Cytonn
INVESTMENTS • REAL ESTATE • PRIVATE EQUITY

ACORN REIT EARNINGS NOTE – HY'2026

31st July 2026

Acorn Holdings released their HY'2026 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 HY'2026 performances:

Figures in Kshs mn Unless Stated Otherwise

Cytonn Report: Income Statement						
	Acorn I-REIT			Acorn D-REIT		
	HY'2025	HY'2026	Change	HY'2025	HY'2026	Change
Rental Income	524.1	544.9	**4.0%**	157.9	298.4	**89.0%**
Income from Other Sources	0.27	0.31	**15.4%**	0.0	2.7	**0.0%**
Total operating income	524.4	596.6	**13.8%**	805.5	914.7	**13.6%**
Operating Expenses	231.4	251.4	**8.6%**	238.6	423.9	**77.6%**
Finance costs	(202.7)	(129.1)	**(36.3%)**	(0.4)	(0.5)	**25.5%**
Profit Before Tax	**251.6**	**285.2**	**13.3%**	**205.0**	**29.1**	**(85.8%)**
Basic EPS (Kshs)	**0.69**	**0.7**	**2.0%**	**0.7**	**0.1**	**(86.3%)**

Figures in Kshs bn Unless Stated Otherwise

Cytonn Report: Balance Sheet						
	Acorn I-REIT			Acorn D-REIT		
	HY'2025	HY'2026	Change	HY'2025	HY'2026	Change
Total Assets	11.3	13.7	**21.0%**	16.1	17.4	**8.1%**
Total Equity	8.6	9.9	**14.9%**	7.7	8.7	**12.4%**
Total Liabilities	2.7	3.8	**40.6%**	8.4	8.7	**4.1%**

Ratios summary for the I-REIT and D-REIT

Cytonn Report: Ratios Summary						
	Acorn I-REIT			Acorn D-REIT		
	H1'2025	H1'2026	Change	H1'2025	H1'2026	Change
ROA	**2.2%**	**2.1%**	**-0.1%**	**1.3%**	**0.2%**	**(1.1%)**
ROE	**2.9%**	**2.9%**	**0.0%**	**2.7%**	**0.3%**	**(2.3%)**
Debt Ratio	**24.0%**	**27.9%**	**3.9%**	**52.1%**	**50.2%**	**(1.9%)**
PBT Margin	**48.0%**	**52.3%**	**4.3%**	**25.5%**	**3.2%**	**(22.3%)**
Annualized Rental Yield	**10.0%**	**4.1%**	**(5.9%)**	**1.3%**	**2.8%**	**1.5%**
Distribution Per Unit	**7.4%**	**17.4%**	**10.0%**	**0.5**	**0.01**	**(51.8%)**
Payout Ratio	**10.8%**	**24.9%**	**14.1%**	**72.7%**	**9.9%**	**(62.7%)**

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Acorn I-REIT

Income Statement:

- The basic earnings per unit increased by 2.0% to Kshs 0.7 in HY'2026, from Kshs 0.69 recorded in HY'2025. This was mainly driven by a 13.3% increase in Profit After Tax to Kshs 285.2 mn recorded in HY'2026, from Kshs 251.6 mn that was recorded in HY'2025, largely on the back of the 4.0% increase in rental income to Kshs 544.9 mn from Kshs 524.1 mn in HY'2025 coupled with 15.4% increase in income from other sources to Kshs 0.31 mn from Kshs 0.27 mn, as compared to the 36.3% decline in finance costs to Kshs 129.1 mn from Kshs 202.7
- The I-REIT recorded a 4.0% increase in rental income, coming in at Kshs 544.9 mn in HY'2026 from Kshs 524.1 mn in HY'2025, attributable to a 4.1% increase in residential rental income to Kshs 537.8 mn from Kshs 516.4 mn in HY'2025;
- The REIT's total operating expenses increased by 8.6% to Kshs 251.4 mn in HY'2026 from Kshs 231.4 mn in HY'2025, mainly driven by a Kshs 18.1 mn allowance for expected credit losses recognized in HY'2026 which was initially written back in HY'2025 as a Kshs 3.3 mn, partly offset by a 5.1% decline in fund operating expenses to Kshs 53.4 mn from Kshs 56.2 mn, while administrative expenses were broadly flat at Kshs 179.9 mn from Kshs 178.5 mn in HY'2025, and,
- The rental yield for the I-REIT decreased by 0.8% points to 4.1% in HY'2026, from 4.9% in HY'2025 mainly attributable to the 4.0% increase in the rental income that was outpaced by the 23.4% increase in investment property to Kshs 13.2 bn in HY'2026 from Kshs 10.7bn in HY'2025;

