



Oryx
Properties Limited

(Incorporated in the Republic of Namibia)
(Registration number 2001/673) ("Oryx" or "the company")
(NSX Share code: ORY) (ISN code: NA 0001574913)
www.oryxprop.com

REVIEWED PROVISIONAL CONSOLIDATED RESULTS AND DISTRIBUTION ANNOUNCEMENT

For the year ended 30 June 2018

• Cost Of Funding
9.1%

• Core Portfolio Growth
8.3%

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2018 (N\$'000)			
Notes	Reviewed 2018	Audited 2017	
Revenue	304,893	297,095	
Rental - cash flows inherent in leases	299,511	300,897	
Rental - straight-line basis adjustment	5,382	(3,802)	
Rental expenses	(101,824)	(96,124)	
Net rental income	203,069	200,971	
Other property income	2,687	-	3.1
Investment income	1,319	5,863	
Dividend income	3,778	1,242	3.2
Amortisation of debenture premium	25,587	25,587	
(Loss)/ Profit on sale of investment property	(686)	1,220	
Changes in fair value of investment property	18,048	15	
As per valuations	23,430	(3,787)	2.7
Straight-line basis adjustment	(5,382)	3,802	
Changes in fair value of hedging instrument	1,460	(978)	
Changes in fair value of listed investments	(3,747)	(28)	
Other expenses	(17,485)	(19,517)	
Operating profit before finance costs and debenture interest	234,030	214,375	
Less: Finance costs	(76,890)	(66,218)	
Operating profit before debenture interest	157,140	148,157	
Less: Debenture interest	(108,027)	(122,047)	
Profit before taxation	49,113	26,110	
Taxation	(11,362)	5,591	
Profit for the year	37,751	31,701	
Other comprehensive income	-	-	
Total comprehensive income for the year	37,751	31,701	2.2
Earnings per linked unit (cents)	187.24	197.58	2.2
Distribution per linked unit (cents) as declared	138.75	156.75	2.3
Dividend per linked unit (cents)	18.25	10.25	3.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2018 (N\$'000)			
Notes	Reviewed 2018	Audited 2017	
ASSETS			
Non-current assets			
Investment properties	2,509,955	2,388,937	
At valuation	2,561,400	2,435,000	2.7
Straight-line basis adjustment	(51,445)	(46,063)	
Furniture and Equipment	40	74	
Investment in listed shares	26,379	1,874	3.2
Deferred expenditure	14,498	16,630	
Rental receivable - straight-line basis adjustment	48,201	33,495	
Derivative asset	1,251	-	2.9
	2,600,324	2,441,010	
Current assets			
Trade and other receivables	31,339	30,234	
Trade and other receivables	28,095	17,665	
Rental receivable - straight-line basis adjustment	3,244	12,569	
Deferred expenditure	6,219	6,639	
Tax receivable	736	-	
Derivative asset	-	77	2.9
Other investments	5	28,101	3.2
Cash and cash equivalents	9,742	12,392	
	48,041	77,443	
TOTAL ASSETS	2,648,365	2,518,453	
EQUITY AND LIABILITIES			
Capital and reserves			
	996,162	961,720	
Non-current liabilities			
Debentures	349,387	349,387	
Debenture premium	245,132	270,718	
Interest-bearing borrowings	428,813	333,067	2.8
Derivative liability	360	653	2.9
Deferred taxation	23,584	12,223	
	1,047,276	966,048	
Current liabilities			
Trade and other payables	29,872	15,114	
Taxation payable	-	1,058	
Derivative liability	981	974	2.9
Deferred income	1,294	1,221	
Interest-bearing borrowings	521,992	502,866	2.8
Linked unitholders for distribution	50,788	69,452	
	604,927	590,685	
TOTAL EQUITY AND LIABILITIES	2,648,365	2,518,453	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 30 June 2018 (N\$'000)			
	Reviewed 2018	Audited 2017	
OPERATING ACTIVITIES			
Cash utilised by operating activities	(13,658)	(24,848)	
Cash generated by operations	189,928	176,237	
Net finance costs	(75,571)	(64,355)	
Distributions to linked unitholders	(129,999)	(130,343)	
Taxation paid	(1,794)	(7,893)	
Dividend received	3,778	1,506	
Cash flows used in investing activities	(103,865)	(112,462)	
Cash flows from financing activities	114,873	140,031	
Net (decrease)/ increase in cash and cash equivalents	(2,650)	2,721	
Cash and cash equivalents at beginning of the year	12,392	9,671	
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9,742	12,392	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2018 (N\$'000)				
	Share capital	Distributable reserves	Non-distributable reserves	Total
Audited balance at 30 June 2016	779	314	936,906	937,999
Total comprehensive income	-	31,701	-	31,701
Transfer to non-distributable reserves	-	(27,722)	27,722	-
Transfer from non-distributable reserves	-	3,697	(3,697)	-
Dividend paid	-	(7,980)	-	(7,980)
Audited balance at 30 June 2017	779	10	960,931	961,720
Total comprehensive income	-	37,751	-	37,751
Transfer to non-distributable reserves	-	(38,315)	38,315	-
Transfer from non-distributable reserves	-	12,707	(12,707)	-
Dividend paid	-	(3,309)	-	(3,309)
Reviewed balance at 30 June 2018	779	8,844	986,539	996,162

