

ACORN REIT EARNINGS NOTE – FY'2025

2nd April 2025

Acorn Holdings [released](#) their FY'2025 financial results for the Acorn D-REIT and I-REIT, which invests in purpose-built student accommodation (PBSA). The Development Real Estate Investment Trust (D-REIT) finances the development of Purpose-Built Student Accommodation (PBSA) housing projects and later exit the projects to the Investment Real Estate Investment Trust (I-REIT) through legally bidding acquisition agreement. Rental incomes and other sources of income play a significant role in driving the investments and operations of the REITs.

Below is a summary of the Acorn's I-REIT and D-REIT FY'2025 performances:

Figures in Kshs mn Unless Stated Otherwise

Cytonn Report: Income Statement						
	Acorn I-REIT			Acorn D-REIT		
	FY'2024	FY'2025	Change	FY'2024	FY'2025	Change
Rental Income	1,081.6	1,049.6	(3.0%)	181.7	420.1	131.2%
Income from Other Sources	8.6	0.5	(93.7%)	0.0	0.0	0.0%
Total operating income	1,090.2	1,050.1	(3.7%)	1490.0	2197.8	47.5%
Operating Expenses	438.6	438.3	(0.1%)	337.3	478.5	41.9%
Finance costs	(440.4)	(318.1)	(27.8%)	(348.6)	(900.6)	158.3%
Profit Before Tax	544.6	670.2	23.1%	839.9	854.2	1.7%
Basic EPS (Kshs)	1.6	1.8	15.1%	3.1	3.0	(2.3%)

Figures in Kshs bn Unless Stated Otherwise

Cytonn Report: Balance Sheet						
	Acorn I-REIT			Acorn D-REIT		
	FY'2024	FY'2025	Change	FY'2024	FY' 2025	Change
Total Assets	11.1	11.3	2.0%	15.4	18.0	17.4%
Total Equity	8.1	9.2	13.2%	7.3	8.5	15.5%
Total Liabilities	3.0	2.1	(29.0%)	8.0	9.6	19.2%

Ratios summary for the I-REIT and D-REIT

Cytonn Report: Ratios Summary						
	Acorn I-REIT			Acorn D-REIT		
	FY'2024	FY'2025	Change	FY'2024	FY' 2025	Change
ROA	4.9%	5.9%	1.0%	5.5%	4.7%	(0.7%)
ROE	6.7%	7.3%	0.6%	11.4%	10.1%	(1.4%)
Debt Ratio	26.7%	18.6%	(8.1%)	52.2%	53.0%	0.8%
PBT Margin	50.4%	63.9%	13.5%	56.4%	38.9%	(17.5%)
Rental Yield	10.2%	9.6%	(0.6%)	1.6%	4.5%	2.9%
Annualized Rental Yield	10.2%	9.6%	(0.6%)	1.6%	4.5%	2.9%
Distribution Per Unit	0.4	0.6	49.8%	-	-	-
Payout Ratio	23.9%	31.1%	7.2%	0.0%	0.0%	0.0%

Acorn I-REIT**Income Statement:**

- The basic earnings per unit increased by 15.1% to Kshs 1.8 in FY'2025, from Kshs 1.6 recorded in FY'2024. This was mainly driven by a 23.1% increase in profit after tax to Kshs 670.2 mn recorded in FY'2025, from Kshs 544.6 mn that was recorded in FY'2024.
- The I-REIT recorded a 3.0% decrease in rental income coming in at Kshs 1,049.6 mn from Kshs 1,081.6 mn in FY'2024. The performance is attributable to the decrease in residential rental income by 3.1% to Kshs 1,034.4 mn in FY'2025 from Kshs 1,066.9 mn in FY'2024;
- The REIT's total operating expenses decreased marginally by 0.1% to Kshs 438.3 mn from Kshs 438.6 mn in FY'2024. This performance was attributable to a 49.7 % decrease in expected credit losses charge expense to Kshs 2.5 mn in FY'2025 from Kshs 5.0 mn in FY'2024. However, this movement was mitigated by a 13.4% increase in fund operating expense to Kshs 99.9 mn in FY'2025 from Kshs 88.1 mn in FY'2024, and,
- The rental yield for the I-REIT decreased by 0.6% points to 9.6% in FY'2025, from 10.2% in FY'2024 following a decrease in the rental income which was due to the decrease in residential rental income by 3.1% to Kshs 1,034.4 mn in FY' 2025 from Kshs 1,066.9 mn in FY' 2024;

Balance Sheet:

- Total assets for the I-REIT increased by 2.0% to Kshs 11.3 bn in FY'2025 from Kshs 11.1 bn in FY'2024. This was mainly on the back of a 3.5% increase in investment property during the period, coming in at Kshs 10.9 bn from Kshs 10.6 bn in FY'2024. This was as a result of a 17.2% increase in fair value of investment property to Kshs 363.2 mn in FY'2025 from Kshs 310.0 mn in FY'2024,
- Total liabilities decreased by 29.0% to Kshs 2.1 bn in FY'2025, from Kshs 3.0 bn in FY'2024 as a result of a decrease in short term borrowings. During the period under review, short-term borrowings decreased by 31.9% to Kshs 1.8 bn from Kshs 2.7 bn in FY'2024. Moreover, the REIT registered a 6.4% decrease in payables amounting to Kshs 240.5 mn in FY'2025 from Kshs 256.9 mn in FY'2024 which further contributed to the decrease in liabilities,
- The shareholder's funds for I-REIT increased by 13.2% to Kshs 9.2 bn in FY'2025, from Kshs 8.1 bn in FY'2024. The I-REIT's equity increase was as a result of; i) an increase in revaluation reserve at the end of the period by 38.6% to Kshs 1.3 bn in FY' 2025 from 0.9 bn in FY'2024 and, ii) increase trust capital by 9.1% to Kshs 7.6 bn from 7.0 bn in FY'2024, and,
- The I-REIT's Return on Assets (ROA) increased by 1.0 % point to 5.9% in FY'2025 from 4.9% in FY'2024, Return on Equity (ROE) increased by 0.6% points in FY'2025 to 7.3%, from 6.7% in FY'2024. This was attributable to a 23.1% increase in profit to Kshs 670.2 mn recorded in FY'2025, from Kshs 544.6 mn that was recorded in FY'2024

Acorn D-REIT**Income Statement:**

- The basic earnings per unit for the REIT decreased by 2.3% to Kshs 3.0 from Kshs 3.1 in FY'2024. This was mainly driven by a 1.7% increase in total profit to Kshs 854.2 mn in FY'2025 from Kshs 839.9 mn in FY'2024 that was outpaced by the 7.2% increase in issued shares to 286.6 mn from 275.1 mn in FY'2024,
- Acorn D-REIT posted a 131.2% increase in rental income to Kshs 420.1 mn in FY'2025 from Kshs 181.7 mn in FY'2024. This can be attributed to increase in residential income by 130.6% to Kshs 414.1 mn in FY'2025 from Kshs 179.6 mn in FY'2024,

- The total operating expenses for the D-REIT increased by 41.9% to Kshs 478.5 mn in FY'2025 from Kshs 337.3 mn in FY'2024, mainly driven by a 88.9% increase in administrative expenses to Kshs 197.4 mn in FY'2025 from Kshs 104.5 mn in FY'2024, and,
- The rental yield for the D-REIT increased by 2.9% points to 4.5% in FY'2025 from 1.6% recorded in FY'2024. This can be attributed to a 131.2% increase in rental income to Kshs 420.1 mn in FY'2025 from Kshs 181.7 mn in FY'2024.

Balance Sheet:

- Total assets for the D-REIT increased by 17.4% to Kshs 18.0 bn in FY'2025, from Kshs 15.4 bn in FY'2024. The increase in assets was mainly backed by an increase in assets held for sale which increased by 202.0% to Kshs 7.1 bn in FY'2025 from Kshs 2.3 bn in FY'2024.
- Total liabilities for the D-REIT increased by 19.2% to Kshs 9.6 bn in FY'2025, from Kshs 8.0 bn in FY'2024, mainly driven by; i) 313.2% increase in liabilities associated with assets held for sale to Kshs 148.4 mn in FY'2025, from Kshs 35.9 mn in FY'2024, and ii) 110.5% increase in short-term borrowings to Kshs 4.9 bn in FY'2025, from Kshs 2.3 bn in FY'2024,
- The total equity for the D-REIT increased by 15.5% to Kshs 8.5 bn in FY'2025, from Kshs 7.3 bn in FY'2024. The increase was attributed to an increase in shareholders contribution by 5.0% to Kshs 6.0 bn in FY'2025, from Kshs 5.7 bn in FY'2024.
- The D-REIT recorded 0.7% points decrease in ROA to 4.7% in FY'2025 from 5.5% in FY'2024. The ROE recorded 1.4% decrease to 10.1% from 11.4% in FY'2024 which was mainly attributable to 1.7% increase in total profit to Kshs 854.2 mn in FY'2025 from Kshs 839.9 mn in FY'2024 which was outpaced by the 15.5% increase in shareholders equity.

Looking ahead, Acorn Holdings is expected to sustain growth by leveraging its strong development pipeline and rising demand for student housing in Kenya. The I-REIT will focus on improving occupancy, operational efficiency, and rental stability, while the D-REIT will drive income growth through continued project execution and asset transfers. Careful management of rising finance and administrative costs will be essential to protect margins. Overall, Acorn's solid balance sheet and specialized focus position it to deliver sustainable long-term value