



# ORYX PROPERTIES LIMITED

## FY19 Initial Impression

### August 2019

Research Analyst:

*Danie van Wyk*  
*danie@ijg.net*  
*+264 61 383 534*

**Oryx Properties Limited**

## FY19 Initial Impression

**Target Price (c)** **1812**

Current Price (c) 2040

Year End 30 June	2017	2018	2019	F2020	F2021	Recommendation	SELL
Revenue (N\$ m)	297.1	304.9	324.8	336.7	349.8	NSX Code	ORY
Vacancies (%)	6.4	6.5	3.2	2.0	2.0	Market Cap (N\$ m)	1,785.1
HEPU (c)	158.6	146.0	137.3	169.1	190.5	Shares in Issue (m)	87.4
HEPU growth (%)	-2.6	-7.9	-7.2	28.5	12.7	Free float (%)	100
DPU (c)	167	157	150	169.1	190.5	52 week high (c)	2041
DY (%)	8.1	7.8	7.4	8.3	9.3	52 week low (c)	1950
P/E (x)	13.0	13.8	14.9	12.1	10.7	Expected Total Return (%)	-11.2
D/A (%)	33.2	35.9	35.0	42.1	42.1		

Source: ORYX PROPERTIES LIMITED, IJG

**FY19 Initial Impression**

Oryx Properties Limited (Oryx) released results for the full year ended 30 June 2019 (FY19). Total distributions per linked unit for the year decreased by 4.5% to 150.00c compared to 157.00c in FY18. The distributions comprise of debenture interest of 147.25c, dividends paid of 1.50c and dividends declared of 1.25c. The decrease in distributions is the result of a decision by the board of directors to only pay out 90% of distributable income for the 2<sup>nd</sup> half of the year, in order to improve the group's overall liquidity. According to the results release, Oryx will apply the 90% principle to next year's distribution as well. During the year, earnings attributable to linked units (EPU) increased by 183.5% from 187.98c to 533.00c, largely due to higher fair value adjustments on the property portfolio. Headline earnings attributable to linked units decreased by 7.2% from 148.03c in FY18 to 137.34c in FY19, which is below our expectations.

Net rental income increased by 10.0% y/y to N\$223.4 million, compared to N\$203.1 million in FY18. Total revenue increased by 6.5%, which is better than expected in our view, given the current economic climate. Rental expenses fell by 0.4% y/y to N\$101.4 million, likely due to the savings being realised from the 2.6MW solar installation at Maerua Mall. Oryx' cost to income ratio has dropped to 31.2% in FY19 from 33.4% in FY18 as a result.

Oryx reported a profit after tax for the period of N\$303.1 million, representing an increase of 692.3% compared to the N\$33.2 million profit after tax reported in FY18. The increase in profit is mostly as a result of Oryx passing through N\$274.2 million as fair value adjustments to the property portfolio, which is substantially higher than the N\$18.0 million adjustment in FY18. Management notes in the results release that the higher property valuations are due to the impact of capital spent on upgrading certain properties. During the year N\$50 million was spent on upgrading the Gustav Voigts Centre and N\$10 million on the Elisenheim project. Management further noted that the Gustav Voigts upgrade resulted in a healthy increase in rental income.

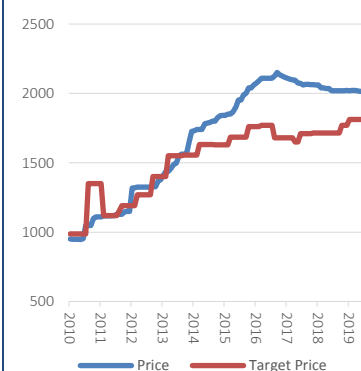
Despite the struggling Namibian economy, Oryx' vacancy factor (as a % of lettable area) decreased from 6.85% at 1H19 to 3.2% at FY19. This is primarily due to Oryx finally offloading its Isando property in Johannesburg, which accounted for over half of the total vacancy rate. Oryx' relatively low vacancy rate is remarkable given the current economic climate. The difficult economic conditions will likely continue for the rest of the year which will continue to put pressure on rental income and vacancies.

Oryx' interest bearing borrowings increased to N\$1.16 billion in FY19 from 950.8 million in FY18. Oryx' gearing ratio however decreased from 35.9% in FY18 to 34.9% at FY19, within management's self-imposed 40% cap. The ratio of fixed to variable rate borrowings for the period was split at 65:35 versus 49:51 the prior year. The addition of the low interest euro-based loan brought Oryx' weighted average interest rate down to 7.4% from the 9.0% recorded last year. According to the results release, management used N\$78 million of the funds raised during the rights issue to settle the Nedbank SA loans. Total unencumbered assets in FY19 amounted to N\$426 million, compared to N\$40 million in FY18.

