



ORION REAL ESTATE LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1997/021085/06)

Share Code: ORE ISIN: ZAE000201695

("Orion Real Estate" or "the Company" or "the Group")

**SUMMARISED REVIEWED INTERIM RESULTS FOR THE GROUP
FOR THE 12 MONTHS ENDED 30 JUNE 2019**

Consolidated Statement of Financial Position

	Reviewed 30 June 2019	Audited 30 June 2018
Assets		
Non-current assets		
Investment property	541 500 000	741 000 000
Property, plant and equipment	3 666 960	4 996 496
Total Non-current assets	545 166 960	745 996 496
Loans to related parties	4 611 960	264 696
Loans to shareholder	37 826 574	47 347 803
Trade and other receivables	25 410 752	18 025 697
Cash and cash equivalents	1 116 746	1 861 951
Total Current assets	68 966 032	67 500 147
Investment properties held for sale	104 300 000	-
Total assets	718 432 992	813 496 643
Equity and Liabilities		
Capital and reserves		
Total equity attributable to owners of the parent	495 671 678	608 489 471
Share capital	125 536 674	114 336 674
Retained earnings	370 135 004	494 152 797
Non-controlling interest	(289 732)	(289 732)
Total equity	495 381 946	608 199 739
Deferred tax liabilities	94 551 938	1 189 515
Borrowings	-	11 960 985
Total Non-current liabilities	94 551 938	13 150 500
Current income tax liabilities	21 839 825	14 918 211
Loans from directors	18 508	18 508
Tenant deposits	9 303 938	6 720 518
Trade and other payables	32 975 658	50 329 487
Borrowings	62 848 693	118 240 471
Bank overdraft	1 512 486	1 919 208
Current Liabilities	128 499 108	192 146 404
Total Liabilities	223 051 045	205 296 904
Total Equity and Liabilities	718 432 992	813 496 643

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Reviewed 30 June 2019	Audited 30 June 2018
	Consolidated	Consolidated
Revenue	91 102 284	87 982 847
Other operating (loss)/ income	(4 873 825)	13 997 302
Administration expenses	(37 765 584)	(36 725 509)
Property related expenses	(42 295 729)	(46 286 125)
Other gains and losses	-	8 707 165
Operating Profit before interest	6 167 146	27 675 680
Finance income	4 663 984	6 608 776
Finance costs	(17 254 045)	(15 341 374)
(Loss)/Profit before taxation	(6 422 915)	18 943 082
Income tax expense	(101 827 411)	(4 176 964)
(Loss)/Profit for the year	(108 250 326)	14 766 118
(Loss)/Profit for the year attributable to:		
Owners of parent	(108 251 662)	14 764 782
Non-controlling interest	1 336	1 336
	(108 250 326)	14 766 118
Basic earnings per share		
Basic (loss)/earnings per share	(17.13)	2.35
Diluted earnings per share		
Diluted (loss)/earnings per share	(18.15)	1.48
Headline earnings per share		
Headline (loss)/earnings per share	(18.15)	1.48

Group Statements of Changes in Equity

	Issued Capital	Retained Earnings	Attributable to owners of parent	Non- controlling interests	Total
Balance as 30 June 2017 as restated	114 336 674	482 853 056	597 189 730	(291 068)	596 898 662
Prior period error		(3 465 042)	(3 465 042)	-	(3 465 042)
Total Comprehensive Income for the year		14 764 783	14 764 783	1 336	14 766 119
Balance as 30 June 2018 as restated	114 336 674	494 152 797	608 489 471	(289 732)	608 199 739
Dividends declared and paid	-	(15 767 467)	(15 767 467)	-	(15 767 467)
Issue of shares	11 200 000	-	11 200 000	-	11 200 000
Total Comprehensive Income for the year	-	(108 250 326)	(108 250 326)	-	(108 250 326)
Balance as 30 June 2019 - Interim	125 536 674	370 135 004	495 671 678	(289 732)	495 381 946

