fair value through profit and loss.

- An adjustment of USD0.7 million on sale of interest in joint ventures.

- An adjustment of USD6.6 million relating to deferred tax liabilities primarily incurred on fair value upliftments on direct properties in Poland.

b. Recognising:

- Accrued dividends from equity investments, including effective currency income hedges entered into, of USD101.4million.

- An amount of USD2 million in respect of the shares that were issued *cum* dividend during the financial period.

Schedule of investments

< Solaris Shopping Centre

Artist's impression

Opole, Poland

Top 10

	Gross listed security exposure*	Primary sector	Jurisdiction	Valuation as at 31 December 2016 USD'000	Valuation as at 30 June 2015 USD'000
1	Hammerson plc	Retail	Great Britan	**394 209**	367 694
2	Simon Property Group Incorporated	Retail	USA	**205 473**	288 943
3	Unibail - Rodamco	Retail	Europe	**169 922**	166 025
4	Avalonbay Communities Incorporated	Residential	USA	**69 089**	153 475
5	Ventas Inc	Healthcare	USA	**64 083**	158 330
6	Prologis Inc	Industrial	USA	**62 217**	161 385
7	Host Hotels & Resorts Inc	Hotel	USA	**40 372**	108 074
8	KIMCO Realty Corporation	Retail	USA	**38 746**	47 334
9	General Growth Properties	Retail	USA	**31 991**	-
10	Westfield Group	Retail	Australia	**29 875**	69 837
				1 105 997	1 521 097
Top 10 holdings as a percentage of gross listed security portfolio				**93%**	**70%**
Total gross listed security portfolio balance				**1 195 502**	**2 161 724**

** During the period revised prime brokerage agreements were signed with improved terms. As a result, Rockcastle's listed security investments as at 31 December 2016 represent only fully-funded derivative positions and physical positions. The gross investment balance including all gross positions have been included above for comparability purposes.*

Schedule of properties

							Weighted by ownership* USD'000				
No.	Property	Year opened/ acquired	Type	Location	Ownership	GLA (m²)	GLA (m²)	Valuation at 31 Dec 2016 (USD)	Passing rent (USD'000) &	Average rental (USD/ m²/ month)	Occupancy rate
TOTAL PROPERTIES						**499 856**	**486 780**	**1 301 595**	**79 246**		
INCOME PRODUCING PROPERTIES						**445 456**	**432 380**	**1 295 985**	**79 246**	**15.27**	**92%**
RETAIL						**444 871**	**431 795**	**1 293 392**	**79 081**	**15.26**	**92%**
1	Bonarka City Center**	2009/2016	Super-regional Mall	Kraków, Poland	100%	72 543	72 543	393 748	20 677	23.75	92%
2	Galeria Warmińska****	2014/2016	Regional Mall	Olsztyn, Poland	100%	42 695	42 695	161 981	9 570	18.68	100%
3	Karolinka Shopping Centre	2008/2015	Regional Mall	Opole, Poland	100%	69 994	69 994	155 142	9 404	11.20	96%
4	Focus Mall Zielona Góra****	2008/2016	Regional Mall	Zielona Góra, Poland	100%	28 909	28 909	117 744	7 339	21.15	89%
5	Forum Liberec Shopping Centre***	2009/2016	Regional Mall	Liberec, Czech Republic	100%	47 087	47 087	86 695	5 188	9.18	83%
6	Pogoria Shopping Centre	2008/2015	Regional Mall	Dąbrowa Górnicza, Poland	100%	36 706	36 706	81 044	5 198	11.80	97%
7	Solaris Shopping Centre	2009/2015	Regional Mall	Opole, Poland	100%	17 689	17 689	61 572	4 272	20.13	86%
8	Galeria Wołomin	2016	Regional Mall	Wołomin, Poland	90%	24 153	24 153	58 416	3 702	12.77	94%
9	Platan Shopping Centre	2003/2015	Regional Mall	Zabrze, Poland	100%	25 336	25 336	54 731	3 454	11.36	97%
10	Focus Mall Piotrków Trybunalski****	2009/2016	Regional Mall	Piotrków Trybunalski, Poland	100%	35 141	35 141	51 554	4 425	10.49	78%
11	Cosmopolitan Mall^	2016	Regional Mall	Lusaka, Zambia	50%	26 152	13 076	37 000	3 104	19.78	100%
12	Galeria Tomaszów	2016	Regional Mall	Tomaszów Mazowiecki, Poland	85%	18 466	18 466	33 765	2 748	12.40	98%
OFFICE						**585**	**585**	**2 593**	**165**	**23.52**	**100%**
13	Rockcastle House	1980/2015	Office	London, United Kingdom	100%	585	585	2 593	165	23.52	100%
TOTAL DEVELOPMENTS						**54 400**	**54 400**	**5 610**			
DEVELOPMENTS UNDER CONSTRUCTION						**6 700**	**6 700**	**267**			
14	Galeria Wolomin		Extension	Wołomin, Poland	90%	6 700	6 700	267			
DEVELOPMENTS UNDER PERMITTING AND PRE-LEASING						**47 700**	**47 700**	**5 343**			
15	Platan Shopping Centre extension		Extension	Zabrze, Poland	100%	16 000	16 000	5 099			
16	Focus Mall Zielona Góra extensions		Extension	Zielona Góra, Poland	100%	15 900	15 900	-			
17	Solaris Shopping Centre extensions		Extension	Opole, Poland	100%	8 000	8 000	244			
18	Bonarka City Center extension		Extension	Kraków, Poland	100%	4 000	4 000	-			
19	Karolinka Shopping Centre extension		Extension	Opole, Poland	100%	2 500	2 500	-			
20	Pogoria Shopping Centre extension		Extension	Dąbrowa Górnicza, Poland	100%	1 300	1 300	-			

