



UNAUDITED INTERIM RESULTS AND DISTRIBUTION ANNOUNCEMENT

for the six months ended 31 December 2019

37.3%
Gearing

4.3%
Vacancy factor

10.2%
Rental income growth

69.75
Distribution-cents per unit

7.6%
Cost of funding

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (N\$'000)

Notes	Six months ended		Year ended
	31.12.2019 Unaudited	31.12.2018 Unaudited	30.06.2019 Audited
	174,881	155,257	324,816
Revenue			
Rental - operating income	170,380	154,659	320,154
Rental - straight-line adjustment	4,501	598	4,662
Property expense	(53,769)	(47,567)	(101,384)
Net rental income	121,112	107,690	223,432
Other property income	3.1	-	2,512
Investment income	3.1	388	811
Dividends received	3.1	-	1,346
Share of profit from associate after tax	3.2	10,987	9,067
Amortisation of debenture premium	3.2	20,608	12,867
Profit on sale of investment property	3.1	-	1,457
Changes in fair value of investment property	2.7	22,138	8,316
As per valuations	2.7	26,639	8,914
Straight-line adjustment	2.7	(4,501)	(598)
Changes in fair value of derivative instruments	3.2	(112)	(606)
Changes in fair value of listed investments	3.2	(3,740)	(1,955)
Exchange differences on foreign loan	3.2	4,248	(20,871)
Other expenses	3.1	(18,700)	(8,862)
Operating profit before finance costs and debenture interest		156,929	110,315
Less: Finance costs		(43,766)	(49,728)
Operating profit before debenture interest		113,163	60,587
Less: Debenture interest		(60,947)	(61,184)
Profit before taxation		52,216	(597)
Taxation		(2,156)	(4,866)
Profit for the year	2.2	50,060	(5,463)
Other comprehensive income - exchange difference on associate	3.2	(4,682)	21,798
Total comprehensive income for the year		45,378	16,335

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (N\$'000)

Notes	Six months ended		Year ended
	31.12.2019 Unaudited	31.12.2018 Unaudited	30.06.2019 Audited
ASSETS			
Non-current assets			
Investment properties	3,018,794	2,587,554	2,857,834
As per valuations	2.7	3,079,403	2,639,597
Straight-line adjustment	2.7	(60,609)	(52,043)
Furniture and equipment	925	274	219
Investment in listed shares	19,887	24,419	23,623
Investment in associate	3.2	325,735	326,768
Deferred expenditure	10,805	13,053	11,911
Rental receivable - straight-line adjustment	2.9	53,139	50,920
Derivative asset	2.9	-	554
		3,429,285	3,003,542
Current assets			
Trade and other receivables	34,701	38,037	37,627
Trade and other receivables	25,181	36,914	32,608
Rental receivable - straight-line adjustment	7,470	1,123	5,019
Deferred expenditure	5,103	5,604	5,345
Tax receivable	736	736	736
Dividend receivable	-	-	1,233
Cash and cash equivalents	12,190	12,520	6,658
		50,680	56,897
TOTAL ASSETS		3,479,965	3,060,439
EQUITY AND LIABILITIES			
Capital and reserves			
Capital and reserves	1,341,765	1,002,104	1,296,387
Non-current liabilities			
Debentures	392,127	354,266	392,127
Debenture premium	332,499	248,231	353,107
Interest-bearing borrowings	2.8	1,086,917	807,370
Derivative liability	2.9	1,094	872
Deferred taxation	2.9	24,395	27,952
		1,837,032	1,438,691
Current liabilities			
Trade and other payables	24,798	21,768	29,643
Derivative liability	2.9	4,179	378
Deferred income	1,109	1,082	1,159
Interest-bearing borrowings	2.8	210,034	535,192
Linked unitholders for distribution	2.3	61,048	61,224
		301,168	619,644
TOTAL EQUITY AND LIABILITIES		3,479,965	3,060,439

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (N\$'000)