The results have been reviewed by Deloitte & Touche Chartered Accountants (Namibia). The review was conducted in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity". The unmodified review report is available for inspection at the Company's registered office. Any reference to the future financial performance included in this announcement has not been reviewed or reported on by the Company's auditors.

The auditor's report does not necessarily report on all of the information contained in this announcement. Unitholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report, together with the accompanying financial information from the issuer's registered office.

1. OTHER INFORMATION		Reviewed 2018	Audited 2017
Notes			
	Linked units in issue	77,859,791	77,859,791
3.3	Net asset value on non IFRS basis (cents per linked unit)	2,043	2,032
3.3	Realisable NAV (before providing for distributions payable)	2,108	2,121
	Listed market price (cents per linked unit)	2,020	2,074
	(Discount)/ Premium to net asset value on IFRS basis	(1.1%)	2.1%
	Vacancy factor (based on lettable area)	6.5%	6.4%
	Capital commitments (including approved but not contracted)	N\$398m	N\$136m

2. NOTES TO THE FINANCIAL RESULTS

2.1 Basis of preparation

The condensed consolidated financial statements are prepared in accordance with the requirements of the NSX Listings Requirements for provisional reports and the requirements of the Companies Act of Namibia. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the ICAN Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

2.2 Weighted earnings and headline earnings

The weighted average number of issued linked units as at 30 June 2018 is 77,814,291, excluding the 45,500 linked units held by the Oryx Long Term Share Incentive Trust. The weighted earnings and headline earnings per linked unit for the year are calculated as follows:

	Reviewed 2018	Reviewed 2018	Audited 2017	Audited 2017
	N\$'000	Cents Per Unit	N\$'000	Cents Per Unit
Total comprehensive income for the year	37,751	48.49	31,701	40.74
Debenture interest	108,027	138.75	122,047	156.84
Earnings attributable to linked units	145,778	187.24	153,748	197.58
Adjusted for:				
Amortisation of debenture premium	(25,587)	(32.86)	(25,587)	(32.88)
Capital surpluses (net of deferred taxation)	(6,491)	(8.34)	(4,721)	(6.07)
Headline earnings attributable to linked units	113,700	146.04	123,440	158.63
Debenture interest	(108,027)	(138.75)	(122,047)	(156.84)
Headline earnings attributable to shares (Note 2.3)	5,673	7.29	1,393	1.79

2.3 Distribution attributable to linked unitholders

The distribution per linked unit is based on the actual number of units in issue at the end of the respective distribution period:

	Reviewed 2018	Reviewed 2018	Audited 2017	Audited 2017
	N\$'000	Cents Per Unit	N\$'000	Cents Per Unit
Headline earnings attributable to shares (Note 2.2)	5,673	7.29	1,393	1.79
Reconciliation to undistributed earnings:				
Debenture interest	108,027	138.75	122,047	156.84
Rental straight-lining net of deferred taxation	(3,659)	(4.70)	2,585	3.31
Distributable earnings	110,041	141.33	126,025	161.86
1st half distribution	(57,422)	(73.75)	(59,952)	(77.00)
2nd half distribution	(50,609)	(65.00)	(62,095)	(79.75)
Undistributed income for the year (Note 2.4)	2,010	2.58	3,978	5.11

