



# ORYX PROPERTIES LIMITED

## FY21 Initial Impression

### September 2021



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# Oryx Properties Limited

## FY21 Initial Impression

**Target Price (c)\* 1194**
**Current Price (c) 1144**

Year End 30 June	2019	2020	2021A	F2021	F2022	Recommendation*	HOLD
Revenue (N\$ m)	324.8	332.8	336.5	306.2	315.2	NSX Code	ORY
Vacancies (%)	3.2	5.4	5.9	4.8	4.8	Market Cap (N\$ m)	1,180.2
HEPU (c)	137.4	3.9	179.3	72.1	212.7	Shares in Issue (m)	87.4
HEPU growth (%)	-6.0	-97.2	4,520.6	-24.9	202.2	Free Float (%)	100
DPU (c)	150	69.75	99.75	117.0	121.9	52-Week High (c)	1740
DY (%)	7.7	4.0	8.7	11.7	12.2	52-Week Low (c)	1000
P/E (x)	14.8	448.5	6.4	13.9	10.4	Expected Total Return (%)*	13.1
D/A (%)	35.0	39.1	38.2	39.7	39.6		

Source: ORYX PROPERTIES LIMITED, IJG

### FY21 Initial Impression

Oryx Properties Limited (Oryx) released results for the year ended 30 June 2021 (FY21), reporting 43.0% distribution growth to 99.8cpu from 69.8cpu, with the growth largely attributable to Oryx not declaring a final distribution in FY20. Over the same period earnings attributable to linked units (EPU) increased from a loss of 110.63c to a profit of 111.28c per unit. HEPU rose by 4,520.6% y/y to 179.28c following the 97.2% contraction recorded in FY20.

Net rental income rose by 0.4% y/y to N\$227.5 million, compared to N\$226.7 million in FY20. Total revenue increased by 1.1% y/y to N\$336.5 million, which is ahead of our conservative forecast of a contraction. Management notes in the results release that negative rental reversions were recorded on the large South African national retailers' lease agreements which were renewed towards the latter part of the financial year. Going forward, we thus expect rental income to remain under pressure. Rental expenses were well contained, increasing by 2.7% to N\$109.0 million. Oryx' cost-to-income ratio increased from 31.9% to 32.4%.

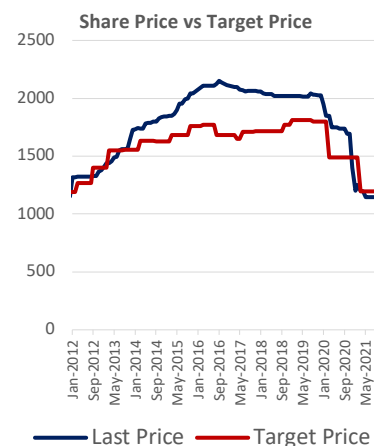
The company reported a profit after tax for the period of N\$10.0 million, compared to a loss after tax in FY20 of N\$157.6 million. The property portfolio was valued at N\$2.78 billion at FY21 by an independent third party, down 2.8% from the FY20 valuation and down 0.6% from the directors' 1H21 valuation. A negative fair value adjustment of N\$94.0 million was reported for the period. Management states in the results release that a conservative valuation approach was applied to account for the impact of the Covid-19 pandemic, but the 3% and 7% contractions attributed to the retail and residential segments, respectively, suggest that their assumptions were perhaps not conservative enough in the prior period.

Oryx' vacancy factor (as a % of lettable area) increased moderately from 5.4% at FY20 to 5.9% at FY21. This is hardly surprising given that the economic growth remains depressed. Residential vacancies deteriorated to 11.2% from the 10.8% reported at FY20.

The weighted average interest rate paid on the company's debt has increased to 6.7% as at the end of FY21 from 5.8% from FY20, due to additional swaps entered into during the year. As at the end of the review period, fixed rate borrowings made up 57% of total interest-bearing borrowings compared to 49% at FY20. The increase is due to Oryx entering three swap options during the period, with management corroborating our view that interest rates are expected to rise in the next twelve months. Not declaring a final distribution in FY20 resulted in the group reducing gearing from 39.1% to 38.2% and unutilised borrowing facilities now stand at N\$183 million and €4.8 million, excluding the medium-term note programme.

Oryx' results continue to be impacted by the current economic climate, and the FY21 results have come in more or less in line with our expectations, with rental income coming in ahead of our forecasts. Pending further analysis of the FY21 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 FY21 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 43.25 cents per linked unit was declared for the period ended 30 June 2021.

- Last day to trade cum distribution: 23 September 2021\*
- First day to trade ex-distribution: 27 September 2021
- Record date: 01 October 2021
- Payment date: 15 October 2021

\*Unitholders are advised that 24 September 2021, the initial last day to trade cum distribution communicated in the company's 2020 integrated report is a public holiday in South Africa and thus a non-trading day. The last date to trade therefore moved from 24 September 2021 to 23 September 2021 to guarantee Unitholders entry into the share register of the company.

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