UNAUDITED INTERIM RESULTS AND DISTRIBUTION ANNOUNCEMENT

for the six months ended 31 December 2020

Oryx Properties Limited

38.9%	4.4%	↓2.0%	56.50	5.9%
Gearing	Vacancy factor	Property expense	Distribution – cents per unit	Cost of funding

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

	Notes	Six months ended 31.12.2020 Unaudited	31.12.2019 Unaudited	Year ended 30.06.2020 Audited
Revenue		146,590	174,881	332,777
Rental – operating income	3.1	153,493	170,380	329,388
Rental – straight-line adjustment		(6,903)	4,501	3,389
Property expense		(52,709)	(53,769)	(106,114)
Net rental income		93,881	121,112	226,663
Investment income		94	388	413
Dividends received		319	–	1,189
Share of profit from associate after tax	3.2	9,391	10,987	23,427
Amortisation of debenture premium		16,559	20,608	41,217
Changes in fair value of investment property		(67,141)	22,138	(156,344)
As per valuations	2.6	(74,044)	26,639	(152,955)
Straight-line adjustment		6,903	(4,501)	(3,389)
Changes in fair value of derivative instruments		(594)	(112)	(17,839)
Changes in fair value of listed investments		(1,052)	(3,740)	(11,812)
Exchange differences on foreign loan	3.2	32,830	4,248	(64,594)
Other expenses	3.1	(16,299)	(18,700)	(39,071)
Operating profit before finance costs and debenture interest		68,988	156,929	3,249
Less: Finance costs		(41,191)	(43,766)	(93,786)
Operating profit/(loss) before debenture interest		26,797	113,163	(90,537)
Less: Debenture interest		(49,369)	(60,947)	(60,947)
(Loss)/profit before taxation		(22,572)	52,216	(151,484)
Taxation		1,666	(2,156)	(6,084)
(Loss)/profit for the period	2.2	(20,907)	50,060	(157,568)
Other comprehensive income – exchange difference on associate	3.2	(34,377)	(4,682)	69,131
Total comprehensive (loss)/income for the period		(55,283)	45,378	(88,437)

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

	Notes	Six months ended 31.12.2020 Unaudited	31.12.2019 Unaudited	Year ended 30.06.2020 Audited
ASSETS				
Non-current assets				
Investment properties		2,792,906	3,018,794	2,854,783
At valuation	2.6	2,845,500	3,079,403	2,914,280
Straight-line adjustment		(52,594)	(60,609)	(59,497)
Furniture and equipment		838	925	901
Investment in listed shares		10,553	19,887	11,811
Investment in associate	3.2	312,754	325,735	362,993
Deferred expenditure		7,233	10,805	9,245
Rental receivable – straight-line adjustment		48,593	53,139	53,056
		3,172,877	3,429,285	3,292,789
Current assets				
Trade and other receivables		27,953	34,701	31,204
Trade and other receivables		23,953	25,181	24,764
Rental receivable – straight-line adjustment		4,000	7,470	6,440
Deferred expenditure		3,951	5,103	4,037
Tax receivable		2,398	736	2,398
Cash and cash equivalents		11,476	12,190	28,298
		45,778	50,680	65,937
TOTAL ASSETS		3,218,655	3,479,965	3,358,726
EQUITY AND LIABILITIES				
Capital and reserves		1,152,667	1,341,765	1,207,950
Non-current liabilities				
Debentures		392,007	392,127	392,127
Debenture premium		295,244	332,499	311,891
Interest-bearing borrowings	2.7	683,284	1,086,917	1,114,071
Derivative liability	2.8	12,673	1,094	13,546
Deferred taxation		25,034	24,395	27,433
		1,408,242	1,837,032	1,859,068
Current liabilities				
Trade and other payables		27,728	24,798	21,535
Derivative liability	2.8	10,923	4,179	9,455
Deferred income		1,119	1,109	1,198
Interest-bearing borrowings	2.7	568,471	210,034	198,530
Linked unitholders for distribution	2.3	49,505	61,048	60,990
		657,746	301,168	291,708
TOTAL EQUITY AND LIABILITIES		3,218,655	3,479,965	3,358,726