Consolidated Statement of Cash Flow	Reviewed 12 months ended 30 June 2019	Audited Year ended 30 June 2018
	Consolidated	Consolidated
Cash flow (used in)/from operating activities		
Cash flow from operations	5 126 105	27 416 009
Dividends paid	(15 767 467)	-
Finance costs	(17 254 046)	(15 341 374)
Finance income	4 663 984	6 608 776
Income tax	(5 377 817)	(1 255 601)
Net Cash flow (used in)/from operating activities	(28 609 241)	17 427 810
Cash flow from investing activities		
Loans repaid by related parties	(4 347 264)	882 500
Loans advanced to/ (repaid by) shareholder	10 333 027	(9 327 076)
Acquisition of Investment property	(14 000 000)	-
Disposal of property, plant and equipment	887 757	-
Purchase of property, plant and equipment	-	(345 468)
Proceeds from sales of investment property	102 750 000	8 250 000
Net cash flow (used in)/from investing activities	95 623 520	(540 044)
Cash flow from financing activities		
Loans raised from related parties	-	20 096
(Repayment of) long term interest-bearing borrowings	(11 960 984)	(35 094 451)
(Repayment of)/Increase in short term interest-bearing borrowings	(55 391 778)	17 399 431
Net cash flow from financing activities	(67 352 762)	(17 674 924)
Net (decrease) in cash and cash equivalents	(338 483)	(787 158)
Cash and cash equivalents at 01 July 2018	(57 257)	729 901
Cash and cash equivalents at 30 June 2019 - Interim	(395 740)	(57 257)

Notes to the Interim financial statements

Investment properties		
	Group	
Figures in Rand	2019	2018
Net carrying value		
Cost	229 758 261	264 136 865
Cumulative fair value surplus	416 041 739	476 863 135
	645 800 000	741 000 000
Movement for the year		
Investment property at the beginning of the year	734 496 685	728 882 366
Gains/Losses on fair value adjustment	(6 450 000)	5 614 318
Disposal of investment property	(102 750 000)	-
Additions of investment property	14 000 000	-
Transferred to investment property classified as held for sale	(104 300 000)	-
Transferred to property, plant and equipment	-	(3 500 000)
	534 996 685	730 996 684
Reconciliation to valuation		
Investment property carrying amount	534 996 685	734 496 684
Investment property held for sale	104 300 000	-
Straight-line rental income accrual	6 503 315	6 503 316

Total Investment property		645 800 000	741 000 000
----------------------------------	--	--------------------	--------------------

Investment Property Held for Sale	Situated	Purchase Price	Capitalised Cost	Fair Value Adjustments	Total value
Kent Stand 962	296 Kent Avenue, Ferndale, Randburg	30 000 000	-	4 000 000	34 000 000
Northcliff Atrium	189 Beyers Naude Drive, Northcliff	8 200 000	-	23 100 000	31 300 000
Wendywood	Daphne Street, Wendywood, Sandton	14 900 000	2 100 000	22 000 000	39 000 000
Total Investment properties held for sale		53 100 000	2 100 000	49 100 000	104 300 000

Summary of valuations	2019	2018
Value of external valuations	541 500 000	741 000 000
Value of external valuations - Held for sale	104 300 000	-
Value of Internal valuations	-	-
Total value of portfolio	645 800 000	741 000 000

Investment properties classified as held for sale		
Opening balance	-	8 400 000
Disposal of investment property	-	(8 400 000)
Transferred from investment property	104 300 000	-
Closing fair value of investment property held for sale	104 300 000	-

Loans to related parties		
Loan Acc: Orion Security Services	6 869 337	-
Loan Acc : ORE / Ore Enterprises	217 636	217 636
Loan Acc : Star Fin Corp T/A SNPL	47 060	47 060
Loan Acc : OFM Property Management Pty Ltd	(2 522 073)	
Total loans to related parties	4 611 960	264 696
Current assets	7 134 033	264 696
Current liabilities	(2 522 073)	-
	4 611 960	264 696

Loans to shareholder		
Gmeiner Investment Holdings (Pty) Ltd	37 826 574	47 347 803

The loans are unsecured, bear interest at 7.5%, and interest is charged on the month end balance. The terms of repayment are 12 months. The loan reduced during the period under review through the declaration of the dividend, which enhanced the cash flow of the group.

