



Oryx
Properties Limited

(Incorporated in the Republic of Namibia)
(Registration number 2001/673) ("Oryx" or "the company")
(NSX Share code: ORY) (ISIN code: NA 0001574913)
www.oryxprop.com

REVIEWED PROVISIONAL CONSOLIDATED RESULTS AND DISTRIBUTION ANNOUNCEMENT

For the year ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017 (N\$'000)

Notes	Reviewed 2017	Audited 2016
Revenue	297,095	288,278
Rental - cash flows inherent in leases	300,897	294,228
Rental - straight-line basis adjustment	(3,802)	(5,950)
Rental expenses	(96,124)	(91,534)
Net rental income	200,971	196,744
Investment income	7,104	3,002
Amortisation of debenture premium	25,587	20,806
Profit / (loss) on sale of investment property	1,220	(786)
Changes in fair value of investment property	14	90,753
As per valuations	(3,788)	84,803
Straight-line basis adjustment	3,802	5,950
Changes in fair value of derivatives	(978)	3,683
Changes in fair value of listed investments	(28)	(90)
Other expenses	(18,655)	(15,873)
Operating profit before finance costs and debenture interest	215,235	298,239
Less: Finance costs	(67,080)	(67,009)
Operating profit before debenture interest	148,155	231,230
Less: Debenture interest	(122,047)	(129,247)
Profit before taxation	26,108	101,983
Taxation	5,591	3,657
Profit for the year	31,699	105,640
Other comprehensive income	-	-
Total comprehensive income for the year	31,699	105,640
Earnings per linked unit (cents)	197.58	316.63
Distribution per linked unit (cents) as declared	156.75	166.00
Dividend per linked unit (cents)	10.25	1.00

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017 (N\$'000)

Notes	Reviewed 2017	Audited 2016
ASSETS		
Non-current assets		
Investment properties		
At valuation	2,435,000	2,326,100
Straight-line basis adjustment	(46,063)	(49,865)
Furniture and Equipment	74	128
Investment in listed shares	1,874	25,045
Deferred expenditure	16,630	15,828
Rental receivable - straight-line basis adjustment	33,494	42,516
Derivative asset	-	181
	2,441,009	2,359,933
Current assets		
Trade and other receivables	30,235	23,244
Trade and other receivables	17,666	15,895
Rental receivable - straight-line basis adjustment	12,569	7,349
Deferred expenditure	6,639	6,049
Derivative asset	77	167
Other investments	28,101	-
Cash and cash equivalents	12,392	9,671
	77,444	31,131
TOTAL ASSETS	2,518,453	2,399,064
EQUITY AND LIABILITIES		
Capital and reserves	961,719	937,999
Non-current liabilities		
Debentures	349,387	349,387
Debenture premium	270,719	296,305
Interest-bearing borrowings	333,067	482,134
Derivative liability	653	167
Deferred taxation	12,223	20,738
	966,049	1,148,731
Current liabilities		
Trade and other payables	15,113	20,718
Taxation payable	1,058	6,027
Derivative liability	974	752
Deferred income	1,222	1,301
Interest-bearing borrowings	502,866	213,768
Linked unitholders for distribution	69,452	69,768
	590,685	312,334
TOTAL EQUITY AND LIABILITIES	2,518,453	2,399,064

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2017 (N\$'000)

Notes	Reviewed 2017	Audited 2016
OPERATING ACTIVITIES		
Cash (utilised) / generated by operating activities	(24,847)	3,029
Cash generated by operations	177,363	184,880
Net finance costs	(65,217)	(65,848)
Distributions to linked unitholders	(130,342)	(117,580)
Taxation paid	(7,893)	-
Dividend received	1,242	1,577
Cash flows used in investing activities	(112,461)	(61,552)
Cash flows from financing activities	140,029	58,401
Net increase/ (decrease) in cash and cash equivalents	2,721	(122)
Cash and cash equivalents at beginning of the year	9,671	9,793
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	12,392	9,671

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017 (N\$'000)

	Share capital	Distributable reserves	Non- distributable reserves	Total
Audited balance at 30 June 2015	661	264	826,426	827,351
Total comprehensive income	-	105,640	-	105,640
Transfer from debenture premium	-	5,669	-	5,669
Transfer to non-distributable reserves	-	(110,480)	110,480	-
Dividend paid	-	(779)	-	(779)
Issue of linked units	118	-	-	118
Audited balance at 30 June 2016	779	314	936,906	937,999
Total comprehensive income	-	31,699	-	31,699
Transfer from realised capital profits to distributable reserves	-	3,697	(3,697)	-
Transfer to non-distributable reserves	-	(27,721)	27,721	-
Dividend paid	-	(7,979)	-	(7,979)
Reviewed balance at 30 June 2017	779	10	960,930	961,719

The results have been reviewed by Deloitte & Touche Chartered Accountants (Namibia). The review was conducted in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity". The unmodified review report is available for inspection at the Company's registered office. Any reference to the future financial performance included in this announcement has not been reviewed or reported on by the Company's auditors.