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

	Six months ended 31.12.2020 Unaudited	31.12.2019 Unaudited	Year ended 30.06.2020 Audited
OPERATING ACTIVITIES			
Net cash from operating activities	(7,565)	(4,287)	32,331
Cash generated by operations	74,480	103,116	188,465
Investment income	94	370	413
Finance costs	(20,551)	(45,044)	(92,608)
Distribution paid to linked unitholders	(60,854)	(61,978)	(62,036)
Taxation paid	(734)	(751)	(1,903)
Net cash from investing activities	19,442	(131,709)	(94,090)
Additions/acquisitions	(5,674)	(139,598)	(154,130)
Dividends received from listed shares	319	1,251*	2,422
Dividends received from associate	8,925	6,638	14,057
Proceeds from sale of property from investment in associate	15,872	–	43,561
Net cash from financing activities	(28,825)	141,512	86,370
Additional facilities drawn	112,775	391,390	429,923
Repayment of loans	(141,600)	(249,878)	(343,553)
Net movement in cash and cash equivalents	(16,948)	5,516	24,611
Cash and cash equivalents at beginning of the period	28,298	6,658	6,658
Foreign exchange differences on cash balances	126	16	(2,971)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11,476	12,190	28,298

* *Dividends received from listed shares were reclassified from operating to investing activities in June 2020.*

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

	Share capital	Distributable reserves	Non-distributable reserves	Total
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	–
Audited balance at 31 December 2019	874	16,695	1,324,196	1,341,765
Total comprehensive income	–	(133,815)		(133,815)
Transfer to non-distributable reserves	–	172,370	(172,370)	–
Audited balance at 30 June 2020	874	55,250	1,151,826	1,207,950
Total comprehensive income		(55,283)		(55,283)
Transfer to non-distributable reserves		58,280	(58,280)	–
Unaudited balance at 31 December 2020	874	58,247	1,093,546	1,152,667

1. OTHER INFORMATION

	Notes	Six months ended 31.12.2020 Unaudited	31.12.2019 Unaudited	Year ended 30.06.2020 Audited
Linked units in issue		87,378,835	87,378,835	87,378,835
Net asset value (NAV) on non-IFRS basis (cents per linked unit (cpu))	3.2	2,106	2,365	2,188
Realisable NAV (before distributions payable)		2,162	2,435	2,258
Listed market price (cpu)		1,400	2,024	1,749
Discount to NAV (%)		(33.5%)	(14.4%)	(20.07%)
Vacancy factor commercial (based on lettable area)		4.4%	4.3%	5.4%
Vacancy factor residential (average)		12.5%	10.8%	9.3%
Capital commitments (including approved but not contracted)		N$23m	N$10m	N$32m
Earnings per linked unit (cents)	2.2	32.59	127.11	(110.63)
Distribution per linked unit (cents) as declared	2.3	56.50	69.75	69.75

2. NOTES TO THE FINANCIAL RESULTS

2.1 Basis of preparation

The condensed consolidated financial statements are prepared according to the requirements of the Namibian Stock Exchange (NSX) Listings Requirements for provisional reports and the Companies Act of Namibia, 28 of 2004. The Listings Requirements require provisional reports to be prepared according to the framework concepts and measurement and recognition requirements of International Financial Reporting Standards (IFRS). They also require, at a minimum, the information required by International Accounting Standard (IAS) 34 Interim Financial Reporting.

IFRS accounting policies and methods of computation were applied in preparing these condensed consolidated financial statements. This is consistent with those applied in the previous consolidated Annual Financial Statements.

The content of this announcement is not audited. The directors take responsibility for the announcement's preparation.