Income tax (expense) / refund

Major components of the taxation expense/(income)

1

Current year

SA Normal rates

Capital gains tax rates

Deferred tax

Originating and reversing temporary differences due to loss of REIT status

Deferred taxation adjustment

Taxation per statement of comprehensive income**Reconciliation of tax expense**

Accounting profit

Tax thereon @ 28%

Movements**Permanent differences**

Fair value adjustment

SARS Interest and penalties

Operating leases (straight line)

Dividends received

Donations

Dividends taxation on section 25BB qualifying distribution

Temporary differences

Provision for leave pay

Deferred taxation raised on loss of REIT - s25BB

Capital gains on sale of Investment Property

Allowance for credit losses

Bonds costs

Assessed losses utilised

Tax charge

	8 634 061	2 206 341
	(3 545 132)	2 206 341
	12 179 193	-
	93 193 350	1 970 622
	93 193 350	1 970 622
	-	-
	101 827 411	4 176 963
	-	1
	(6 422 915)	18 943 082
	(1 798 416)	5 304 063
	-	(2 454 602)
	-	421 933
	-	(392 470)
	-	933 578
	7 568	22 483
	-	(4 414 891)
	-	(49 424)
	93 193 350	-
	12 179 193	-
	(4 037 776)	2 210 110
	-	16 320
	2 283 492	2 579 862
	101 827 411	4 176 963

Taxation paid

Opening balance

Current tax charge

SARS Penalties

Deferred tax on loss of REIT

Closing balance

Taxation paid

	14 918 211	12 486 566
	8 634 061	2 206 341
	-	1 480 905
	-	-
	(21 839 825)	(14 918 211)
	1 712 446	1 255 601

Cash and cash equivalents

Cash on hand

Balances with financial institutions

Total cash

Total included in current assets

Bank overdraft

Total included in current liabilities

Net cash and cash equivalents

	-	22 832
	1 116 746	1 839 119
	1 116 746	1 861 951
	(1 512 486)	(1 919 208)
	(1 512 486)	(1 919 208)
	(395 740)	(57 257)

Issued Capital**Authorised**

2,000,000,000 shares of no-par value

Issued

630, 698, 688 ordinary shares of no-par value	115 031 746	115 031 746
3 688 866 treasury shares with no par value	(695 072)	(695 072)
Shares issued	11 200 000	-
Balance at the end of the year	125 536 674	114 336 674

Trade and other receivables

Trade receivables	39 128 618	8 046 053
Related party receivables	-	15 717 738
less allowance for credit losses	(16 155 528)	(9 462 932)
Trade receivables - net	22 973 090	14 300 859
Deposits	2 322 374	2 322 374
Other receivables	159 523	159 523
Value added tax	(44 235)	1 242 942
Total trade and other receivables	25 410 752	18 025 698

The carrying amounts of the Group trade and other receivables are denominated in South African Rands. The Group holds tenant deposits as collateral. The carrying amount of the trade and other receivables approximates fair value due to its short-term nature, except for the non-current portion, for which discounting has been applied when required.

Trade receivables past due but not impaired

Due to the nature of the agreements, tenants may not pay their outstanding amounts that are due by year end and this becomes past due at reporting date. Ageing of trade receivables impaired and net of impairment is shown below.

Each trade receivable has been reviewed for impairment and provided for when required based on payment history, signed acceptance of debt and other relevant known information pertaining to the tenant.

Ageing analysis of trade receivables net of impairment:

	Gross	Impaired	Net
Current	7 132 060	(2 468 788)	4 663 272
30 days	5 138 020	(1 778 544)	3 359 476
60 days	395 636	(136 951)	258 685
90 days	6 310 804	(2 184 507)	4 126 297
Over 90 days	27 702 233	(9 586 738)	18 114 483
	46 678 753	(16 155 528)	30 523 225

Trade and other payables

Trade creditors	31 230 996	47 842 848
Accruals	167 254	974 621
Accrual for leave pay	884 647	819 257
Other payables	692 761	692 761
Total trade and other payables	32 975 658	50 329 487

Tenant deposits

Tenant deposits	9 303 938	6 720 518
------------------------	------------------	------------------

Tenant deposits is for amounts received from tenants for use of tenant installations that tenant requires to meet their needs

Fair value of the tenant deposits is determined in accordance with IFRS 13: Fair Value Measurements. The tenant deposit is deemed to be Level 3 in terms of the fair value hierarchy as there are significant unobservable inputs for the tenant deposits that are held as a current liability. Tenant deposits are measure at fair value each reporting period and any gains or losses on the tenant deposits are recognised in profit or loss.