Balance Sheet:

- Total assets for the I-REIT increased by 21.0% to Kshs 13.7 bn in HY'2026, from Kshs 11.3 bn in HY'2025, mainly attributable to the 23.4% increase in investment properties to Kshs 13,237.0 mn from Kshs 10,943.0 mn in the prior period after a Kshs 2.2 bn acquisition of the Qwetu Karen and Qejani Karen properties from the ASA D-REIT on 1st May 2026,
- Total liabilities increased by 40.6% to Kshs 3.8 bn in HY'2026, from Kshs 2.7 bn in HY'2025, as additional borrowings funded the Karen acquisition, taking total debt drawn to Kshs 3,070.8 mn at 30 June 2026 from Kshs 1,819.1 mn as at 31st December 2025,
- The shareholder's funds for I-REIT increased by 14.9% to Kshs 9.9 bn in HY'2026, from Kshs 8.6 bn in HY'2025, mainly attributable to the 65.5% increase in retained earnings to Kshs 294.7 mn from Kshs 177.9 mn in HY '2025,
- The I-REIT's Return on Assets (ROA) decreased by 0.1% points to 2.1% in HY'2026, from 2.2% in HY'2025. Return on Equity (ROE) remained flat at 2.9% in HY'2026, from 2.9% in HY'2025

Acorn D-REIT

Income Statement:

- The basic earnings per unit for the REIT decreased by 86.3% to Kshs 0.1 in HY'2026, from Kshs 0.7 in HY'2025. This was mainly driven by an 85.8% decrease in Profit After Tax to Kshs 29.1 mn in HY'2026, from Kshs 205.0 mn in HY'2025 as operating expenses increased by 77.6% to Kshs 423.9 mn from Kshs 238.6 mn,

- Acorn D-REIT posted a 89.0% increase in rental income to Kshs 298.4 mn in HY'2026 from Kshs 157.9 mn in HY'2025. This can be attributed to increase in residential income by 89.3% to Kshs 294.9 mn in HY'2026 from Kshs 155.7 mn in HY'2025,

- The total operating expenses for the D-REIT increased by 77.6% to Kshs 423.9 mn in HY'2026 from Kshs 238.6 mn in HY'2025, mainly driven by a 80.8% increase in administrative expenses to Kshs 164.3 mn in HY'2026 from Kshs 90.9 mn in HY'2025, and,
- The rental yield for the D-REIT increased by 1.5% points to 2.8% in HY'2026 from 1.3% recorded in HY'2025. This can be attributed to the 89.0% increase in rental income to Kshs 298.4 mn in HY'2026 from Kshs 157.9 mn in HY'2025.

Balance Sheet:

- Total assets for the D-REIT increased by 8.1% to Kshs 17.4 bn in HY'2026, from Kshs 16.1 bn in HY'2025. Mainly attributable to the 107.2% increase in assets held for sale to Kshs 4.8 bn in HY'2026 from Kshs 2.3 bn in HY'2025.
- Total liabilities for the D-REIT increased by 4.1% to Kshs 8.7 bn in HY'2026, from Kshs 8.4 bn in HY'2025, mainly driven by the 227.0% increase in liabilities held for sale to Kshs 114.1 mn from 34.9 mn,
- The total equity for the D-REIT increased by 15.5% to Kshs 8.5 bn in HY'2026, from Kshs 7.3 bn in HY'2026. The increase was attributed to an increase in shareholders contribution by 5.0% to Kshs 6.0 bn in HY'2026, from Kshs 5.7 bn in HY'2025.
- The D-REIT recorded 1.1% points decrease in ROA to 0.2% in HY'2026 from 1.3% in HY'2025. The ROE recorded 2.3% points decrease to 0.3% from 2.7% in HY'2025 which was mainly attributable to 85.8% increase in total profit to Kshs 29 mn in HY'2026 from Kshs 205.0 mn in HY'2025 as compared to the 15.5% in increase in 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