* GLA and valuation are only weighted by ownership where Rockcastle does not have a controlling interest in the relevant entity which owns the property.
**Auchan, a major tenant, owns their premises of 20,620m². Total GLA of the property including this premises is 93,163m².
***A small percentage of this property's GLA consists of office and residential space, amounting to 2 804m² and 974m² respectively.
****Currently at cost but will be fair valued.
^ Accounted for as investment in joint venture in the financial statements.
& Refer to note 3 of the financial statements regarding the valuation of this property at 31 December 2016.

Corporate information

COMPANY DETAILS

Rockcastle Global Real Estate Company Limited
(Registration number: 108869 C1/GBL)
SEM code: Rock.N0000
JSE code: ROC
ISIN: MU0364N00003
Level 3, Alexander House, 35 Cybercity,
Ebene, 72201,
Mauritius

BANKERS

The Standard Bank (Mauritius) Limited
Level 9, Tower A, 1 Cybercity
Ebene, 72201
Mauritius

AfrAsia Bank Limited
Bowen Square, 10 Dr Ferriere St
Port Louis
Mauritius

HSBC
54 Clarence Street, Kingston Upon Thames
Surrey, KT1 1NS, London, United Kingdom

AUDITORS

BDO & Co
DCDM Building
10 Frère Fèlix de Valois Street
Port Louis, 11404
Mauritius

VGD Audyt Sp. z o.o.
Reduta Business Center
Al. Jerozolimskie 148
02-326 Warsaw

SEM AUTHORISED REPRESENTATIVE AND SEM SPONSOR

Perigeum Capital Limited
Ground Floor, Alexander House
35 Cybercity,
Ebene, 72201,
Mauritius

TRANSFER SECRETARY IN SOUTH AFRICA

Link Market Services South Africa Proprietary Limited
(Registration number: 2000/007239/07)
13th Floor, Rennie House, 19 Ameshoff Street,
Braamfontein, 2001
South Africa
(PO Box 4844, Johannesburg, 2000)

COMPANY SECRETARY

Intercontinental Trust Limited
Level 3, Alexander House,
35 Cybercity, Ebene, 72201, Mauritius

MAURITIAN MANAGEMENT COMPANY

Intercontinental Trust Limited
Level 3, Alexander House
35 Cybercity,
Ebene, 72201
Mauritius

JSE SPONSOR AND CORPORATE ADVISOR

Java Capital
6A Sandown Valley Crescent, Sandton,
Johannesburg, 2196
South Africa
(PO Box 2087, Parklands, 2121)

CORPORATE ADVISOR AND LEGAL ADVISOR AS TO MAURITIAN LAW

C&A Law (Registered as a Law Firm in Mauritius)
Suite 1005, Level 1, Alexander House,
35 Cybercity,
Ebene, 72201,
Mauritius

