

## CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2017

### DIRECTORS' COMMENTARY

#### 1. STRUCTURE AND LISTING

Rockcastle is a Category One Global Business Licence Company registered in Mauritius. The Company has primary listings on both the Stock Exchange of Mauritius Ltd ("SEM") and the JSE 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 December 2016 final dividend in shares rather than cash. Over 82% of shareholders elected to take the scrip dividend resulting in the issue of 17.65 million new shares.

#### 2. DIRECT PROPERTY

The Company's net asset value per share was USD1.63 at 31 March 2017 compared to USD1.65 per share at 31 December 2016 and following the final dividend of 5.189 USD cents per share paid during the quarter.

Direct property assets, currently valued at USD1.33 billion, represent 54% of the total investment assets. Economic conditions in Poland and Czechia (Czech Republic) continue to improve which supports Rockcastle's various asset management initiatives. This has resulted in strong growth in both footfall and tenant sales. Planning permission was received and a valid building permit was recently issued for the 16 000 m<sup>2</sup> extension to Platan Shopping Centre in Zabrze. Construction is scheduled to commence in the third quarter of 2017. Construction of the Wolomin Retail Park, adjoining Galeria Wolomin, is on schedule and expected to open in August 2017. The extension of Solaris Shopping Centre is expected to commence in the third quarter of 2017.

Capitalisation rates for prime retail assets continue to compress. A number of international investors with long-term mandates and low costs of capital remain active in the region. Rockcastle, with its strong retail skills and development capabilities, remains well positioned in this market and management is currently evaluating or negotiating several large acquisitions.

The vendor loan provided on the disposal of Kafubu Mall and Mukuba Mall, both in Zambia, to the Mara Delta Property Holdings Limited ("Mara Delta") was repaid on 20 April 2017. The sale of Cosmopolitan Mall in Lusaka to Mara Delta signed in June 2016 became unconditional in March 2017 when the final competition commission approval was received. Transfer is anticipated in the next two months.

The Company's strategy of selling its 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.

#### 3. LISTED SECURITY PORTFOLIO

To facilitate the strategy of moving from listed investments to direct property, substantial long-term holdings were sold in favour of smaller and more liquid listed investments.

Despite rising bond yields, US markets were largely stable during the quarter. Weaker markets for mall REITs were balanced with firmer markets for logistics, residential and health REITs. European property stocks delivered positive USD returns aided by a weaker USD and improving economic data from continental Europe. Leading indicators are now signalling that growth should move to pre-financial crisis levels. This, together with the abatement of political risk, should support a broad-based recovery. This bodes well for both Rockcastle's direct property assets as well as its listed security portfolio.

#### 4. FUNDING

Rockcastle successfully increased an existing 5-year facility secured by three properties with Pbb, Helaba and ING to include Zielona Gora that was acquired in November 2016. The additional EUR67 million was drawn during the quarter and the combined facility is now fixed at a rate of 1.73% for the 5-year term. A 7-year facility of EUR41 million was secured and is available for utilisation in the second quarter of 2017. Negotiations on a EUR76 million 7-year facility available for drawdown in the third quarter of 2017 is well advanced. These facilities will lengthen the debt maturity profile of the Company, are at attractive rates and are with a diverse spread of strong counterparties.

#### 5. MERGER OF ROCKCASTLE AND NEPI

During the first quarter of 2017, Rockcastle and NEPI progressed with the proposed merger of their respective businesses into an entity newly-incorporated in the Isle of Man, NEPI Rockcastle PLC (NewCo) which is expected to be implemented with reference to an effective share swap ratio of 4.7 Rockcastle shares for one NEPI share (the Swap Ratio). Rockcastle expects to issue its circular to shareholders regarding the merger together with a prospectus for NewCo, by the end of May 2017. The circular would include notice of a general meeting of Rockcastle shareholders regarding approval of the merger, which is to be scheduled for late June 2017. Rockcastle understands that NEPI will follow the same timing in respect of the general meeting of its shareholders, with the result that, if all conditions to the merger are fulfilled, it will be implemented during July 2017 and the NewCo will pay the distribution for the six-month income period to June 2017.