Revenue

Rental income	63 505 364	53 738 270
Basic operating cost	4 482 726	7 313 402
Bad debts recovered	79 500	263 158
Straight-lined lease income	-	1 401 682
Parking rental	3 571 046	2 818 933
Recoveries	19 463 648	22 447 402
Total revenue	91 102 284	87 982 847

Other income

Tenant installation income	32 854	-
Admin and management fees	20 543	1 741 298
Lease admin fees	33 659	-
Marketing	49 438	-
Repairs and maintenance	432 964	-
Insurance Claims	197 167	121 947
Improvement levy	89 109	-
Merchants	202 533	-
Signage and sundry income	48 032	12 284 057
Management fees	52 065	-
Arrears report	(13 095)	-
Sundry income	430 906	-
Profit/(loss) on disposal of investment property	(6 450 000)	(150 000)
Total other income	(4 873 825)	13 997 302

Cash generated from operations

Profit/(Loss) before tax	(6 422 915)	18 943 082
--------------------------	-------------	------------

Adjusted for

Finance income	(4 663 984)	(6 608 776)
Finance cost	17 254 045	15 341 374

Add or deduct non-cash items

Fair value adjustment of property	-	(8 707 164)
Straight line operating lease adjustment	-	(1 401 680)
Depreciation	891 072	910 335
Loss/(Profit) on disposal of Investment Property	6 450 000	150 000
SARS penalties incurred	-	1 480 905
Fair value adjustment on treasury shares	-	295 109
Dividends paid - December 2018	(15 767 467)	-
Other non-cash items	-	(25 655)
	(2 259 249)	20 377 530

Changes in Working capital

Trade and other payables	17 353 829	(4 803 691)
Tenant deposits	(2 583 420)	(264 370)
Consumables	-	7 017
Trade and other receivables	(7 385 055)	12 099 523

Cash generated from operations**5 126 105****27 416 009****Related parties****Ultimate holding company**

Gmeiner Investment Holdings Proprietary Limited

Holding Company

Orion Real Estate Limited

Fellow Subsidiaries

Orion Property Holding Trust

SBD Investments Proprietary Limited

Ixia Trading 532 Proprietary Limited

GEHS Leasing Company Proprietary Limited

CBB Properties Proprietary Limited

Orion Developments One Proprietary Limited

Orion Developments Two Proprietary Limited

Orion Developments Three Proprietary Limited

Gold Edge III Proprietary Limited

Fellow Subsidiaries - Dormant

Orion Security Services Proprietary Limited

Orion Creative Business Ideas Pty Ltd t/a Orion Business Solutions

Entities controlled by Director:

Fargoscene Proprietary Limited

OFM Property Management Proprietary Limited

Orion Hotels & Resorts Proprietary Limited

Orion Hotels & Resorts (SA) Proprietary Limited

Orion Agri Proprietary Limited

Eagle Fleet Solutions Proprietary Limited

Members of key management:**Board of Directors****Executive**

F Gmeiner

D Dabideen (Resigned 15 March 2019)

A Ritzlmayr (Appointed 01 April 2019)

Non-Executive

AC Gmeiner

DK Mthembu

R Wilkinson (Chairperson)

TFJ Oosthuizen

Related party balances**Loan accounts – Owning (to) by related parties**

OFM Property Management Proprietary Limited

Orion Security Services Proprietary Limited

Star Finance Corporation Proprietary Limited

Loans to directors

F Gmeiner

Loans to shareholders

Gmeiner Investment Holding Proprietary Limited

4 611 960**264 696**

(2 522 072)

6 869 336

264 696

-

-

264 696

-

(267 782)

-

(267 782)

37 826 574**47 347 803**

37 826 574

47 347 803

Amounts included in Trade payables**Companies with common directors****Amounts due from subsidiaries****Subsidiaries**

Orion Property Holding Trust

SBD Investments

Ixia Trading 532 Proprietary Limited

Related companies

Orion Security Services

-

54 460 915

-

54 460 915

30 989 854**39 158 684**

20 463 247

792 158

9 734 449

28 475 301

-

10 683 383

6 560 582

-

6 560 582

-

Amounts included in Trade receivables

- 15 605 004

Companies with common directors

- 15 605 004

Amounts due from subsidiaries**Subsidiaries**

286 163 (1 000)

Orion Property Holding Trust

286 163 (1 000)

Related companies

10 127 518 -

Orion Hotels & Resorts SA Proprietary Limited

10 127 518 -

Related party transactions:**Loans to shareholders**

2 587 537 2 851 551

Gmeiner Investment Holding Proprietary Limited

2 587 537 2 851 551

Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of shares outstanding during the year.