2.4 Dividend paid per linked unit

	Reviewed 2018	Reviewed 2018	Audited 2017	Audited 2017
	N\$'000	Cents Per Unit	N\$'000	Cents Per Unit
Undistributed income transferred to reserves (Note 2.3)	2,010	2.58	3,978	5.11
Transfer from realised capital profits to distributable reserves	12,707	16.32	3,697	4.75
Dividend paid	(3,309)	(4.25)	(7,980)	(10.25)
Movement in distributable reserves	11,408	14.65	(305)	(0.39)

2.5 Primary business segments for the year ended 30 June 2018 (Reviewed N\$'000)

The basis of segmentation and measurement is consistent with the prior year.

	Retail	Industrial	Office	Fund	Group
Rental - cash flow basis	201,502	58,129	39,934	(54)	299,511
Rental - straight-line adjustment	5,861	(441)	(37)	-	5,383
Revenue	207,363	57,688	39,897	(54)	304,894
Profit / (Loss) for the year	(2,499)	52,736	26,115	(38,600)	37,752
Other information					
Properties	1,643,687	565,717	300,551	-	2,509,955
As per valuations	1,677,044	580,500	303,856	-	2,561,400
Straight-line basis adjustment	(33,357)	(14,783)	(3,305)	-	(51,445)
Sectoral spread	65%	23%	12%	-	100%

Comparative primary business segments for the year ended 30 June 2017 (Audited N\$'000)

	2017	2017	2017	2017	2017
Rental - cash flow basis	190,603	73,883	36,410	1	300,897
Rental - straight-line adjustment	(3,018)	(7,305)	486	-	(3,802)
Revenue	193,621	66,578	36,895	1	297,095
Profit / (Loss) for the year	11,721	58,144	5,051	(43,215)	31,701
Other information					
Properties	1,503,718	604,776	280,443	-	2,388,937
As per valuations	1,531,213	620,000	283,787	-	2,435,000
Straight-line basis adjustment	(27,496)	(15,224)	(3,343)	-	(46,063)
Sectoral spread	63%	25%	12%	-	100%

2.6 Secondary business segments for the year ended 30 June 2018 (Reviewed N\$'000)

	Namibia	South Africa	Group
Rental - cash flow basis	288,479	11,032	299,511
Rental - straight-line adjustment	7,106	(1,723)	5,383
Revenue	295,585	9,309	304,894
Profit / (Loss) for the year	42,696	(4,944)	37,752
Other information			
Properties	2,417,822	92,133	2,509,955
As per valuations	2,466,000	95,400	2,561,400
Straight-line basis adjustment	(48,178)	(3,267)	(51,445)
Sectoral spread	96%	4%	100%

Comparative secondary business segments for the year ended 30 June 2017 (Audited N\$'000)

	2017	2017	2017
Rental - cash flow basis	271,277	29,620	300,897
Rental - straight-line adjustment	4,261	(8,063)	(3,802)
Revenue	275,538	21,557	297,095
Profit for the year	43,867	(12,166)	31,701
Other information			
Properties	2,233,527	155,410	2,388,937
As per valuations	2,274,600	160,400	2,435,000
Straight-line basis adjustment	(41,073)	(4,990)	(46,063)
Sectoral spread	93%	7%	100%

2.7 Property portfolio

At year end the property portfolio was valued by Mills Fitchet Magnus Penny at N\$2,561bn (2017: N\$2,435bn), representing a growth of 5.2% (2017: 5.5%) in the portfolio. If one excludes the SA disposals of N\$70m, the core portfolio grew above expectations by 8.3%. The increase of N\$23m (2017: decrease of N\$3.8m) in the fair value was higher than that of the corresponding period as result of the completion of the Maerua Mall upgrade, the opening of 'The Pantry at Avani' and positive rental reversions and extensions in the industrial portfolio. Capital expenditure incurred amounted to N\$174m, which includes N\$44m for the Gustav Voigts centre and N\$26m for on additional solar panels installed at Maerua Mall. The additions further include the Elisenheim land at a fair value of N\$40m for the construction of a convenience centre, the first phase of which will be completed during the 2020 financial year.

