



ORYX PROPERTIES LIMITED

1H22 Initial Impression

March 2022



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Oryx Properties Limited

1H22 Initial Impression

Target Price (c)* **1185**

Current Price (c) **1000**

Year End 30 June	2019	2020	2021	F2022	F2023	Recommendation*	HOLD
Revenue (N\$ m)	324.8	332.8	336.5	321.8	328.4	NSX Code	ORY
Vacancies (%)	3.2	5.4	5.9	5.9	5.5	Market Cap (N\$ m)	873.8
HEPU (c)	137.4	3.9	179.3	123.7	119.4	Shares in Issue (m)	87.4
HEPU growth (%)	-6.0	-97.2	4,520.6	-31.0	-3.5	Free Float (%)	100
DPU (c)	150	69.75	99.75	105.7	100.0	52-Week High (c)	1300
DY (%)	7.7	4.0	8.7	10.6	10.0	52-Week Low (c)	825
P/E (x)	14.8	448.5	6.4	8.1	10.4	Expected Total Return (%)*	18.5
D/A (%)	35.0	39.1	38.2	39.3	39.7		

Source: ORYX PROPERTIES LIMITED, IJG

1H22 Initial Impression

Oryx Properties Limited (Oryx) released interim results for the period ended 31 December 2021 (1H22). A distribution of 44.00 cents per linked unit was reported for the period, representing a 22.1% decline from the 56.50 cents per unit reported for the corresponding period in 2021, which management notes is due to a change in the distribution payout ratio from 90% to 75%. Earnings attributable to linked units per unit (EPU) increased from 32.59c in 1H21 to 79.77c in 1H22. HEPU fell by 58.0% y/y to 16.51c.

Net rental income rose by 7.3% y/y to N\$100.8 million, compared to N\$93.9 million in 1H22. Total revenue increased by 6.3% y/y to N\$155.8 million, which is roughly in line with our forecasts. The results release notes that rental relief of N\$8 million was provided to tenants that continue to be negatively impacted by the effects of the pandemic. We expect rental income to remain under pressure going forward, given that negative rental reversions were recorded on the large South African national retailers' lease agreements which were renewed towards the latter part of the previous financial year. Rental expenses were well contained, increasing by 4.5%, in line with inflation. Oryx' cost-to-income ratio fell marginally from 36.0% to 35.3%.

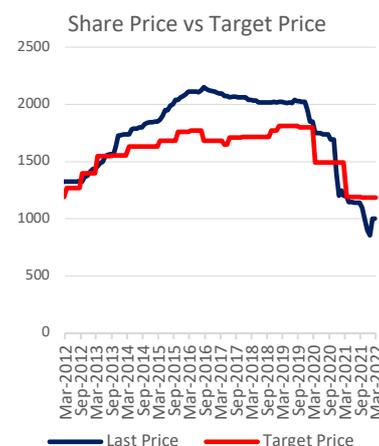
Profit for the period came in at N\$31.1 million, compared to a loss after tax in 1H21 of N\$20.9 million. The directors passed through N\$1.3 million as a negative fair value adjustment to the property portfolio. The value of Oryx' property portfolio grew by 0.4% in the last six months to N\$2.84 billion. Management notes that the increase was largely due to capital expenditure of N\$11 million, primarily on the retail portfolio. Oryx received proceeds of N\$14.9 million following the disposal of the investment in Tower Property Fund on 24 December.

Oryx' vacancy factor (as a % of lettable area) was steady at 5.9% as economic headwinds persist. Residential vacancies improved markedly from 11.2% at FY21 to 2.5% at 1H22. The results release notes that foot count has recovered well at Maerua Mall, nearly reaching the levels last seen in Q4 of 2019.

Interest bearing borrowings increased slightly to N\$1.23 billion at 1H22 from N\$1.21 billion at FY21. Oryx' gearing ratio remained relatively stable at 38.1% (FY21: 38.2%). Management however notes in the results release that subsequent to the end of the period the proceeds from the sale of the investment in Tower Property Fund and dividends from the associate were transferred into debt facilities, resulting in the company's gearing declining to 37.6%. At the end of the review period, fixed rate borrowings made up 50% of total interest-bearing borrowings. The weighted average interest rate paid on the company's debt declined from 6.7% at FY21 to 5.6% at 1H22. Total unutilised facilities stood at €2.6 million and N\$193 million, excluding the medium-term note programme.

Overall, the interim results came in roughly in line with our expectations, but the subdued economic conditions continue to weigh on Oryx' results. Pending further analysis of the 1H22 results and management discussions, we maintain our **HOLD** recommendation on ORY. Our target price and recommendation will be revised with our full review of the 1H22 results, as will the forecasts in the table at the top of the page.

ORY Share Price vs Target Price (c)



Dividends

Notice is hereby given that a distribution of 44.00 cents per linked unit was declared on 10 March 2022 for the period ended 31 December 2021.

- Last day to trade cum distribution: 25 March 2022
- First day to trade ex-distribution: 28 March 2022
- Record date: 01 April 2022
- Payment date: 14 April 2022



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