Headline earnings per share is determined by dividing headline earnings by the weighted average number of shares during the year.

Headline earnings is determined by adjusting basic earnings by excluding separately identifiable re-measurement items.

Headline earnings is presented after tax and non-controlling interest.

There are no dilutionary instruments in issue.

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Profit for the year attributable to owners of the company	(108 251 662)	14 764 782
Earnings used in the calculation of basic earnings per share for continuing operations	(108 251 662)	14 764 782
Weighted average number of shares used to calculate basic earnings per share	631 939 226	627 009 822
Reconciliation of numerators used for basic and diluted earnings:		
Shares in issue	630 698 688	630 698 688
Increase in number of shares	4 929 404	-
Number of shares for basic earnings	635 628 092	630 698 688
Less: treasury shares	(3 688 866)	(3 688 866)
Number of shares for net asset and diluted earnings per share	631 939 226	627 009 822
Headline earnings reconciliation		
Basic earnings/(loss)	(108 250 326)	14 764 782
Fair value adjustment to investment properties	-	(5 614 318)
Net profit/(loss) on disposal of investment properties	(6 450 000)	150 000
Headline earnings	(114 700 326)	9 300 464
Reconciliation of net asset value:		
Total equity attributable to equity holders of the parent	495 381 946	608 489 471
Total net asset value	495 381 946	608 489 471
Total number of shares used in the net asset value calculation	638 840 391	-
Earnings per share (cents)		
Basic and diluted earnings per share (cents)	(17.13)	2.35
Headline and diluted earnings per share		
Diluted headline earnings per share	(18.15)	1.48
Net asset value per share		
Net asset value per share at year-end (cents)	77.54	97.05

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating industry due to practicality

The risks and rewards faced by the entity relate primarily to the operating segments being retail, commercial, industrial, residential and hospitality. Lettable space is classified as retail, commercial, industrial, residential or hospitality and therefore no separate geographical report has been made.

2019

Property name and operating segment	Acquisition date	Rentable area (m2) by operating segment	Total income per building excluding recoveries	Weighted average rental per month per m2	Vacancy %	Purchase price	Valuations - 30 June 2019	Average annualised Property yield
72 Voortrekker	10/07/2003	1 981	1 043 283	43.89	24%	4 000 000	10 300 000	10.00%
ACA Kranz	19/06/2009	9 395	7 051 240	62.54	39%	38 200 000	98 000 000	10.00%
19 and 20 John Street	10/07/2003	5 672	3 517 952	51.69	0%	4 100 000	19 300 000	9.50%
Kensington B	10/07/2003	3 655	2 247 587	51.24	17%	5 975 000	23 000 000	10.50%
Kent Stand 962	30/06/2009	6 510	3 125 379	40.01	60%	30 000 000	34 000 000	11.00%
Laser Park Erf 101	07/07/2008	4 060	2 547 617	52.29	0%	9 500 000	24 000 000	9.50%
Laser Park Erf 123	07/07/2008	2 087	636 095	25.40	0%	5 300 000	10 500 000	9.75%
Laser Park Erf 124 & 126	07/07/2008	6 559	3 781 434	48.05	0%	9 200 000	33 100 000	9.75%
Erf 63/64 Lydenburg	15/05/2014	2 200	2 120 791	80.33	0%	9 500 000	13 000 000	11.00%
Marlboro Erf 161	30/05/2008	981	803 910	68.29	0%	1 100 000	6 700 000	10.75%
Meyers Corner	28/02/2008	1 146	1 166 629	84.83	29%	3 900 000	10 600 000	9.75%
Northcliff	25/07/2008	4 294	2 436 015	47.28	65%	8 200 000	31 300 000	9.25%
Orion Centre	23/04/2008	-	-	-	100%	5 981 743	10 000 000	R946/m2
Orion House	30/05/2008	17 657	9 114 898	43.02	28%	45 087 201	-	11.00%
Primrose Mall	28/02/2008	3 328	1 270 837	31.82	20%	7 400 000	17 200 000	9.50%
Promenade Shopping Centre	07/04/2006	16 713	21 974 724	102.74	6%	37 423 230	212 500 000	8.50%
Score - Delft	19/12/2002	1 103	473 749	35.80	0%	3 291 403	-	12.00%
Score - Roosendal	19/12/2002	1 091	17 833	1.36	0%	3 305 403	2 700 000	12.00%
Score - Wesbank	19/12/2002	1 085	-	-	0%	3 305 403	2 700 000	12.00%
593 Louis Botha Avenue	10/07/2003	3 136	914 153	24.29	41%	4 269 481	23 000 000	9.50%
Wartburg	07/07/2008	2 000	1 345 090	56.05	0%	8 100 000	10 900 000	11.00%
Wendywood	30/05/2008	4 937	5 184 388	87.51	27%	17 000 000	39 000 000	10.00%
Phalaborwa	01/02/2019	1 000	865 032	72.09	0%	14 000 000	14 000 000	10.00%
		100 589	71 638 636			278 138 864	645 800 000	

