

August 29, 2014

Oryx Properties Limited	Target Price (c)	1632
FY14 Initial Impression	Current Price (c)	1800

Year End 30 June	2012A	2013A	2014F	2015F	Recommendation	HOLD
Revenue (N\$m)	132.8	160.6	204.8	238.1	NSX Code	ORY
Vacancies (%)	0.6	0.5	0.9	1.5	Market Cap (N\$m)	1,189
HEPU (c)	131.7	148.9	162.2	174.7	Shares in Issue (m)	66.1
HEPU growth (%)	11.2	13.0	8.9	22.1	Free float (%)	76.0
DPU (c)	128.0	139.5	148.0	174.7	52 week high (c)	1801
DY (%)	7.4	8.0	8.2	10.0	52 week low (c)	1562
P/E (x)	13.2	11.7	9.0	10.0	Expected Total Return (%)	-9.3
D/A (%)	30.8	39.2	40.5	33.7		

Source: ORY, IJG

FY14 Initial Impression

Oryx Properties Limited (Oryx) released its results for the financial year ended 30 June 2014, reporting 11.8% distribution growth to 148.0cpu from 139.5cpu reported for FY13, 3.5% above our estimate of 144cpu. Over the same period EPU increased by 99 percent, from 166.66c to 331.75c, largely on account of an increase in the fair value of investment properties. As such, the property portfolio is now valued, independently, at N\$2.0 billion, up from N\$1.506 billion as at end June 2013. HEPU rose by 8.9% to 162.16c from 148.9c in FY13 – above our estimate of 144.0c - with the surprise mainly attributed to slightly better than expected revenues, lower than expected vacancies and a lower than forecast cost of debt financing.

The company displayed another period of good operational performance, with net rental income increasing by 23.7% y/y to N\$162.9m – in line with our estimate of N\$164.0m, supported once again by above average occupancy levels (reported at 99.1%), increased revenues from the additional (11,000m2) lettable area at Maerua Mall following the completion of its extension, and the recently acquired Gustav Voigts Centre. Profits after tax jumped by 615%, mainly as a result of the N\$74m fair value adjustments of investment properties.

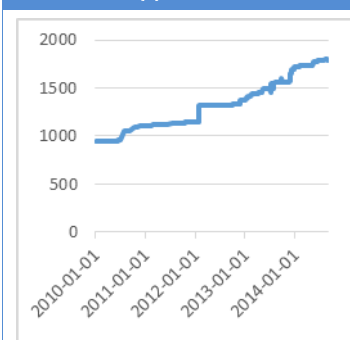
Rental expense increased by 44.9%, from N\$28.9m to N\$41.9m on account of the increase in retail area as well as electricity and other municipal charges escalating at inflation-plus levels. This was, however, countered by improved recoveries from tenants.

Vacancies (as a % of lettable area) increased from 0.4% as at June 2013 to total 0.9% at financial year-end. This, however, was largely on account of an increase in the gross-lettable area over the period.

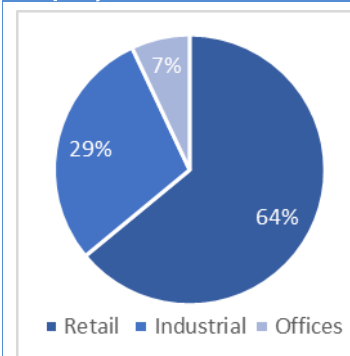
The distribution reported translates in a 12month distribution yield amounting to 8.22%, a decline when compared to the same period of 2013, and a premium to the comparable 10-year government bond. This trend makes the stock less attractive in an interest rate hiking cycle as bond yields are expected to expand further. The last date to trade for the distribution of 80.75cps is on 5 September 2013, with the payment date set for 26 September 2013.

We are currently reviewing our Oryx pricing model and will release a follow-up report upon further analysis and discussions with management, as such, we leave our target price unchanged for now. We continue to take note of the limited availability of NSX local stock, and thus retain our HOLD recommendation.

Share Price (c)



Property Portfolio



Analyst

Rowland Brown
+264 61 383 513
rowland@ijg.net

Jan-Hendrik Conradie
+264 61 383 523
janhendrik@ijg.net



Emerging African Markets > Equity Research

Managing Director

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

Sales and Research

Rowland Brown
Tel: +264 (61) 383 513
rowland@ijg.net

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

Money Market & Administration

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

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
naïke@ijg.net

Equity & Fixed Income Dealing

Nigel Mubita
Tel: +264 (61) 383 514
nigel@ijg.net

Stuart Main
Tel: +264 (61) 383 512
stuart@ijg.net



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100 Robert Mugabe Avenue, Heritage Square, P O Box 186, Windhoek, Namibia
Tel: +264 (61) 383 500 Fax: +264 (61) 304 671 www.ijg.net
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