ORYX PROPERTIES LIMITED

FY15 Initial Impression

August 2015

Oryx Properties Limited
FY15 Initial Impression

Target Price (c)	1685
Current Price (c)	1953

Year End 30 June	2013A	2014A	F2015	F2016
Revenue (N$m)	160.6	204.8	230.8	260.0
Vacancies (%)	0.4	0.9	1.5	1.5
HEPU (c)	148.9	162.2	149.9	180.8
HEPU growth (%)	13.0	8.9	-7.5	20.6
DPU (c)	139.5	148.0	149.9	180.8
DY (%)	8.9	8.1	8.1	9.8
P/E (x)	13.0	11.2	12.3	10.2
D/A (%)	39.2	40.5	38.7	39.0

Recommendation	HOLD
NSX Code	ORY
Market Cap (N$m)	1,290
Shares in Issue (m)	66.1
Free float (%)	75
52 week high (c)	1953
52 week low (c)	1790
Expected Total Return (%)	8.2

Source: ORYX PROPERTIES LIMITED, IJG

FY15 Initial Impression

Oryx Properties Limited (Oryx) released its results for the financial year ended 30 June 2015, reporting 7.1% distribution growth to 158.5cpu from 148.0cpu reported for FY14, and 5.7% above our estimate of 149.9cpu. Over the same period EPU increased by 35%, from 331.75c to 448.11c, largely on account of an increase in the fair value of investment properties. As such, the property portfolio is now valued, independently, at N$2.2 billion, up from N$2.0 billion as at end June 2014. HEPU fell by 1.6% to 159.54c from 162.16c in FY14 due to a larger share base being employed to calculate the figure. Thus, headline earnings are up modestly on the back of better than expected net rental income.

Net rental income increased by 19% y/y to N$193.9m, supported by above average occupancy levels and a low interest rate environment for most of the period. Rental expenses increased by 80% to N$75.5m, largely on the back of the net metering of electricity as well as renovations and an increase in gross lettable area (GLA) from the previous period. Oryx reported a profit of N$191.3m up 79% y/y, from N$106.9m, largely as a result of a revaluation of the property portfolio.

Vacancies as a percent of lettable area fell to 0.7% for the year compared to 0.9% in FY14. The decrease in vacancies is attributable to the completion of the Maerua Mall renovation and expansion, as well as the completed renovations of various smaller properties in the portfolio. The vacancy rates are still well below our projections of 1.5%.

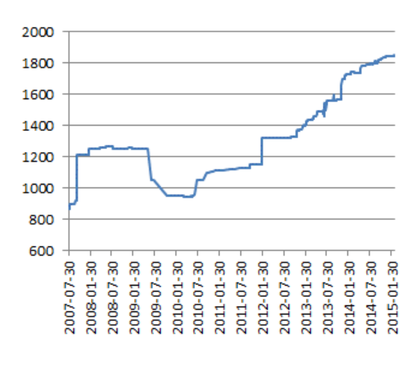
Net asset value per liked unit increased by 16.6% to 1,915 cents per unit compared to 1,643 cents per unit in FY14, according to the company release.

The weighted average interest rate paid on the company's debt has remained at 8.7% for FY15, as Oryx management continue fix rates amid the current interest rate hiking cycle.

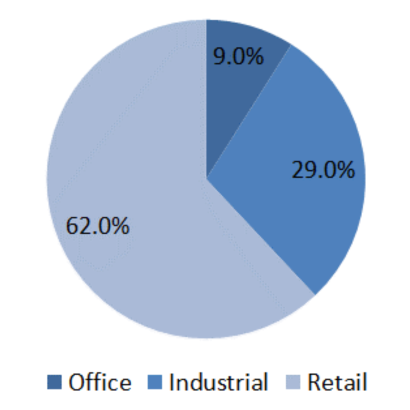
The FY15 distribution yield of 8.1% represents a further decline from the previous period's 8.2% due to the rapid appreciation of the share price. While this yield is still attractive, it continues to compare negatively to the 10 year Government Bond yield of approximately 9.5%. We would expect the Oryx distribution yield to continue to underperform the 10 year bond yield as further interest rate hikes are expected as well as a further increase in the spread of government debt, however share price upside may present a positive total return vis-à-vis the 10 year Government paper.

On first impression FY15 results outperformed our forecasts slightly. We are currently working on revising our model and target price for the company pending consultation with management.

Share Price (c)



Property Portfolio



Dividends

Notice is hereby given that an interim dividend of 86.75 cents per linked unit was declared for the period ended 30 June 2015.

- Last day to trade cum dividend: 4 September 2015
- First day to trade ex-dividend: 7 September 2015
- Record date: 11 September 2015
- Payment date: 25 September 2015

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