Notes	Six months ended		Year ended
	31.12.2019 Unaudited	31.12.2018 Unaudited	30.06.2019 Audited
OPERATING ACTIVITIES			
Net cash from operating activities	(3,036)	(14,422)	(20,241)
Cash generated by operations	103,116	84,385	200,976
Investment income	370	11,224	489
Finance costs	(45,044)	(49,728)	(103,572)
Distribution paid to linked unitholders	(61,978)	(61,649)	(120,645)
Taxation paid	(751)	-	-
Dividend received	1,251	1,346	2,511
Net cash from investing activities	(132,960)	(369,578)	(362,613)
Additions/acquisitions	(139,598)	(69,578)	(86,559)
Proceeds on sale of investment properties	-	-	13,991
Dividends received from associate	6,638	-	9,955
Investment in associate	-	(300,000)	(300,000)
Net cash from financing activities	141,512	386,773	379,826
Proceeds from the issue of linked units	-	20,857	180,797
Additional facilities drawn	391,390	369,908	344,908
Repayment of loans	(249,878)	(3,992)	(145,879)
Net movement in cash and cash equivalents	5,516	2,773	(3,028)
Cash and cash equivalents at beginning of the year	6,658	9,747	9,747
Foreign exchange differences on cash balances	16	-	(61)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	12,190	12,520	6,658

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (N\$'000)

	Share capital	Distributable reserves	Non-distributable reserves	Total
Audited balance at 30 June 2018	779	9,340	986,539	996,658
Total comprehensive income	-	16,335	-	16,335
Issue of linked units	11	-	-	11
Transfer to non-distributable reserves	-	(15,289)	15,289	-
Transfer from non-distributable reserves	-	2,565	(2,565)	-
Dividends paid	-	(10,900)	-	(10,900)
Audited balance at 31 December 2018	790	2,051	999,263	1,002,104
Total comprehensive income	-	296,477	-	296,477
Issue of linked units	84	-	-	84
Transfer to non-distributable reserves	-	(283,376)	283,376	-
Dividends paid	-	(2,278)	-	(2,278)
Audited balance at 30 June 2019	874	12,874	1,282,639	1,296,387
Total comprehensive income	-	45,378	-	45,378
Transfer to non-distributable reserves	-	(41,557)	41,557	-
Unaudited balance at 31 December 2019	874	16,695	1,324,196	1,341,765

1. OTHER INFORMATION

Notes	Six months ended		Year ended
	31.12.2019 Unaudited	31.12.2018 Unaudited	30.06.2019 Audited
	87,378,835	78,946,669	87,378,835
Linked units in issue			
Net asset value (NAV) on non-IFRS basis (cents per unit (cpu))	3.2	2,365	2,033
Realisable NAV (before distributions payable) (cpu)	3.2	2,435	2,110
Listed market price (cpu)	3.2	2,024	2,021
Discount to NAV	3.2	(14.4%)	(0.6%)
Vacancy factor (based on lettable area)	3.1	4.3%	6.9%
Capital commitments (incl. approved but not contracted)		N\$10m	N\$11m
Earnings per linked unit (cents)	2.2	127.11	71.51
Distribution per linked unit (cents) as declared	2.3	69.75	77.50
Dividend paid per linked unit (cents)	3.1	-	1.50

2. NOTES TO THE FINANCIAL RESULTS

2.1 Basis of preparation

The condensed consolidated financial statements are prepared according to 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 according to the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS). It also requires, at a minimum, the information required by IAS 34 Interim Financial Reporting.

IFRS accounting policies and methods of computation were applied in the preparation of these condensed consolidated financial statements. This is consistent with those applied in the previous consolidated annual financial statements, except for the effect of IFRS 16 Leases, which Oryx adopted during the period under review. Management reviewed all its leases and no significant leases were identified.

The financial results were prepared under the supervision of LP Smit CA(Nam) in her capacity as Chief Financial Officer.

