

2. Notes to the financial results (continued)

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

	Six months ended			Six months ended		
	31.12.2021 Unaudited			31.12.2020 Unaudited		
	Namibian	Non-Namibian	Group	Namibian	Non-Namibian	Group
Rental – operating income	152,765	5,167	157,932	147,718	5,775	153,493
Rental – straight-line adjustment	(2,315)	200	(2,115)	(4,456)	(2,447)	(6,903)
Revenue	150,450	5,367	155,817	143,262	3,328	146,590
Share of profit from associate after tax	–	12,153	12,153	–	9,391	9,391
Profit/(loss) for the period	26,925	4,210	31,135	(22,996)	2,089	(20,907)
Properties as per valuations	2,780,060	60,000	2,840,060	2,781,649	63,851	2,845,500
Sectoral spread	98%	2%	100%	98%	2%	100%
Total assets	2,850,211	372,026	3,222,237	2,834,506	384,149	3,218,655
Total liabilities	(1,747,040)	(249,605)	(1,996,645)	(1,777,029)	(288,959)	(2,065,988)

2.6 Property portfolio

The directors valued the portfolio at N\$2.84 billion (June 2021: N\$2.83 billion) at period end. Based on this analysis, the value of the portfolio as at 31 December 2021 was N\$9.2 million higher than at 30 June 2021. The increase in property value predominantly related to capital expenditure incurred amounting to N\$11 million (June 2021: N\$11 million) which was mainly incurred on the retail portfolio.

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

	31.12.2021 Unaudited		30.06.2021 Audited	
	Utilised facility N\$'000	Weighted average interest rate %	Utilised facility N\$'000	Weighted average interest rate %
Expiry				
Non-current liabilities				
2023	–	–	193,306	4.3
2024	407,650	6.3	283,746	6.1
2025	352,393	5.8	494,041	5.6
2026	240,000	5.8	151,522	5.5
Total	1,000,043	6.0	1,122,615	5.6
Current liabilities				
Revolving facilities				
Maturing within one year	228,192	4.0	90,000	5.8
Total	228,192	4.0	90,000	5.8
GRAND TOTAL	1,228,235	5.6	1,212,615	5.6

Overall, total available unutilised facilities decreased to €2.6 million and N\$193 million (June 2021: €4.8 million and N\$183 million), excluding the Domestic Medium-Term Note Programme (DMTNP) of N\$416.7 million (June 2021: N\$416.7 million) and cash balances. Cash balances improved from N\$11 million to N\$25 million.

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*
31.12.2021 Unaudited	(5,920)	(260)	(5,660)	610,000	5.9%
30.06.2021 Audited	(12,973)	(5,248)	(7,725)	610,000	5.9%

* 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

We are pleased by the Group's performance for the period where a total comprehensive income of N\$50 million was achieved, mainly due to prudent financial and asset management strategies implemented. The Group's distribution per linked unit for the six months ended 31 December 2021 amounts to 44.00 cpu (Dec 2020: 56.50 cpu), which comprises N\$38 million interest (Dec 2020: N\$49 million

interest). The decrease in distribution compared to December 2020 was the result of changing the distribution payout from 90% to 75%, as per approval granted by unitholders to amend the Debenture Trust Deed in May 2021. If 90% of distributable income had been paid out, linked unit distribution would have amounted to 52.75 cpu, of which N\$46 million consisted of interest, which represents a decrease of 5.9% to last year. Notwithstanding a conservative approach to the provision for doubtful debts, we have improved the average collection from 87.9% to 92.2%. The Group continued its policy to control property expenses of which municipal rates and taxes continued to increase.

Operating rental income remained stable from the prior period, following further rent concessions provided to tenants impacted by the pandemic. The current period's COVID-19 concessions to tenants amount to N\$8 million (Dec 2020: N\$16 million).

The commercial vacancy factor remained steady at 5.9% (June 2021: 5.9%) which included an improvement in the offices portfolio and a slight deterioration in the retail portfolio. The average vacancy factor of our residential portfolio improved substantially to 2.5% (June 2021: 11.2%), as a result of increased demand within this particular segment.

The investment in listed shares (Tower Property Fund) were disposed on 24 December 2021, and the proceeds of N\$14.9 million was received.

3.2 Investment in associate

The investment in associate achieved an above expected average cash yield of 7.8% for the period (June 2021: 6.7%), of which Oryx's share is N\$10 million (Dec 2020: N\$9 million). This illustrates the resilience of our underlying offshore investment. The Croatian investment properties were valued in December 2021 at €81.9 million (June 2021: €82.2 million), rather than May given the change in financial year-end by Tower International. The translation of the loan from Euro to Namibian Dollar resulted in a foreign exchange loss of N\$5.8 million (June 2021: gain of N\$40 million). The translation of the associate resulted in a foreign exchange gain of N\$18.6 million (June 2021: loss of N\$42 million), using a spot rate of N\$18.06 as at 31 December 2021 (June 2021: N\$17.04).

3.3 Net asset value

At 31 December 2021, the NAV per linked unit improved by 2% from 2,106 to 2,144 cpu.

3.4 Interest-bearing borrowings

The gearing ratio improved slightly to 38.1% (June 2021: 38.2%). Subsequent to period end, dividends from the associate and listed share sales proceeds were transferred into facilities which if taken into account would have reduced the gearing further to 37.6%. 50% (June 2021: 57%) of total debt drawn at period end were fixed, with a weighted average interest rate of 5.6% (June 2021: 6.7%). A positive fair value adjustment amounting to N\$7 million was recognised on derivative instruments which were entered into during the previous financial year.

3.5 The market and prospects

The Bank of Namibia expected the economy to improve slightly during 2021 with a further improvement expected in 2022. The recoveries were expected mainly in the primary and tertiary industries. The primary risks to domestic growth include the continued impact of COVID-19 and the persistently low international prices for some export commodities. As COVID-19 restrictions are eased and tenant trading conditions improve, we anticipate a slow but steady recovery within the property sector.

Notwithstanding the challenging market conditions, we are excited by the positive trading performances of both the Namibian and Croatian portfolios as well as the resilience of the underlying property assets. Maerua Mall has performed particularly well and has seen significant growth in feet count in that it has nearly touched on levels last seen in the fourth quarter of 2019. As we continue our focus of strengthening our balance sheet and improving our debt covenants, we are poised to further diversify our portfolio and deliver on our strategy of investing in well-performing geographies and property sectors.

3.6 Changes to the Board

Messrs NBS Harris, JC Kuehrt and A Swanepoel resigned as non-executive directors on 22 November 2021. We would like to thank them for their unwavering support and guidance over the years. Ms FK Heunis, the Chief Financial Officer of Oryx, has been appointed as an executive director to the Board, with effect from 22 November 2021.

3.7 Appreciation

My appreciation goes to my fellow Board members for their continued support and guidance, and to the Executive Management team and every employee for their energy and commitment towards driving Oryx forward under difficult times.

I also want to thank all our stakeholders for their support during the last months and years.

4. Declaration of distribution number 37

Notice is hereby given of the declaration of Distribution Number 37, amounting to interest of 44.00 cpu, in respect of the six-month period ended 31 December 2021.

Last date to trade cum distribution Friday, 25 March 2022

Units will trade ex-distribution Monday, 28 March 2022

Record date to participate in the distribution Friday, 1 April 2022

Payment of debenture interest Thursday, 14 April 2022

By order of the Board

Mr PM Kazmaier – Chairperson

10 March 2022