2018

Property name and operating segment	Acquisition date	Rentable area (m2) by operating segment	Total income per building excluding recoveries	Weighted average rental per month per m2	Vacancy %	Purchase price	Valuations - 30 June 2019	Average annualised Property yield
72 Voortrekker	10/07/2003	1 981	611 267	25.71	78%	4 000 000	10 300 000	10.00%
ACA Kranz	19/06/2009	9 395	7 319 573	64.92	41%	38 200 000	98 000 000	10.00%
19 and 20 John Street	10/07/2003	5 672	2 072 166	30.44	58%	4 100 000	19 300 000	9.50%
Kensington B	10/07/2003	3 655	2 280 175	51.99	58%	5 975 000	23 000 000	10.50%
Kent Stand 962	30/06/2009	6 510	2 118 151	27.11	23%	30 000 000	34 000 000	11.00%
Laser Park Erf 101	07/07/2008	4 060	2 655 241	54.50	0%	9 500 000	24 000 000	9.50%
Laser Park Erf 123	07/07/2008	2 087	1 117 256	44.61	0%	5 300 000	10 500 000	9.75%
Laser Park Erf 124 & 126	07/07/2008	6 559	3 992 117	50.72	0%	9 200 000	33 100 000	9.75%
Erf 63/64 Lydenburg	15/05/2014	2 200	1 597 267	60.50	0%	9 500 000	13 000 000	11.00%
Marlboro Erf 161	30/05/2008	981	1 330 853	113.05	0%	3 900 000	6 700 000	10.75%
Meyers Corner	28/02/2008	1 146	1 077 494	78.35	0%	3 900 000	10 600 000	9.75%
Northcliff	25/07/2008	4 294	3 073 203	-	72%	8 200 000	31 300 000	9.25%
Orion Centre	23/04/2008	-	-	-	0%	5 981 743	10 000 000	R946/m2
Orion House	30/05/2008	17 657	10 268 787	48.46	78%	45 087 201	102 500 000	11.00%
Primrose Mall	28/02/2008	3 328	1 918 235	48.03	30%	7 400 000	17 200 000	9.50%
Promenade Shopping Centre	07/04/2006	16 713	17 557 941	87.55	49%	37 423 230	212 500 000	8.50%
Score - Delft	19/12/2002	1 103	1 029 294	77.78	0%	3 291 403	6 700 000	12.00%
Score - Roosendal	19/12/2002	1 091	27 352	2.09	100%	3 305 403	2 700 000	12.00%
Score - Wesbank	19/12/2002	1 085	-	-	100%	3 305 403	2 700 000	12.00%
593 Louis Botha Avenue	10/07/2003	3 136	556 849	14.80	55%	4 269 481	23 000 000	9.50%
Wartburg	07/07/2008	2 000	607 858	25.33	7%	8 100 000	10 900 000	11.00%
Wendywood	30/05/2008	4 937	4 324 368	72.99	12%	17 000 000	39 000 000	10.00%
		99 589	65 535 445			266 938 864	741 000 000	

2019

Sector	Revenue (excluding recoveries)	%	Property Values	%
Commercial- Office	26 797 587	38%	233 600 000	36%
Industrial	13 407 800	19%	106 600 000	17%
Retail	30 088 160	41%	284 700 000	44%
Hospitality	1 345 090	2%	10 900 000	2%
Land	-	0%	10 000 000	2%
71 638 636		100%	645 800 000	100%

2018

Sector	Revenue (excluding recoveries)	%	Property Values	%
Commercial- Office	26 232 679	40%	300 764 013	41%
Industrial	11 494 104	18%	100 204 846	14%
Retail	27 118 802	41%	209 025 731	28%
Hospitality	689 860	1%	121 005 410	16%
Land	-	0%	10 000 000	1%
	65 535 445	100%	741 000 000	100%

COMMENTARY

1. Basis of preparation

The summarised reviewed consolidated interim results for the 12 months ended 30 June 2019 have been prepared in accordance with the Listings Requirements of the JSE Limited ("Listings Requirements") and the requirements of the Companies Act No. 71 of 2008, as amended.

