IJG
Securities (Pty) Ltd.
Member of the NSX

ORYX PROPERTIES LIMITED

1H16 Initial Impression

FEBRUARY 2016

Oryx Properties Limited

1H16 Initial Impression

Target Price (c)	1760
Current Price (c)	2090

Year End 30 June	2014A	2015A	F2016	F2017
Revenue (N$m)	204.8	269.4	294.7	340.3
Vacancies (%)	0.9	0.7	1.5	1.5
HEPU (c)	162.2	159.6	165.4	184.2
HEPU growth (%)	8.9	-1.6	3.6	21.0
DPU (c)	148.0	158.5	163.8	175.0
DY (%)	8.1	7.9	7.8	8.4
P/E (x)	11.4	12.5	12.6	11.3
D/A (%)	40.5	38.8	28.1	29.7

Source: ORYX PROPERTIES LIMITED, IJG

Recommendation	HOLD
NSX Code	ORY
Market Cap (N$m)	1,627
Shares in Issue (m)	77.9
Free float (%)	76
52 week high (c)	2090
52 week low (c)	1851
Expected Total Return (%)	7.8

1H16 Initial Impression

Oryx Properties Limited (Oryx) released its results for the six months ended 31 December 2016, reporting distribution per unit growth of 8%, from 71.75c to 77.50c. Total distributions increased by 27.3%, to N$60.3m from N$47.4m declared in 1H15. Earnings attributable to linked units per unit (EPU) grew by 2.1%, to 129.82c, from 127.21c in the same period in 2015. Headline earnings attributable to linked units increased by 6.7% from 74.37c in 1H15, to 79.37c in the review period.

Net rental income increased by 5.9%, to N$98.9 million, compared to the same period last year. Rental expenses increased by 32.8%, largely on the back of bulk electricity metering which is offset by the increase in gross revenues. Oryx reported a profit after tax for the period of N$31.3 million, a decrease of 14.5% compared to the first half of 2015. Worth noting is that the reported fair value gain during the current period is more modest than that reported for the comparable period of last year.

Vacancies (as a % of lettable area) increased from 0.5% in 1H15 to 1.8%. The increase in vacancies is more in line with our projected vacancy rate of 1.5%. Oryx has managed to maintain exceptionally low vacancy rates in the past and some normalization should be considered normal.

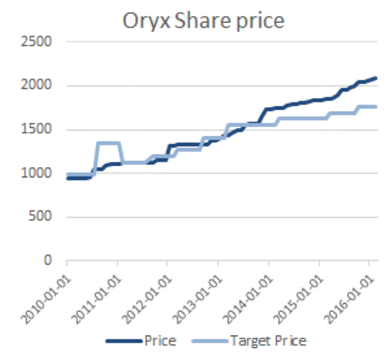
At the end of the interim period, Oryx' investment properties were valued at N$2.27bn, up 11.5% from N$2.04bn in 1H15. Most of the gain is attributable to fair value adjustments, with capital expenditure of N$45 million contributing the remainder. Retail space continued to represent the bulk of assets, at 66%. Industrial space contributed 28%, and office space made up 6%.

Oryx' long term borrowing decreased by 19.8% y/y to N$692m in 1H16, from N$872m reported as at 1H15. Funds raised through the rights issue were used to reduce interest bearing debt. Unutilised debt facilities have thus expanded to N$280 million, compared to N$71 million in the comparable period of FY15. Room has thus been freed up for future projects. Fixed interest loans make up N$298m, or 43%, of total borrowings, with the remainder made up of floating rate loans. The weighted average interest rate for borrowings is 8.9%, compared to 8.7% in 1H15. With the reduction in long term borrowings, Oryx has reduced the company's gearing ratio to 29.8% from 41.5% in 1H15.

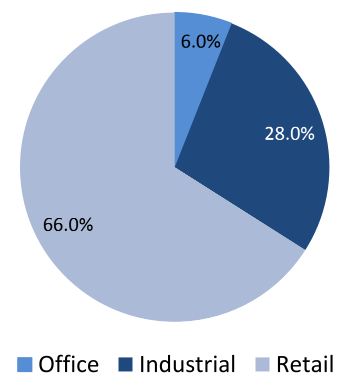
Our forecast FY16 distributions was 163.8c per linked unit. Based on this, Oryx is currently trading on a distribution yield of 7.8%. The comparable GC25 is currently trading at a yield of 10.4%, a relatively attractive premium over the Oryx distribution yield at present. However Oryx shares have traded up to 2090c from 1842c as at 31 December 2014, resulting in a total return for the 12 months of just over 20%, which should not be overlooked.

Oryx' overall performance remains strong. The past few periods have been somewhat consolidatory for Oryx, and we expect that going forward we will see execution of developmental plans and possible further acquisitions. As growth in Namibia is expected to slow, Oryx finds itself in a favourable position due to conservative debt management decisions from which the company may be able to leverage in coming periods. We find it appropriate to retain our HOLD recommendation with this initial impression. Our target price remains unchanged, pending more detailed analysis of the results, and consolation with Oryx management.

Share Price (c)



Property Portfolio



Dividends

Notice is hereby given that an interim distribution of 77.50 cents per linked unit was declared on 25 February 2016 for the period ended 31 December 2015.

- Last day to trade cum distribution: 4 March 2016
- First day to trade ex-distribution: 7 March 2016
- Record date: 11 March 2016
- Payment date: 29 March 2016

Analyst
Eric van Zyl
+264 61 383 530
eric@ijg.net

Managing Director
Romé Mostert
Tel: +264 (61) 383 520
rome@ijg.net

Sales and Research
Rowland Brown
Tel: +264 (61) 383513
rowland@ijg.net

Jan-Hendrik Conradie
Tel: +264 (61) 383 523
janhendrik@ijg.net

Eric van Zyl
Tel:+264 (61) 383 530
eric@ijg.net

Money Market & Administration
Tashiya Shekutamba
Tel:+264 (61) 383 511
tashiya@ijg.net

Director
Mark Späth
Tel: +264 (61) 383 510
mark@ijg.net

Financial Manager
Jakob de Klerk
Tel: +264 (61) 383 517
jakob@ijg.net

IJG Direct
Naïke Burger
Tel: +264 (61) 383 515
naike@ijg.net

Equity & Fixed Income Dealing
Nigel Mubita
Tel: +264 (61) 383 514
nigel@ijg.net

Leon Maloney
Tel:+264 (61) 383 521
leon@ijg.net