2.2 Weighted earnings and headline earnings

The weighted average number of issued linked units for the six months ended 31 December 2019 is 87,333,335 (June 2019: 79,138,137), excluding 45,500 linked units held by the Oryx Long Term Share Incentive Trust. The weighted earnings and headline earnings per linked unit for the period are calculated as follows:

	Six months ended		Six months ended	
	31.12.2019 Unaudited	31.12.2018 Unaudited	31.12.2018 Unaudited	31.12.2018 Unaudited
	N\$'000	cpu	N\$'000	cpu
Profit/(Loss) for the year	50,060	57.32	(5,463)	(7.01)
Debenture interest	60,947	69.79	61,184	78.52
Earnings attributable to linked units	111,007	127.11	55,721	71.51
Adjustments for:				
Amortisation of debenture premium	(20,608)	(23.60)	(12,867)	(16.51)
Capital surpluses (net of deferred taxation)*	(25,199)	(28.85)	19,376	24.87
Headline earnings attributable to linked units	65,200	74.66	62,230	79.87
Debenture interest	(60,947)	(69.79)	(61,184)	(78.52)
Headline earnings (Note 2.3)	4,253	4.87	1,046	1.35

* Headline earnings circular 04/2018 applied.

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 and is calculated as follows:

	Six months ended		Six months ended	
	31.12.2019 Unaudited	31.12.2018 Unaudited	31.12.2018 Unaudited	31.12.2018 Unaudited
	N\$'000	cpu	N\$'000	cpu
Headline earnings (Note 2.2)	4,253	4.87	1,046	1.35
Adjusted for:				
Debenture interest	60,947	69.75	61,184	77.50
Distributable earnings	65,200	74.62	62,230	78.85
Adjusted for:				
Headlease income	2,749	3.15	-	-
Capital surpluses not included in headline earnings*	(432)	(0.49)	-	-
Adjusted distributable income	67,517	77.28	62,230	78.85
1 st half distribution	(60,947)	(69.75)	(61,184)	(77.50)
Undistributed income for the period (Note 2.4)	6,570	7.53	1,046	1.35

* Headline earnings circular 04/2018 applied.

2.4 Dividend paid per linked unit

	Six months ended		Six months ended	
	31.12.2019 Unaudited	31.12.2018 Unaudited	31.12.2018 Unaudited	31.12.2018 Unaudited
	N\$'000	cpu	N\$'000	cpu
Undistributed income for the period	6,570	7.53	1,046	1.35
Dividends	-	-	(10,900)	(14.00)
Distributable reserves	6,570	7.53	(9,854)	(12.65)

2.5 Primary business segments for the six months ended 31 December 2019 (Unaudited N\$'000)

	Retail	Industrial	Office	Residential*	Fund	Group
Rental - operating income	115,094	33,362	20,273	1,619	32	170,380
Rental - straight-line adjustment	3,062	577	862	-	-	4,501
Revenue	118,156	33,939	21,135	1,619	32	174,881
Profit/(Loss) for the period	(30,056)	40,249	16,685	35,279	(12,097)	50,060
Properties as per valuations	2,003,212	638,022	316,152	122,017	-	3,079,403
Sectoral spread	65%	21%	10%	4%	0%	100%
Total assets	2,182,102	645,021	181,247	122,675	348,920	3,479,965
Total liabilities	(27,766)	(24,418)	(3,457)	-	(2,082,559)	(2,138,200)

* During the year Oryx acquired residential properties, the remainder of the segments are consistent with prior year (Note 2.7)

Comparative primary business segments for the six months ended 31 December 2018 (Unaudited N\$'000)

	Retail	Industrial	Office	Fund	Group
Rental - cash flow basis	104,976	29,675	19,966	42	154,659
Rental - straight-line adjustment	1,284	545	(1,231)	-	598
Revenue	106,260	30,220	18,735	42	155,257
Profit/(Loss) for the period	101,136	21,145	(10,644)	(117,100)	(5,463)
Properties as per valuations	1,735,915	606,516	297,166	-	2,639,597
Sectoral spread	66%	23%	11%	0%	100%
Total assets	1,909,022	612,886	158,099	380,432	3,060,439
Total liabilities	(27,653)	(24,927)	(3,318)	(2,002,436)	(2,058,335)

(Incorporated in the Republic of Namibia)
(Registration number 2001/673)
("Oryx" or "the Company")
(NSX share code: ORY)
(ISN code: NA0001574913)

REGISTERED OFFICE

Maerua Mall Office Tower, 2nd Floor
Corner of Jan Jonker & Robert Mugabe Avenue, Windhoek