2.2 Weighted earnings and headline earnings

The weighted average number of issued linked units for the six months ended 31 December 2020 is 87,333,191 (June 2020: 87,333,335), following a buy-back of 26,449 linked units 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 31.12.2020 Unaudited N$'000	cpu	Six months ended 31.12.2019 Unaudited N$'000	cpu
(Loss)/profit for the period	(20,907)	(23.94)	50,060	57.32
Debenture interest	49,369	56.53	60,947	69.79
Earnings attributable to linked units	28,462	32.59	111,007	127.11
Adjustments for:				
Amortisation of debenture premium	(16,559)	(18.96)	(20,608)	(23.60)
Capital deficits/(surpluses) (net of deferred taxation)*	71,835	82.25	(25,199)	(28.85)
Headline earnings attributable to linked units	83,738	95.88	65,200	74.66
Debenture interest	(49,369)	(56.53)	(60,947)	(69.79)
Headline earnings (note 2.3)	34,369	39.35	4,253	4.87

* *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 31.12.2020 Unaudited N$'000	cpu	Six months ended 31.12.2019 Unaudited N$'000	cpu
Headline earnings (note 2.2)	34,369	39.35	4,253	4.87
Adjusted for:				
Debenture interest	49,369	56.50	60,947	69.75
Distributable earnings	83,738	95.85	65,200	74.62
Adjusted for:				
Headlease income	2,969	3.40	2,749	3.15
Dividends received from investment in associate^	8,925	10.21	–	–
Share of profit from associate after tax^	(9,391)	(10.75)	–	–
Capital surpluses not included in headline earnings*	(31,373)	(35.90)	(432)	(0.49)
Adjusted distributable income	54,868	62.81	67,517	77.28
First half distribution	(49,369)	(56.50)	(60,947)	(69.75)
Undistributed income for the period and distributable reserves	5,499	6.31	6,570	7.53

^ *These adjustments were necessitated by a change in the Debenture Trust Deed, which occurred during the period under review. There are no such adjustments made to comparative figures.*
* *Headline earnings circular 04/2018 applied.*

No dividends were declared during the period (31 December 2019: N$nil).

2.4 Primary business segments for the period ended 31 December 2020 (unaudited N$'000)

	Retail	Industrial	Office	Residential^	Fund	Group
Rental – operating income	98,172	33,897	16,594	4,830	–	153,493
Rental – straight-line adjustment	(27)	(7,375)	470	29	–	(6,903)
Revenue	98,145	26,522	17,064	4,859	–	146,590
(Loss)/profit for the period	(145,975)	38,051	117,838	7,599	(38,420)	(20,907)
Properties as per valuations	1,801,479	624,971	277,490	141,560	–	2,845,500
Sectoral spread	64%	22%	9%	5%	0%	100%
Total assets	1,854,713	654,648	290,941	146,520	271,833	3,218,655
Total liabilities	(25,653)	(23,529)	(6,177)	(1,954)	(2,008,675)	(2,065,988)

^ *During the prior period, Oryx acquired residential properties. The remainder of the segments are consistent with the prior period (note 2.6).*

Comparative primary business segments for the period 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
(Loss)/profit 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)

(Incorporated in the Republic of Namibia)
(Registration number 2001/673)
(Oryx or the Company)
(NSX Share code: ORY)
(ISIN code: NA 0001574913)

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www.oryxprop.com

2. NOTES TO THE FINANCIAL RESULTS (continued)

2.5 Secondary business segments (unaudited N$'000)

	Six months ended 31.12.2020			Six months ended 31.12.2019		
	Namibia	Non-Namibian	Group	Namibia	Non-Namibian	Group
Rental – operating income	147,718	5,775	153,493	165 657	4,723	170,380
Rental – straight-line adjustment	(4,456)	(2,447)	(6 903)	4 047	454	4,501
Revenue	143,262	3,328	146,590	169,704	5,177	174,881
Share of profit from associate after tax	–	9,391	9,391	–	10,987	10,987
(Loss)/profit for the period	(22,996)	2,089	(20,906)	34,638	15,422	50,060
Properties as per valuations	2,781,649	63,851	2,845,500	2,994,759	84,644	3,079,403
Sectoral spread	98%	2%	100%	97%	3%	100%
Total assets	2,834,506	384,149	3,218,655	3,084,583	395,382	3,479,965
Total liabilities	(1,777,029)	(288,959)	(2,065,988)	(1,807,252)	(330,948)	(2,138,200)