By order of the Board

**Intercontinental Trust Limited**

Company Secretary

Mauritius

12 May 2017

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 Mar 2017 USD'000	Audited as at 31 Dec 2016 USD'000	Unaudited as at 31 Mar 2016 USD'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>1 773 714</b>	1 739 084	2 445 669
Investment property	<b>1 283 397</b>	1 258 786	349 455
Straight-lining of rental revenue adjustment	<b>311</b>	199	–
Investment property under development	<b>6 906</b>	5 611	38 122
Intangible assets	<b>7 451</b>	7 341	–
Goodwill	<b>16 665</b>	17 433	–
Listed security investments	<b>394 323</b>	383 994	2 000 126
Property, plant and equipment	<b>499</b>	499	154
Investment in and loans to joint ventures	<b>37 000</b>	37 000	31 597
Rockcastle management incentive loans	<b>26 972</b>	26 968	26 215
Deferred tax receivable	<b>190</b>	1 253	–
<b>Current assets</b>	<b>375 986</b>	340 218	25 402
Investment income receivable	<b>10 135</b>	2 810	–
Cash and cash equivalents	<b>26 034</b>	24 090	19 114
Trade and other receivables	<b>12 687</b>	50 376	6 288
Equity derivative collateral	<b>244 444</b>	244 524	–
Financial assets at fair value through profit or loss	<b>81 982</b>	18 004	–
Income tax receivable	<b>704</b>	414	–
<b>Total assets</b>	<b>2 149 700</b>	2 079 302	2 471 071
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity attributable to equity holders</b>	<b>1 569 888</b>	1 556 106	1 503 968
Stated capital	<b>1 424 074</b>	1 383 676	1 351 387
Retained income	<b>355 330</b>	371 467	330 897
Non-distributable reserves	<b>(191 577)</b>	(168 723)	(171 612)
Currency translation reserve	<b>(17 939)</b>	(30 314)	(6 704)
Non-controlling interest	<b>398</b>	532	5
<b>Total equity</b>	<b>1 570 286</b>	1 556 638	1 503 973
<b>Total liabilities</b>	<b>579 414</b>	522 664	967 098
<b>Non-current liabilities</b>	<b>539 768</b>	450 552	55 066
Interest-bearing borrowings	<b>502 675</b>	425 230	55 066
Other long-term liabilities	<b>2 297</b>	–	–
Financial liabilities at fair value through profit or loss	<b>683</b>	–	–
Deferred tax payable	<b>34 113</b>	25 322	–
<b>Current liabilities</b>	<b>39 646</b>	72 112	912 032
Trade and other payables	<b>21 898</b>	63 872	22 941
Interest-bearing borrowings	<b>1 330</b>	1 538	888 328
Financial liabilities at fair value through profit or loss	<b>15 379</b>	6 633	–
Income tax payable	<b>1 039</b>	69	763
<b>Total equity and liabilities</b>	<b>2 149 700</b>	2 079 302	2 471 071
Total number of shares in issue	<b>963 155 909</b>	945 502 019	930 994 319
Net asset value per share (USD)	<b>1.63</b>	1.65	1.62

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited for the quarter ended 31 Mar 2017 USD'000	Unaudited for the quarter ended 31 Mar 2016 USD'000
<b>Net rental and related revenue</b>	<b>19 152</b>	5 718
<b>Income from derivatives and listed security investments</b>	<b>13 361</b>	17 268
Income from joint ventures	<b>664</b>	–
<b>Fair value (loss)/gain on investment property and listed security investments</b>	<b>(11 330)</b>	90 895
Foreign exchange (loss)/gain	<b>(480)</b>	6 092
Operating expenses	<b>(766)</b>	(1 001)
<b>Profit before net finance costs</b>	<b>20 601</b>	118 972
<b>Net finance costs</b>	<b>(1 480)</b>	(20 879)
Finance income	<b>541</b>	612
Finance costs	<b>(2 021)</b>	(21 491)
<b>Profit before income tax expense</b>	<b>19 121</b>	98 093
Income tax expense	<b>(9 192)</b>	(491)
<b>Profit for the period</b>	<b>9 929</b>	97 602