The Company changed its year end to 30 September each year. The Listings Requirements require 12 month interim results to be reviewed and to be prepared in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the 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 financial statements, from which the summary financial statements were derived, are in terms of IFRS and are consistent with those applied in the annual financial statements for the year ended 30 June 2018.

The summarised interim financial statements were prepared by the financial manager Chris Dibb CA (SA), under the guidance of Mr Andreas Ritzlmayr, Chief Financial Officer. The directors take full responsibility for the preparation of the summarised interim financial statements and that the financial information has been correctly extracted from the underlying accounting records.

Any reference to future financial performance included in these results has not been reviewed by or reported on by the Company's auditors.

Standards and interpretations effective and adopted in the current financial year

IFRS 9 – Financial Instruments

Classification

- All financial assets are initially measured at fair value
- Debt instruments are subsequently measured at fair value through profit or loss
- Equity instruments are measured at fair value through profit or loss

Nature of change

Classification and measurement of financial liabilities

For liabilities measured at fair value through profit or loss, the change in the fair value of the liability attributable to changes in credit risk is presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss; and all other classification and measurement requirements in IAS 39 have been carried forward into IFRS 9.

Impact on the financial statements

The Group measures its interest-bearing borrowings and derivative liability at fair value through profit or loss and all changes in fair value due to credit risk will therefore be presented in other comprehensive income.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model. Entities are generally required to recognise 12-month ECL on initial recognition and thereafter, as long as there is no significant deterioration in credit risk. However, if there has been a significant increase in credit risk on an individual or collective basis, then entities are required to recognise lifetime ECL.

Impact on the financial statements

Impairment requirement might result in earlier recognition of credit losses.

Hedge accounting

Hedge effectiveness testing is prospective and depending on the hedge complexity, can be qualitative.

A risk component of a financial or non-financial instrument may be designated as the hedge item if the risk component is separately identifiable and reliably measurable.

More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

Impact on the financial statements

The Group does not apply hedge accounting, therefore no expected effect.

The effective date of this standard is for annual periods beginning on or after 1 January 2018 and will be applied in the financial period ending 30 June 2019

The impact of this amendment is not expected to be material once effective.

IFRS 15: Revenue from contracts with customers

New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step five-step methodology that is required to be applied to all contracts with customers.

The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

The effective date of this standard is for annual periods beginning on or after 1 January 2018.

Impact on the financial statements

The impact of this amendment was not material in the 2019 financial year. An assessment of IFRS 15 and its possible effects on the 2018 financials was done and it was determined that the impact was not material for the 2018 financials and 2019 interim results.

Clarifications to IFRS 15 Revenue from Contracts with Customers

Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

Impact on the financial statements

The impact of this amendment is not expected to be material.

Standards and interpretations effective to be adopted in the next financial year beginning 01 October 2019

IFRS 16: Leases

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.

IFRS 16 contains expanded disclosure requirements for lessees.

The effective date of this standard is for annual periods beginning on or after 1 January 2019.

Impact on the financial statements

The impact of this amendment is not expected to be material once effective.

2. REIT Status

As at 30 June 2018 Orion Real Estate was a JSE-approved Real Estate Investment Trust (REIT) in accordance with the provisions of section 13 of the Listings Requirements and it remained at REIT at the date of the 2018 REIT distribution being 24 November 2018. Orion Real Estate temporarily lost its REIT status on 7 February 2019 but is in the process of applying for REIT reinstatement. The financial statements for the period ended 30 June 2019 have been prepared on the basis that the Company does not have REIT status and a provision for deferred tax of R93 193 350 has been made resulting in a net loss of (R 108 250 326) for the period

3. Operating performance

Orion Real Estate experienced an increase of 3,5 % in rental revenue from R88,0 million for the period ended 30 June 2018 to R91,1 million for the period ended 30 June 2019.

Operating profit before interest declined by 77,7% for the period 30 June 2019 from R27,7 million for the period ended 30 June 2018 to R6,2 million for the period ended 30 June 2019 primarily due to the loss on disposal of Orion House of R5m, the loss on disposal of the Delft property of R1.45m, higher costs incurred around changing the auditors for the year ended 30 June 2018, having to incur two sets of audit fees as well as the costs incurred relating to the ongoing situation with Investec, which is expected to be resolved shortly.