The valuation methods applied are consistent with those applied in the previous consolidated annual financial statements. The property portfolio is classified as a level 2 financial asset which are those derived from inputs, other than quoted prices (unadjusted) in active markets for identical assets and liabilities, that are observable for the asset and liability, either directly or indirectly. Discount rates, capitalisation rates and reversion rates are key inputs into the models.

(Continued)



REVIEWED PROVISIONAL CONSOLIDATED RESULTS AND DISTRIBUTION ANNOUNCEMENT

For the year ended 30 June 2018 (continued)

2. NOTES TO THE FINANCIAL RESULTS (continued)

2.8 Interest-bearing borrowings

Expiry	Reviewed 2018		Audited 2017	
	Utilised facility	Weighted average interest rate	Utilised facility	Weighted average interest rate
Non-current liabilities	N\$'000	%	N\$'000	%
2019	-	-	210,000	9.4%
2020	57,314	9.0%	70,568	9.5%
2021	71,499	9.7%	52,499	9.5%
2022	150,000	8.9%	-	-%
2023	150,000	8.9%	-	-%
Total	428,813	9.1%	333,067	9.4%
Current liabilities				
Revolving facilities	183,292	8.9%	283,236	9.2%
Maturing within 1 year	338,700	8.9%	219,630	9.2%
Total	521,992	8.9%	502,866	9.2%
GRAND TOTAL	950,805	9.0%	835,933	9.3%

Total available unutilised facilities are N\$86m (2017: N\$137m), excluding the DMTNP and Foreign ABSA Loan.

2.9 Derivative asset / (liability)

	Net fair value	Non-current fair value	Current fair value	Nominal value	Average swap fixed interest rate*
	N\$'000	N\$'000	N\$'000	N\$'000	%
30.06.2018 Reviewed	(90)	891	(981)	470 000	7.41%
Asset	1,251	1,251	-		
Liability	(1,341)	(360)	(981)		
30.06.2017 Audited	(1,550)	(653)	(897)	530 000	7.5%
Asset	77	-	77		
Liability	(1,627)	(653)	(974)		

* Floating rate is the 3 months Jibar rate.

The interest rate swaps are classified as level 2 financial instruments those derived from inputs, other than quoted prices (unadjusted) in active markets for identical assets and liabilities, that are observable for the asset and liability, either directly or indirectly. The valuation technique used is the discounted cash flow model, with the discount rates being a key input.

3. DIRECTORS' COMMENTARY

3.1 Financial results and distribution

During the year, the treatment for the dividend declared was adjusted in line with Oryx accounting policy, as a result dividends are only accrued once the right to receive has been determined which only occurs after year end and therefore no accrual is recorded in the current year results. The impact on the prior year is considered to be insignificant. For the financial year, total distributions amounted to 157 cents per unit (2017: 167 cents per unit) which amounts to total interest distributions of N\$108m (2017: N\$122m), dividends of N\$3.3m paid and N\$10.9m dividends declared (2017: N\$8m). Interest distribution for the six months ended 30 June 2018 is 65.00 cents (2017: 79.75 cents) per unit and a dividend declared subsequent to year end of 14.00 cents (2017: 9.25 cent), thus amounting to 79.00 cents per unit for the six months.

Total net rental income remained in line with the prior period despite the sale of the high yielding South African properties, higher vacancy rate and the slowdown in consumer spending in the current year. These factors were offset by positive rental reversions on the industrial portfolio as well as the Elisenheim head lease which realised N\$2.7m in the current year. Management continues to focus on managing property expenses which is evident given our expense ratio at 31.8% versus the industry benchmark at 33.6%.

Vacancies reached a high of 7.3% in September 2017, however, through pro-active property management resulted in vacancy levels remaining constant at 6.5% with the previous year mainly due to Erf 411 Prosperita being let prior to year end. The main contributor remained Isando, a 6, 263 m² property in South Africa accounting for 3.7% or 57% of the vacancy factor.