### OTHER COMPREHENSIVE INCOME NET OF TAX

Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations – subsidiaries	<b>12 375</b>	(10 581)
Exchange differences on translation of foreign operations – minorities	<b>9</b>	–
<b>Total comprehensive income for the period</b>	<b>22 313</b>	87 021

#### Profit for the period attributable to:

Equity holders of the company	<b>10 072</b>	97 609
Non-controlling interest	<b>(143)</b>	(7)
<b>Total comprehensive income for the period attributable to:</b>	<b>9 929</b>	97 602

#### Total comprehensive income for the period attributable to:

Equity holders of the company	<b>22 447</b>	87 042
Non-controlling interest	<b>(134)</b>	(21)
<b>Total comprehensive income for the period attributable to:</b>	<b>22 313</b>	87 021

Weighted average number of shares in issue	<b>947 071 254</b>	917 204 356
Basic earnings per share (USD cents)	<b>1.06</b>	10.64

Basic earnings per share and headline earnings per share are based on the weighted average of 947 071 254 shares in issue for the quarter ended 31 March 2017 (quarter ended 31 March 2016: 917 204 356 shares).

### RECONCILIATION OF PROFIT FOR THE PERIOD TO HEADLINE EARNINGS

	Unaudited for the quarter ended 31 Mar 2017 USD'000	Unaudited for the quarter ended 31 Mar 2016 USD'000
<b>Basic earnings – profit for the period attributable to equity holders</b>	<b>10 072</b>	97 609
Adjusted for:		
– fair value gain on investment property (net of tax effect)	<b>(2 926)</b>	–
<b>Headline earnings</b>	<b>7 146</b>	97 609
Headline earnings per share (USD cents)	<b>0.75</b>	10.64

Rockcastle has no dilutionary instruments in issue.

**Directors** Mark Olivier (*chairman*); Spiro Nouis (CEO)\*; Nick Matulovich\*; Barry Stuhler; Rory Kirk; Andre van der Veer; Yan Ng; Karen Bodenstern\*; Marek Noetzel\* (*executive director*)

**Company secretary** Intercontinental Trust Limited

**Registered address** c/o Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebene, 72201, Mauritius

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

**JSE sponsor** Java Capital

**SEM authorised representative and sponsor** Perigeum Capital Ltd

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital USD'000	Retained income USD'000	Non- controlling interest USD'000	Non- distributable reserves USD'000	Currency trans- lation reserve USD'000	Total USD'000
<b>Balance at 31 December 2015</b>	1 312 080	251 232	–	(147 414)	3 877	1 419 775
Profit for the period	–	97 609	(7)	–	–	97 602
Dividend paid	39 307	(42 142)	–	–	–	(2 835)
Equity contributed	–	–	12	–	–	12
Transfer to non-distributable reserves	–	24 198	–	(24 198)	–	–
Exchange differences on transition of foreign operations	–	–	–	–	(10 581)	(10 581)
<b>Balance at 31 March 2016</b>	1 351 387	330 897	5	(171 612)	(6 704)	1 503 973
Profit for the period	–	87 809	648	–	–	88 457
Dividends declared	32 289	(44 350)	–	–	–	(12 061)
Transfer to non-distributable reserves	–	(2 889)	–	2 889	–	–
Exchange differences on translation of foreign operations	–	–	(121)	–	(23 610)	(23 731)
<b>Balance at 31 December 2016</b>	1 383 676	371 467	532	(168 723)	(30 314)	1 556 638
Profit for the period	–	10 072	(143)	–	–	9 929
Shares issued and distribution portion on issue during the period	<b>40 398</b>	<b>(49 063)</b>	–	–	–	<b>(8 665)</b>
Transfer to non-distributable reserves	–	<b>22 854</b>	–	<b>(22 854)</b>	–	–
Exchange differences on translation of foreign operations	–	–	<b>9</b>	–	<b>12 375</b>	<b>12 384</b>
<b>Balance at 31 March 2017</b>	<b>1 424 074</b>	<b>355 330</b>	<b>398</b>	<b>(191 577)</b>	<b>(17 939)</b>	<b>1 570 286</b>