2. NOTES TO THE FINANCIAL RESULTS (continued)

2.6 Secondary business segments (Unaudited N\$'000)

	Six months ended 31.12.2019			Six months ended 31.12.2018		
	Namibia	Non-Namibian	Group	Namibia	Non-Namibian	Group
Rental - operating income	165,657	4,723	170,380	150,416	4,243	154,659
Rental - straight-line adjustment	4,047	454	4,501	1,299	(701)	598
Revenue	169,704	5,177	174,881	151,715	3,542	155,257
Share of profit from associate after tax	-	10,987	10,987	-	9,067	9,067
Profit for the period	34,638	15,422	50,060	(8,787)	3,324	(5,463)
Properties as per valuations	2,994,759	84,644	3,079,403	2,545,991	93,606	2,639,597
Sectoral spread	97%	3%	100%	96%	4%	100%
Total assets	3,084,583	395,382	3,479,965	2,599,635	460,804	3,060,439
Total liabilities	(1,807,252)	(330,948)	(2,138,200)	(1,649,579)	(408,756)	(2,058,335)

2.7 Property portfolio

The directors valued the portfolio at N\$3.1bn (June 2019: N\$2.9bn). The portfolio grew by 5.7% for the six months ended 31 December 2019 (June 2019: 14.6%). Growth was underpinned by the acquisition of three residential complexes for N\$86.7m on 30 October 2019 which is in line with Oryx's diversification strategy, and additional capital of N\$43m spent on the Eisenheim Phase 1, which commenced trading on 1 February 2020.

The positive fair value adjustment of N\$28m (June 2019: N\$279m) is largely attributed to the residential acquisition. Oryx applied a conservative valuation approach to the remainder of the portfolio to account for the prolonged weak market conditions. The property portfolio is classified as a level 3 asset. Level 3 fair value measurements are those derived from valuation techniques that include inputs for asset or liability that are not based on observable market data. Discount rates, capitalisation rates and reversion rates are key inputs into the models.

2.8 Interest-bearing borrowings

	31.12.2019 Unaudited		30.06.2019 Audited	
	Utilised facility N\$'000	Weighted average interest rate	Utilised facility N\$'000	Weighted average interest rate
Expiry				
Non-current liabilities				
2021	-	0.0%	75,000	9.4%
2022	545,527	5.4%	549,760	4.0%
2023	314,390	8.9%	150,000	9.1%
2025	227,000	8.8%	-	0.0%
Total	1,086,917	7.6%	774,760	7.5%
Current liabilities				
Revolving facilities	135,034	8.7%	116,227	9.0%
Maturing within one year	75,000	9.2%	268,700	8.9%
Total	210,034	8.9%	384,927	9.0%
GRAND TOTAL	1,296,951	7.6%	1,159,687	7.4%

Total available unutilised facilities are N\$51m (June 2019: N\$86m), excluding the Domestic Medium-Term Note Programme (DMTNP).

2.9 Derivative liability

	Total fair value N\$'000	Non-current fair value N\$'000	Current fair value N\$'000	Nominal value N\$'000	Average fixed interest rate
31.12.2019 Unaudited	(5,273)	(1,094)	(4,179)	440,000	7.4%
30.06.2019 Audited	(5,162)	(2,905)	(2,257)	440,000	7.4%

Floating rate is the 3M JIBAR rate.

The interest rate swaps are classified as level 2 financial instruments which are 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

Property income increased from the previous period by 10.2%. The increase is a result of additional income from Gustav Voigts Centre after the upgrade, the Steeledale acquisition and the acquisition of the residential properties during October 2019.

The vacancy rate deteriorated to 4.3% (June 2019: 3.2%) which includes the residential properties for the first time. The increase is aggravated by the current depressed market conditions which continue to put pressure on tenants' ability to remain profitable and has also resulted in an increase in the provision for bad debt. However, the vacancy rate remains below what is being experienced by the industry as a whole.

The Group's distribution per linked unit for the six months ended 31 December 2019, is 69.75 cpu (December 2018: 79 cpu) which comprises N\$61m interest (December 2018: N\$61m interest and N\$1.2m dividend). The decrease in distribution is due to the application of the 90% pay-out of distributable income as communicated to unitholders last year. On a comparative basis, distributions would have been 76.25 cpu.