2.6 Property portfolio

The directors valued the portfolio at N$2.8 billion (June 2020: N$2.9 billion). The portfolio contracted by 2.36% for the six months ended 31 December 2020 (June 2020: 6.22%). The negative fair value adjustment of N$74 million (June 2020: N$153 million) is largely attributed to the retail and office segments remaining under pressure, contracting by 3% and 8% respectively. Oryx applied a conservative valuation approach to these portfolio segments to account for the prolonged negative impact of the COVID-19 pandemic and its expected impact on tenants.

Total capital expenditure incurred amounted to N$5.6 million (June 2020: N$153 million). This significant reduction is due to the completion of the Elisenheim Phase 1 project and the acquisition of three residential complexes in the prior period. Capital expenditure in the current period were kept to a conservative minimum to ease the negative impact of COVID-19 on cash flows. However, through an ongoing evaluation of our investment properties, capital expenditure is incurred to maintain our high-quality assets.

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 assets or liabilities that are not based on observable market data. Discount rates, capitalisation rates and reversion rates are key inputs into the models.

2.7 Interest-bearing borrowings

	31.12.2020 Unaudited		30.06.2020 Audited	
Expiry	Utilised facility (N$'000)	Weighted average interest rate (%)	Utilised facility (N$'000)	Weighted average interest rate (%)
Non-current liabilities				
2022	–	0.0%	575,761	4.1%
2023	275,216	5.7%	311,310	6.0%
2024	175,000	6.6%	–	0.0%
2025	233,068	5.6%	227,000	5.9%
Total	683,284	4.5%	1,114,071	5.2%
Current liabilities				
Revolving facilities	44,379	5.6%	123,530	3.7%
Maturing within one year	524,092	4.1%	75,000	2.4%
Total	568,471	4.8%	198,530	6.0%
GRAND TOTAL	1,251,755	5.1%	1,312,601	5.2%

Total available unutilised facilities increased to N$185 million (June 2020: N$65 million) and €3.8 million (June 2020: €2 million) in the Euro facility, excluding the Domestic Medium-Term Note Programme (DMTNP) of N$416.7 million (June 2020: N$416.7 million) and cash balances.

2.8 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*
31.12.2020 unaudited	(23,596)	(12,673)	(10,923)	390,000	6.2%
30.06.2020 audited	(23,001)	(13,546)	(9,455)	340,000	6.5%

* *Floating rate is the three-month 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

Operating rental income decreased by 9.9% while net rental income decreased by 22.5% from the previous period. The current period includes COVID-19-related rent relief provided to tenants of N$16 million while total rent relief to date amounts to N$34 million. Rental reversions remained flat or negative for retail and office sectors. The Group continued to focus on controlling property expenditure costs during the period.

The commercial vacancy factor improved to 4.4% (June 2020: 5.4%), while the vacancy factor of our residential portfolio deteriorated to 12.5% (June 2020: 10.8%). However, the vacancy rates remain below what is being experienced in the industry as a whole.

The Group's distribution per linked unit for the six months ended 31 December 2020 amounts to 56.50 cents per unit (cpu) (December 2019: 69.75 cpu), which comprises N$49 million interest (December 2019: N$61 million interest). The decrease in distribution compared to December 2019 is the result of the depressed state of our economy and the effects of the COVID-19 pandemic which led to higher vacancies coupled with requests for rental relief by our tenants.