3.2 Investment in listed shares

Oryx completed the planned investment of N\$30m in Tower Property Fund as part of its investment strategy recorded at a fair value of N\$26m (2017: N\$1.8m). The investment has contributed a dividend of N\$3.78m for the financial year. The investment in listed shares is classified as a level 1 financial instrument. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

3.3 Net asset value (NAV)

The net asset value per linked unit increased by 0.6% (2017: 0.1% decrease) from 2 032 cents per unit in 2017 to 2 043 cents per unit in the current year. The realisable net asset value is 2 108 cents per unit (2017: 2 121 cents per unit) and is calculated by adding back distributions that have been raised as a provision and declared to unitholders. The main driver for the decrease in the realisable NAV is as result of the change in accounting for the dividend payable as described in note 3.1.

3.4 Interest-bearing borrowings

As at 30 June 2018 the interest rate exposure of Oryx was hedged with swap transactions with a total nominal value of N\$470m (2017: N\$530m), refer to Note 2.9. The weighted average interest rate decreased to 9.1% compared to the prior period that stood at 9.4%. The main driver for this is the Bond Issue, through our Domestic Medium Term Note Programme ("DMTNP"), that Oryx successfully completed in November 2017 with a 1 year term. The remainder of the N\$500m registered DMTNP facility remains available for utilisation by management. The ratio of fixed rate to variable rate borrowings is 49:51 (2017: 63:37) and increased to 60:40 after year end as a result of the conclusion of the offshore investment. The financial year closed with a gearing ratio of 35.9% (2017: 33.2%). Management is in advanced stages of finalising the re-financing of the N\$70m and N\$140m loans that are maturing during the 2019 financial year.

3.5 The market and prospects

The current economic landscape remains challenging, but is expected to recover from the contraction in 2017 to a growth forecast of 0.6% and 1.9% in 2018 and 2019 respectively. The positive sentiment created by a recovery in the exchange rates and more positive GDP growth outlook earlier in the year has been reversed to a large extent with the exchange rates weakening significantly and Namibia Statistics Agency ("NSA") reporting a first quarter retraction of -0.1% for 2018. There is however renewed optimism in the economy as cost of debt stabilized and liquidity improved. We are optimistic about the growth projections for our 2019 financial year, especially as our envisaged offshore investment came to fruition. Focused efforts to invest in yield enhancing assets should further add positively to distributable earnings.

3.6 Changes to the Board

Mr. Carel Fourie resigned both as Chief Executive Officer and director effective 31 March 2018. Mr. Ben Jooste succeeded Mr. Fourie as Chief Executive Officer and director, effective 1 April 2018.

3.7 Subsequent events

There were no subsequent events other than the successful conclusion of the N\$300m Euro equivalent investment in TPF International Limited as per our SENS announcements and the declaration of final dividend of 14 cents per linked unit. The investment was funded through a loan from ABSA Bank Limited and unitholders will therefore see this income earned in the distributions going forward.

3.8 Contingent liabilities

During the year, the South African property which had a liability of approximately N\$12.1m towards a municipality for arrear electricity charges was sold. Oryx has therefore not disclosed this contingent liability. The Board is not aware of any other contingent liabilities.

3.9 Appreciation

The Board would like to thank the management team, staff and service providers for their commitment and dedication during trying times. Finally, we would like to thank our tenants, financiers and unitholders for their dedication and association with Oryx.

4. DECLARATION OF DISTRIBUTION NUMBER 31

Notice is hereby given of the declaration of Distribution Number 31, amounting to interest of 65.00 cents per linked unit and a dividend of 14.00 cents per linked unit, in respect of the six-month period ended 30 June 2018.

Last date to trade cum distribution	Friday, 7 September 2018
Units will trade ex-distribution	Monday, 10 September 2018
Record date to participate in the distribution	Friday, 14 September 2018
Payment of debenture interest and dividend	Wednesday, 3 October 2018

By order of the Board

F Uys - Chairman of the Board
31 August 2018

REGISTERED OFFICE

Maerua Mall Office Tower, 1st Floor
Corner of Jan Jonker & Robert Mugabe Avenue, Windhoek
P O Box 97723, Maerua Park, Windhoek, Namibia

COMPANY SECRETARY

Bonsai Secretarial Compliance Services

DIRECTORS

F Uys (Chairman) #, A Angula #, JJ Comalie #, B Jooste ^, NBS Harris #*, P Kazmaier #, JC Kuehrt #, MK Shikongo #, A Swanepoel #
(*South African, #Independent, ^Executive)

TRANSFER SECRETARIES

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