Oryx also made a voluntary SENS announcement that it had entered into an agreement to acquire three tenanted residential complexed in Windhoek for N\$86.7 million. The acquisition will add 8,225 m<sup>2</sup> gross lettable area to the overall portfolio. According to Oryx, the portfolio is being acquired at a net yield of 10.0% which is yield accretive to unitholders. The transaction is funded by Standard Bank Namibia, and carries an interest rate of 3-month JIBAR +2.0% over a term of 5 years.

The Chairperson, Mr Francois Uys, has not availed himself for re-election after suffering an accident earlier in the year. Mr PM Kazmaier was subsequently appointed as Deputy Chairperson to the board and will serve as Acting Chairperson until the AGM. Mr M Shikongo has retired from the board effective 30 June 2019, and has since been replaced by Ms RMM Gomachas.

Pending further analysis of the FY19 results and management discussions, we maintain our **SELL** recommendation on ORY. Our target price and recommendation will be revised with our full year report on the FY19 results.

**Share Price (c)****Dividends**

Notice is hereby given that a distribution and dividend of 69.75 cents per linked unit and 1.25 cents per linked unit respectively was declared on 30 August 2019 for the period ended 30 June 2019.

- Last day to trade cum distribution: 06 September 2019
- First day to trade ex-distribution: 09 September 2019
- Record date: 13 September 2019
- Payment date: 27 September 2019

## IJG Holdings

**Group Chairman**  
Mathews Hamutenya  
Tel: +264 (61) 256 699

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

**Group Financial Manager**  
Helena Shikongo  
Tel: +264 (61) 383 528  
helena@ijg.net

## IJG Securities

**Managing Director**  
Lyndon Sauls  
Tel: +264 (61) 383 514  
lyndon@ijg.net

**Equity & Fixed Income Dealing**  
Leon Maloney  
Tel: +264 (61) 383 512  
leon@ijg.net

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

Dylan van Wyk  
Tel: +264 (61) 383 529  
dylan@ijg.net

**Financial Accountant**  
Tashiya Josua  
Tel: +264 (61) 383 511  
tashiya@ijg.net

**Financial Accountant**  
Gift Kafula  
Tel: +264 (61) 383 536  
gift@ijg.net

Danie van Wyk  
Tel: +264 (61) 383 534  
danie@ijg.net

Rosalia Ndamanomhata  
Tel: +264 (61) 383 500  
rosalia@ijg.net

### Settlements & Administration

Annetjie Diergaardt  
Tel: +264 (61) 383 515  
anne@ijg.net

## IJG Wealth Management

**Managing Director**  
René Olivier  
Tel: +264 (61) 383 522  
rene@ijg.net

**Portfolio Manager**  
Ross Rudd  
Tel: +264 (61) 383 523  
ross@ijg.net

**Money Market & Administration**  
Emilia Uupindi  
Tel: +264 (61) 383 513  
emilia@ijg.net

**Wealth Manager**  
Andri Ntema  
Tel: +264 (61) 383 518  
andri@ijg.net

**Wealth Administration**  
Lorein Kazombaruru  
Tel: +264 (61) 383 521  
Lorein@ijg.net

## IJG Capital

**Managing Director**  
Herbert Maier  
Tel: +264 (61) 383 522  
herbert@ijg.net

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

**Business Analyst**  
Mirko Maier  
Tel: +264 (61) 383 531  
mirko@ijg.net

**Business Analyst**  
Lavinia Thomas  
Tel: +264 (61) 383 532  
lavinia@ijg.net

## IJG Advisory

**Director**  
Jolyon Irwin  
Tel: +264 (61) 383 500  
jolyon@ijg.net

**Business Associate**  
Jason Hailonga  
Tel: +264 (61) 383 529  
jason@ijg.net

No representation is given about, and no responsibility is accepted, for the accuracy or completeness of this document. Any views reflect the current views of IJG Holdings (Pty) Ltd. The views reflected herein may change without notice. IJG Holdings (Pty) Ltd provides this document to you for information purposes only and should not be construed as and shall not form part of an offer or solicitation to buy or sell securities or derivatives. It may not be reproduced, distributed or published by any recipient for any purposes.

Talk to **IJG** today ...

and let us make your money work for you

4th Floor, 1@Steps, C/O Grove and Chasie Street, Kleine Kuppe, Windhoek

P O Box 186, Windhoek, Namibia

Tel: +264 (61) 383 500 [www.ijg.net](http://www.ijg.net)

STOCKBROKING | PRIVATE EQUITY | WEALTH MANAGEMENT | ADVISORY