The auditor's report does not necessarily report on all of the information contained in this announcement. Unitholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report, together with the accompanying financial information from the issuer's registered office.

1. OTHER INFORMATION

Notes	Reviewed 2017	Audited 2016
Linked units in issue	77,859,791	77,859,791
Net asset value on IFRS basis (cents per linked unit)	2,032	2,034
Realisable NAV (before providing for distributions payable)	2,121	2,124
Listed market price (cents per linked unit)	2,074	2,115
Premium to net asset value on IFRS basis	2.1%	4.0%
Vacancy factor (based on lettable area)	6.4%	2.1%
Capital commitments (including approved but not contracted)	N\$136m	N\$79.5m

2. NOTES TO THE FINANCIAL RESULTS

2.1 Accounting policies

The condensed consolidated financial statements are prepared in accordance with the requirements of the NSX Listings Requirements for provisional reports and the requirements of the Companies Act of Namibia. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the ICAN Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

2.2 Weighted earnings and headline earnings

The weighted average number of issued linked units as at 30 June 2017 is 77,814,291, excluding the 45,500 linked units held by the Oryx Long Term Share Incentive Trust. The weighted earnings and headline earnings per linked unit for the year are calculated as follows:

	Reviewed 2017	Reviewed 2017	Audited 2016	Audited 2016
	N\$'000	Per Unit	N\$'000	Per Unit
Total comprehensive income for the year	31,699	40.74	105,640	142.40
Debt interest	122,047	156.84	129,247	174.23
Earnings attributable to linked units	153,746	197.58	234,887	316.63
Adjusted for:				
Amortisation of debenture premium	(25,587)	(32.88)	(20,806)	(28.05)
Capital surpluses (net of deferred taxation)	(4,719)	(6.06)	(93,162)	(125.57)
Headline earnings attributable to linked units	123,440	158.64	120,919	163.01
Debt interest	(122,047)	(156.84)	(129,247)	(174.23)
Headline earnings attributable to shares (Note 2.3)	1,393	1.80	(8,328)	(11.22)

2.3 Distribution attributable to linked unitholders

The distribution per linked unit is based on the actual number of units in issue at the end of the respective distribution period:

	Reviewed 2017	Reviewed 2017	Audited 2016	Audited 2016
	N\$'000	Per Unit	N\$'000	Per Unit
Headline earnings attributable to shares (Note 2.2)	1,393	1.80	(8,328)	(11.22)
Reconciliation to undistributed earnings:				
Antecedent interest	-	-	5,669	7.28
Debt interest	122,047	156.84	129,247	174.23
Rental straight-lining net of deferred taxation	2,585	3.32	3,488	4.48
Distributable earnings	126,025	161.86	130,076	167.06
1st half distribution	(59,952)	(77.00)	(60,341)	(77.50)
2nd half distribution	(62,095)	(79.75)	(68,906)	(88.50)
Undistributed income for the year (Note 2.4)	3,978	5.11	829	1.06

2.4 Dividend paid per linked unit

	Reviewed 2017	Reviewed 2017	Audited 2016	Audited 2016
	N\$'000	Per Unit	N\$'000	Per Unit
Undistributed income transferred to reserves (Note 2.3)	3,978	5.11	829	1.06
Transfer from realised capital profits to distributable reserves	3,697	4.75	-	-
Dividend paid	(7,979)	(10.25)	(779)	(1.00)
Movement in distributable reserves	(304)	(0.39)	50	0.06

2.5 Primary business segments for the year ended 30 June 2017 (Reviewed N\$'000)

	Retail	Industrial	Office	Fund	Group
Rental - cash flow basis	190,603	73,883	36,410	1	300,897
Rental - straight-line adjustment	3,018	(7,305)	485	-	(3,802)
Revenue	193,621	66,578	36,895	1	297,095
Profit / (Loss) for the year	7,744	46,103	9,027	(31,175)	31,699
Other information					
Properties	1,503,716	604,776	280,445	-	2,388,937
As per valuations	1,531,213	620,000	283,787	-	2,435,000
Straight-line basis adjustment	(27,497)	(15,224)	(3,342)	-	(46,063)
Sectoral spread	63%	25%	12%	-	100%