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited for the quarter ended 31 Mar 2017 USD'000	Unaudited for the quarter ended 31 Mar 2016 USD'000
<b>Operating activities</b>		
Cash generated from operations	24 191	83 416
Distributions received from joint ventures	664	–
Interest received	1 141	–
Interest paid on borrowings	(2 373)	(3 637)
Income tax paid	(541)	(7)
<b>Cash inflow from operating activities</b>	<b>23 082</b>	<b>79 772</b>
<b>Investing activities</b>		
Rockcastle management incentive loan repayments	731	20
Rockcastle management incentive loan advances	–	7 773
Development partner loans advanced	–	(6 581)
Issue of financial assets at fair value through profit or loss	(80 122)	–
Acquisition and development of investment property	(9 320)	(4 602)
Acquisition of property, plant and equipment	(25)	(154)
Outflows on listed security portfolio accounts	(1 003)	(32 794)
<b>Cash outflow from investing activities</b>	<b>(89 739)</b>	<b>(36 338)</b>
<b>Financing activities</b>		
Increase/(decrease) in interest-bearing borrowings	77 237	(27 595)
Dividends paid to shareholders	(8 636)	(2 835)
<b>Cash inflow/(outflow) from financing activities</b>	<b>68 601</b>	<b>(30 430)</b>
<b>Increase in cash and cash equivalents</b>	<b>1 944</b>	<b>13 004</b>
Cash and cash equivalents at beginning of period	24 090	6 110
<b>Cash and cash equivalents at end of period</b>	<b>26 034</b>	<b>19 114</b>
Cash and cash equivalents consist of:		
Current accounts	26 034	19 114

### NOTES

#### 1. PREPARATION, ACCOUNTING POLICIES AND AUDIT OPINION

The Group is required to publish financial results for the quarter ended 31 March 2017 in terms of the Listing Rule 12.19 of the SEM. Accordingly, this announcement presents the financial results of the Group in respect of the three month period from 1 January 2017 to 31 March 2017 as well as the comparative results from the prior period.

The accounting policies which have been applied are consistent with those used in the preparation of the audited financial statements for the year ended 31 December 2016.

The condensed unaudited consolidated financial statements ("financial statements") for the quarter ended 31 March 2017 have been prepared in accordance with the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the requirements of IAS 34: *Interim Financial Reporting*, the JSE Listings Requirements, the SEM Listing Rules and the Securities Act of Mauritius 2005.

The financial statements have not been reviewed or reported on by the Group's external auditors.

Copies of the financial statements and the statement of direct and indirect interests of each officer of the company, pursuant to rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available free of charge, upon request at Rockcastle's registered address.

Contact person: Mrs Smitha Algoo

This communiqué is issued pursuant to SEM Listing Rule 12.20 and section 88 of the Securities Act of Mauritius 2005. The Board accepts full responsibility for the accuracy of the information contained in these financial statements. The directors are not aware of any matters or circumstances arising subsequent to the period ended 31 March 2017 that require any additional disclosure or adjustment to the financial statements. These financial statements were approved by the board on 12 May 2017.

#### 2. SEGMENTAL ANALYSIS

	Unaudited for the quarter ended 31 Mar 2017 USD'000	Unaudited for the quarter ended 31 Mar 2016 USD'000
<b>Profit before income tax expense</b>		
Direct property	<b>21 551</b>	6 221
Listed securities	<b>(2 001)</b>	92 260
Corporate	<b>(429)</b>	(879)
<b>Total</b>	<b>19 121</b>	97 602
<b>Unaudited for the quarter ended 31 Mar 2017 USD'000</b>	<b>1 390 882</b>	Audited for the year ended 31 Dec 2016 USD'000
Direct property	<b>1 399 644</b>	2 000 126
Listed securities	<b>651 270</b>	649 821
Corporate	<b>107 548</b>	29 837
<b>Total</b>	<b>2 149 700</b>	2 079 302