3.2 Investment in associate

GDP growth in Croatia has been strong for the past few years, which in turn has seen an increase in tenants' turnover. The investment in associate yielded an average return of 7.3% (June 2019: 8.21%), of which Oryx's share is N\$11m (June 2019: N\$26m). The Croatian investment properties are valued annually as at 31 May. Therefore, the six-month yield only relates to net property income versus the June 2019 yield of 8.21%, which included the fair value adjustment. The translation of the loan resulted in a foreign exchange gain of N\$4.2m (June 2019: N\$9.8m loss) and the translation of the associate resulted in a foreign exchange loss of N\$4.7m (June 2019: N\$9.7m gain). These translations from Euro to Namibian Dollar were determined using a spot rate of N\$15.75 as at 31 December 2019 (June 2019: N\$15.96).

3.3 Net asset value

The NAV per linked unit improved by 16% (December 2018: -2%) from 2,033 cpu in December 2018 to 2,365 cpu in December 2019. This is attributable to the residential properties acquisition and partially due to the positive fair value adjustment to the properties. The realisable NAV is 2,436 cpu (June 2019: 2,408 cpu).

3.4 Interest-bearing borrowings

The increase in the gearing ratio to 37.3% (June 2019: 34.9%) is due to interest-bearing borrowings utilised to purchase the three residential complexes. The weighted average interest rate is 8.8% (June 2019: 9.1%) for Namibian debt and 2.7% for Euro debt, which reduced from the previous period. 56% (June 2019: 65%) of total debt drawn was fixed using interest rate swaps with a nominal value of N\$440m (June 2019: N\$440m).

During the period Oryx commercial paper of N\$128.7m matured and was replaced by another bond of N\$83.3m for a three-year term at 3M JIBAR plus 2.2% and repayment of N\$45.4m using existing facilities. Oryx received total bids to the amount of N\$198.7m but did not accept all the bids as cheaper debt could be obtained from financial institutions (Note 3.6).

3.5 The market and prospects

The Namibian economy continues to experience negative growth for a third consecutive year. This has brought about a stagnant economy forcing downward pressure on disposable income, tenant turnovers, and ultimately rentals (Cirrus Securities, 2020 Outlook). Lease escalations have been relatively flat or negative for parts of the retail and office sectors and have compressed for the industrial sector.

The residential market in central and southern parts of the country grew for the first time since February 2018 (FNB Residential Property Barometer, September 2019), which is positive for Oryx given our residential properties acquisition. This growth as well as interest rate cut in South Africa affecting the JIBAR rate coupled with the Bank of Namibia lessening the maximum loan to value requirements for non-primary residence, are positives for the investor market in general.

We anticipate that the difficult trading conditions will persist in the medium term, but we believe that Oryx's balanced property portfolio is well placed to withstand the current economic downturn. Oryx remains focused on strengthening the balance sheet, improving cash flow, retaining tenants and driving operational efficiencies to create a platform for growth. Furthermore, management continues to seek yield enhancing assets that will deliver growth to our unitholders.

3.6 Subsequent events

Subsequent to period end Oryx concluded a N\$100m facility with Standard Bank Namibia priced at 3M JIBAR plus 2% with a four-year term. This will be utilised partially as day to day cash flow and partially for further capital expenditure. One of our industrial property tenants, Steeledale, was put into liquidation after period end which will increase our vacancy rate and affect our rental income for the remainder of the year should another tenant not be sourced. There were no other subsequent events.

Appreciation

The Board thanks management, employees and service providers for their commitment and dedication during this period. We also thank our tenants, financiers and unitholders for their continued support.

DECLARATION OF DISTRIBUTION NUMBER 34

Notice is hereby given of the declaration of Distribution Number 34, amounting to interest of 69.75 cents per linked unit, in respect of the six months ended 31 December 2019.

Last date to trade cum distribution
Units will trade ex-distribution
Record date to participate in the distribution
Payment of debenture interest

Friday, 13 March 2020
Monday, 16 March 2020
Friday, 20 March 2020
Friday, 3 April 2020

By order of the Board
PM Kazmaier - Chairperson
2 March 2020