	Retail	Industrial	Office	Fund	Group
Rental - cash flow basis	180,639	82,878	30,714	(3)	294,228
Rental - straight-line adjustment	(2,269)	(4,202)	521	-	(5,950)
Revenue	178,370	78,676	31,235	(3)	288,278
Profit / (Loss) for the year	56,957	83,666	11,190	(46,173)	105,640

	Retail	Industrial	Office	Fund	Group
Other information					
Properties	1,421,750	597,470	257,015	-	2,276,235
As per valuations	1,446,224	620,000	259,876	-	2,326,100
Straight-line basis adjustment	(24,475)	(22,530			



REVIEWED PROVISIONAL CONSOLIDATED RESULTS AND DISTRIBUTION ANNOUNCEMENT

For the year ended 30 June 2017 (continued)

2. NOTES TO THE FINANCIAL RESULTS (continued)

2.8 Interest-bearing borrowings

Expiry	Reviewed 2017		Audited 2016	
	Utilised facility	Weighted average interest rate	Utilised facility	Weighted average interest rate
Non-current liabilities	N\$'000	%	N\$'000	%
2018	-	-%	219,635	9.2%
2019	210,000	9.4%	210,000	9.4%
2020	70,568	9.5%	-	-%
2021	52,499	9.5%	52,499	9.5%
Total	333,067	9.4%	482,134	9.3%
Current liabilities				
Revolving facilities	283,236	9.2%	143,524	9.1%
Maturing within 1 year	219,630	9.2%	70,245	9.8%
Total	502,866	9.2%	213,769	9.3%
GRAND TOTAL	835,933	9.3%	695,903	9.3%

Total available unutilised facilities are N\$137m (2016: N\$286m).

2.9 Derivative asset / (liability)

	Net fair value N\$'000	Non-current fair value N\$'000	Current fair value N\$'000	Nominal value N\$'000	Average swap fixed interest rate* %
30.06.2017 Reviewed	(1,550)	(653)	(897)	530 000	7.5%
Asset	77	-	77		
Liability	(1,627)	(653)	(974)		
30.06.2016 Audited	(570)	14	(584)	400 000	7.5%
Asset	348	181	167		
Liability	(918)	(167)	(751)		

* Floating rate is the 3 months Jibar rate.

The interest rate swaps are classified as level 2 financial instruments. Level 2 fair value measurements are those derived from inputs, other than quoted prices (unadjusted) in active markets for identical assets and liabilities, that are observable for the asset and liability, either directly or indirectly. The valuation technique used is the discounted cash flow model, with the discount rates being a key input.

3. DIRECTORS' COMMENTARY

3.1 Financial results and distribution

The distribution per linked unit for the six months ended 30 June 2017 is 89.00 cents per unit (2016: 89.50 cents per units) and comprises 79.75 cents (2016: 88.50 cents) interest distribution and 9.25 cents (2016: 1 cent) dividend. For the financial year, total distributions per linked unit remained unchanged at 167 cents per unit (2016: 167 cents per unit). Total interest distributions for the year were N\$122m (2016: N\$129,2m), while total dividends amounted to N\$8m (2016: N\$0,779m). Realised capital profits on the sale of assets of N\$3.7m were made available for distribution to unitholders.

Total net rental income increased by 2.2% (2016: 1.5%), comprising an increase in the net rental income of the core portfolio of 8% and a decline in net rental of the South African properties of 89% or N\$12.3m. The Board took a strategic decision to sell two South African properties which posed unacceptably high renewal risks. These sales occurred in April 2016 (Newbolt street, Port Elizabeth) and October 2016 (Bennet Street, Port Elizabeth) respectively.

A charge for provision for bad debts of N\$2.6m (2016: N\$2.9m) was included in other expenses to make allowance for tenants experiencing cash flow difficulties in the current challenging trading environment.

During February 2017 a tenant, of a South African property (Isando, Johannesburg), was placed into liquidation and vacated an industrial warehouse of 6,263 m² at year end, and is solely responsible for a vacancy factor of 3.4%, accounting for 53% of the 6.4% total vacancy factor. The warehouse is actively being marketed.