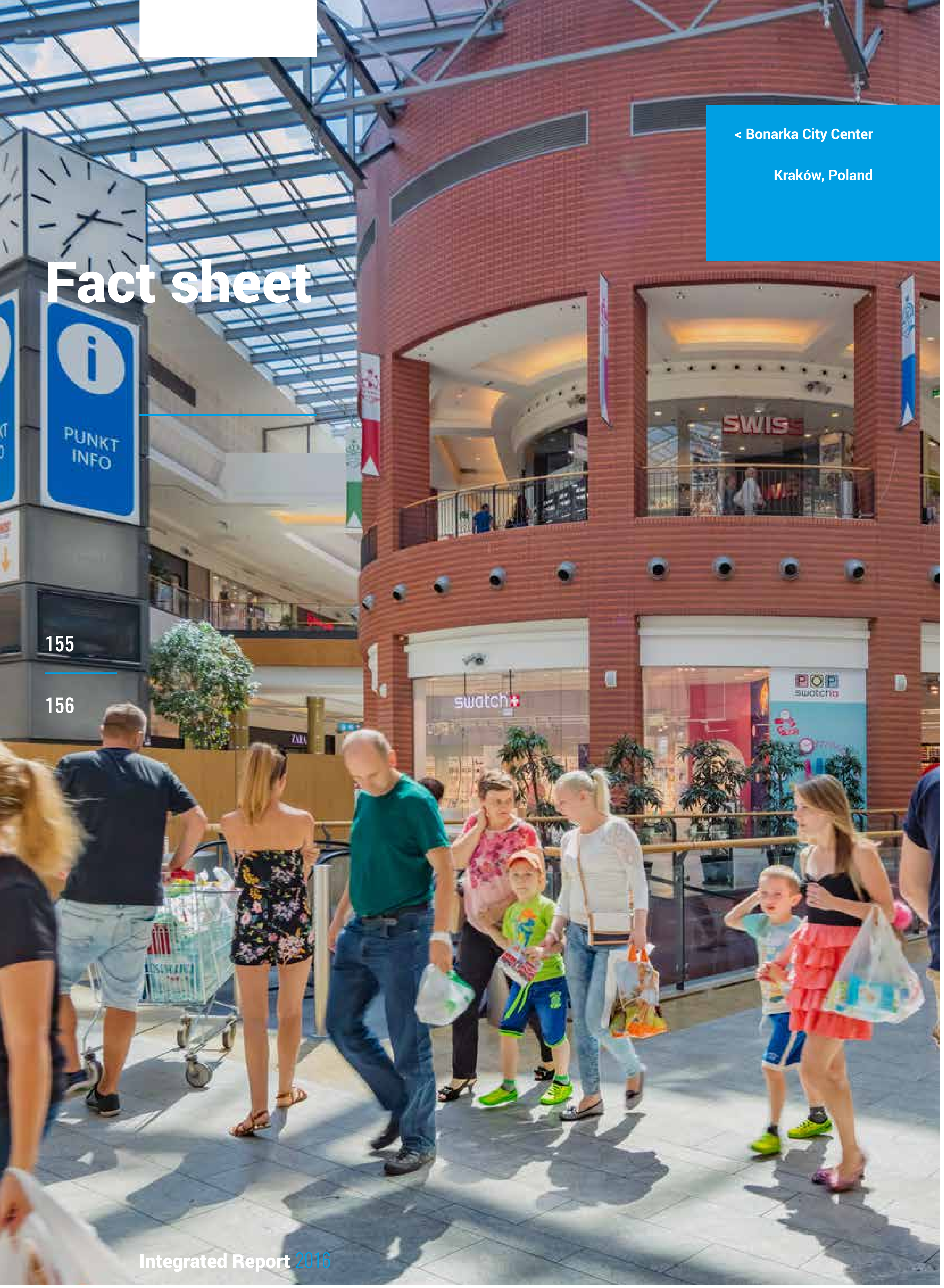
Corporate diary

2016 FINANCIAL YEAR

Financial yer end		Saturday	31 December 2016
Publication of abridged results		Wednesday	15 February 2017
		Thursday	16 February 2017
Last day to trade units inclusive of distribution (cum distribution) - JSE		Tuesday	14 March 2017
Last day to trade units inclusive of distribution (cum distribution) - SEM	SENS	Tuesday	14 March 2017
Distribution payment date	Press	Thursday	23 March 2017

2017 FINANCIAL YEAR

First quarter ends	Friday	31 March 2017
Quarterly results announcement (SENS)	Friday	12 May 2017
Second quarter ends	Friday	30 June 2016
Half year results announcement (SENS)	Tuesday	8 August 2017
Third quarter ends	Saturday	30 September 2017
Quarterly results announcement (SENS)	Friday	10 November 2017



< Bonarka City Center

Kraków, Poland

Fact sheet

Company name	Rockcastle Global Real Estate Company Limited (Registration number: 108869 C1/GBL1)		
Registered address	Level 3, Alexander House 35 Cybercity, Ebene, 72201 Mauritius		
Website address	www.rockcastleglobal.com		
Year-end	31 December 2016		
Chairman of the board	Mark Olivier		
Board of directors	Mark Olivier (chairman); Spiro Noussis; Nick Matulovich; Rory Kirk; Yan Ng; Karen Bodenstein; Barry Stuhler; Andre Van der Veer; Marek Noetzel		
	Independent non-executive		4
	Non-independent non-executive		1
	Executive		4
			9
Chief executive officer	Spiro Noussis		
Company secretary	Intercontinental Trust Limited		
JSE sponsor and corporate advisor	Java Capital		
External auditors	BDO & Co		
Date of listing SEM	5 June 2012		
Date of listing JSE	26 July 2012		
Shares in issue	945 502 019		
Loan to value ratio	38%		
Investment portfolio	Listed property securities (gross)	USD1 195.5million	
	Direct property investments	USD1 258.8million	

		2016	**2015**
Share price (USD cents per share)	High	**290**	296
	Low	**190**	153
	Closing	**252**	222

Distributions (USD cents)		**2016**	**2015**
	Interim - 6 months	**4.63**	4.28
	Interim - 12 months	**4.78**	-
	Final - proposed	**5.19**	4.42
		14.60	8.70

Volume traded	236 million shares
Volume traded	USD 572million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