3.2 Investment in associate

The investment in associate yielded an average return of 6.3% for the period (June 2020: 7.3%), of which Oryx's share is N$9 million (Dec 2019: N$11 million). 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 2020 yield of 7.3%, which included the fair value adjustment. The translation of the loan from Euro to Namibian Dollar resulted in a foreign exchange gain of N$33 million (June 2020: loss of N$65 million), while the translation of the associate resulted in a foreign exchange loss of N$34 million (June 2020: gain of N$69 million), using a spot rate of N$17.98 as at 31 December 2020 (June 2020: N$19.45).

The sale of the Super Konzum Velika Gorica property resulted in a proportional reduction in issued capital of the associate via a share buy-back. This in turn resulted in a reduction in the value of the investment in associate on 30 July 2020 of €1.3 million (26%) or N$25 million, which is the sale proceeds recorded. There has been no change in the percentage holding.

3.3 Net asset value (NAV)

The NAV per linked unit deteriorated by 11% (Dec 2019: 16% improvement) from 2,365 cpu in December 2019 to 2,106 cpu in December 2020. This is attributable to the negative fair value adjustment to the properties. The realisable NAV is 2,162 cpu (December 2019: 2,436 cpu).

3.4 Interest-bearing borrowings

The gearing ratio decreased slightly to 38.9% (June 2020: 39.1%). The weighted average interest rate amounted to 5.9% (June 2020: 5.8%), which increased as a result of additional more expensive financing obtained during the period. 53% (2020: 49%) of total debt drawn was fixed using interest rate swaps with a nominal value of N$390 million (June 2020: N$340 million). This follows after entering an additional three-year term three-month Johannesburg Inter-bank Average Rate (JIBAR) N$50 million swap on 13 October 2020 which was fixed at 4.145%.

3.5 The market and prospects

Namibia's economy remains under pressure but is expected to recover moderately during the 2021 calendar year. The sectors expected to be most affected by the COVID-19 pandemic resulting in travel restrictions are hotels and restaurants, wholesale and retail trade which includes entertainment, transport and storage, manufacturing and construction. The Namibian economy is projected to recover to growth rates of circa 2.6% and 3.2% respectively in 2021 and 2022 (Bank of Namibia, December 2020 Economic Outlook Update).

Management remains financially disciplined to strengthen the balance sheet and cash flows. Our focus remains on retaining tenants, reducing vacancies and managing our debtors' book. Furthermore, management continues to review the portfolio and will dispose of properties in the short to medium term to reduce debt. Management will replace non-core assets with yield-enhancing assets when opportunities avail themselves.

3.6 Subsequent events

After period end, during February 2021, Oryx concluded the refinancing of N$779 million of debt facilities with ABSA. N$479 million of the utilised debt consequently motivated the subsequent alteration from current liabilities to non-current liabilities after period end and the eminence was to ensure a uniform maturity profile going forward. Half of the Euro loan was converted to Namibian Dollar to reduce the risk of foreign currency deterioration and consequently our balance sheet. Improved rates were obtained for the majority of the ABSA facilities including the remaining half of the Euro loan, despite lengthening some of the loan terms. Although not breaching any covenants during the period, we obtained a condonement to relax two of our covenants with ABSA for a one-year period. Rent collections have steadily improved, with average rent collections being at 92% for the period April 2020 to January 2021.

3.7 Appreciation

The Board of Directors 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.

4. DECLARATION OF DISTRIBUTION NUMBER 35

Notice is hereby given of the declaration of Distribution Number 35, amounting to interest of 56.50 cpu, in respect of the six-month period ended 31 December 2020.

Last date to trade cum distribution*	Friday, 19 March 2021
Units will trade ex-distribution	Tuesday, 23 March 2021
Record date to participate in the distribution	Friday, 26 March 2021
Payment of debenture interest	Thursday, 1 April 2021

* *Unitholders contemplating trading in Oryx linked units on the last day to trade should be aware that Monday, 22 March 2021 is a Namibian public holiday and thus may affect the entry of such a trade into the share register of the company. The necessary arrangements should be made with a stockbroker to ensure that the trade is correctly recorded in the share register of the company.*

By order of the Board of Directors

PM Kazmaier – Chairperson

5 March 2021