3.2 Investment in listed shares

Oryx disposed of the Delta Property Fund investment during the year realising a capital profit of N\$4m from the sale. Further, the investment also contributed a dividend of N\$1.2m, which is included under investment income. The realised capital profit and dividend, net of costs incurred to generate these incomes, are being distributed as dividends to unitholders. The N\$1.9m investment in listed shares at year end represents an investment in Tower Property Fund. Oryx, as part of its investment strategy, will invest N\$30m in Tower Property Fund. Oryx has completed the transaction after year end. At year end N\$28.1m was still invested in a Money Market fund and classified as Other Investments. The investment in listed shares is classified as a level 1 financial instrument. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

3.3 Net asset value (NAV)

The net asset value per linked unit decreased by 0.1% (2016: 6.2%) from 2 034 cents per unit in 2016 to 2 032 cents per unit in the current year. The realisable net asset value is 2 121 cents per unit (2016: 2 124 cents per unit) and is calculated by adding back distributions that have been raised as a provision and declared to unitholders. The main driver of the slight decrease in net asset value is the negative fair value adjustment of the property portfolio.

3.4 Interest-bearing borrowings

As at 30 June 2017 the interest rate exposure of Oryx was hedged with five swap transactions with a total nominal value of N\$530m (2016: N\$400m), refer to Note 2.9. The weighted average interest rate remained unchanged at 9.4% (2016: 9.4%). The fixed rate borrowings to variable rate borrowings ratio is 63:37 (2016: 57:43). The financial year closed with a gearing ratio of 33.2% (2016: 29%). Management has commenced with re-financing of the N\$220 million term loan maturing end of August 2017, disclosed under current liabilities, maturing within 1 year.

3.5 The market and prospects

We expect the tough trading environment to continue for at least another 12 months, especially after Namibia's credit rating was downgraded during August 2017.

We find it encouraging that the core portfolio of Oryx was still able to grow net rental income in an extremely challenging environment. The selling of most of our South African assets is well underway and will still have an impact on our 2018 financial year. We expect our core portfolio to continue delivering between 6% and 8% growth in 2018, while distribution growth should be marginally positive. We expect some yield enhancing projects to be completed during 2018, of which the full impact will only be seen in 2019.

Details of the offshore investment Oryx has been working on will soon be communicated to the market and should then offer the unitholders of Oryx the sought-after exposure to foreign currency and diversification of the portfolio.

3.6 Changes to the Board

Mr. Gerhard van Zyl who was appointed as Chief Executive Officer with effect from 1 July 2016 resigned both as Chief Executive Officer and director, effective 28 February 2017. Mr. Carel Fourie, already a director and Chief Operations Officer, succeeded Mr. van Zyl as Chief Executive Officer, effective 1 March 2017.

3.7 Contingent liabilities

A tenant of a South African property, which was placed into liquidation, has a liability of approximately N\$12.1m towards a municipality for arrear electricity charges. Oryx, as the landlord, could potentially be held liable. Oryx believes solid grounds exist to contest the claim, should the municipality decide to hold Oryx liable for the arrear electricity charges.

The Board is not aware of any other contingent liabilities.

3.8 Appreciation

The Board would like to thank the previous Chief Executive Officer, Mr. Gerhard van Zyl, the current Chief Executive Officer, Mr. Carel Fourie, the management team, staff and service providers for their commitment and dedication during trying times. As communicated to the market, Ms. Debbie Smit has resigned as Chief Financial Officer effective 15 August 2017 and has been replaced by Ms. Lizette Smit, effective 1 August 2017. Ms. Debbie Smit remains available as a consultant to Oryx for the foreseeable future. The Board wishes to extend its gratitude for her valuable contribution to Oryx.

Finally, we would like to thank our tenants, financiers and unitholders for their dedication and association with Oryx.

4. DECLARATION OF DISTRIBUTION NUMBER 29

Notice is hereby given of the declaration of Distribution Number 29, amounting to interest of 79.75 cents per linked unit and a dividend of 9.25 cent per linked unit, for the six-month period ended 30 June 2017.

Last date to trade cum distribution	Friday, 8 September 2017
Units will trade ex-distribution	Monday, 11 September 2017
Record date to participate in the distribution	Friday, 15 September 2017
Payment of debenture interest and dividend	Friday, 29 September 2017

By order of the Board

F Uys - Chairman of the Board
31 August 2017

REGISTERED OFFICE

Maerua Mall Office Tower, 1st Floor
Corner of Jan Jonker & Robert Mugabe Avenue, Windhoek
P O Box 97723, Maerua Park, Windhoek, Namibia

COMPANY SECRETARY

Bonsai Secretarial Compliance Services

DIRECTORS

F Uys (Chairman) #, A Angula #, JJ Comalie #, C Fourie ^, NBS Harris #*, P Kazmaier #, JC Kuehnt #, MK Shikongo #, A Swanepoel #

(*South African, #Independent, ^Executive)

TRANSFER SECRETARIES

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