Management costs and property related expenses were a focus area decreasing by 3,55% from R83 million for the period ended 30 June 2018 to R80 million for the period ended 30 June 2019.

Headline earnings decreased to a loss of 18.15 cents per share from a previous profit of 1,48 cents per share. This is attributable to the R93,2 million provision for deferred tax. The net asset value (NAV) per share consequently reduced to 77.54 cents per share, from 97,05 cents per share as at 30 June 2018.

With the sale of Orion House, the business has relocated to new more efficient premises, a number of administration and operational positions became redundant. The resultant cost savings and efficiency improvements will manifest in the 2020 financial year.

4. Investment property disposed

During the period under review the Company accepted an offer for the sale of Orion House for R97.5 million. The sale of Orion House was finalised in April 2019. This resulted in a loss of R5 million on the sale of Orion House. A stand-alone retail building situated in Delft Western Cape was disposed of for R5,25 million resulting in a book loss of R1,45 million

5. Distributions

The board declared a distribution of 2, 5 cents a share for the year ended 30 June 2018 amounting to R15, 767, 467 (30 June 2017: 0.00 cents), which was paid on 24 December 2018.

6. Financial Director

A SENS announcement of 19 March 2019 advised shareholders of the resignation of Mr D Dabideen, effective 15 March 2019. On 01 April 2019, Mr Andreas Ritzlmayr was appointed as financial director.

7. Going concern

The assets of the Company fairly valued comfortably exceed its liabilities with current gearing levels of around 11% and it has adequate operational liquidity. The discharge of the Investec loans will be achieved from property sales and/or new funding and the Company is, and will remain, a going concern.

Investec has not withdrawn their liquidation application from Orion Real Estate and at the date of sign off of the 2018 financial results, the liquidation application was yet to be finalised. To date, there has been no finalisation of this matter. The Board of Directors of Orion Real Estate is confident that Orion Real Estate will continue in the foreseeable future. However, the debt to Investec has been substantially reduced by R75 million during the period under review and the Company has commenced with interest payments on the remaining balance. The intention is to settle the remaining amount outstanding during the next quarter.

8. Change in year end

The Board of directors of Orion Real Estate approved a resolution to change the financial year end of the companies within the Group from 30 June 2019 to 30 September 2019. This will lead to a 15-month reporting period.

9. Future prospects

The 2019 financial year was a year of consolidation and planning for expansion. Trading conditions were difficult during the year and were reflective of the broader South African economy.

Paying off the remaining Investec loans and regaining the REIT status of the Company are at the centre of focus and management is confident of success on both fronts.

Vacancies and particularly office vacancies are an industry challenge at the moment. Whilst many new and prestigious office developments are evident in all major office nodes in South Africa the landscape is scattered with vacant or partially vacant office buildings. Our office space portfolio is no exception. To this end we have been on a major initiative to correct this;

- Appointment of additional letting executives
- Creation of a BEE structure to secure government leases
- Commissioning architects to design conversions of office space to residential space
- Offering our largest office buildings to the market
- Commissioning architects to design conversion of office space to student accommodation
- Negotiations with BEE companies for the purpose of creating student accommodation
- Converting basement car parking space to storage units (Star Storage)
- Converting some office space to retail space.
- Setting up project team to redesign website, marketing collateral and widen on-line & social media exposure

We continue to evaluate our portfolio and wherever an opportunity exists we will either dispose of or re purpose properties. We have disposed of some properties and in a creative effort to consummate selling transactions we have concluded our first "rent to own" transaction for one of the Selby industrial buildings.

We expect these endeavours to produce positive results in the coming year.

By order of the board

Johannesburg

01 October 2019

Directors:

RS Wilkinson* DK Mthembu* AC Gmeiner** F Gmeiner (CEO)# TFJ Oosthuizen** A Ritzlmayr (appointed 01 April 2019) #

* - Independent non-executive ** - Non-executive #- Executive

Company secretary and registered office

Corporate Governance Facilitators CC

Transfer office

Computershare Investor Services Proprietary Limited

Registered office

Registered office and business address
3rd Floor, 26 Wellington Road
Parktown
2193

Sponsor

Arbor Capital Sponsors Proprietary Limited