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Company – Results | Singapore

Tuesday, 01 September 2026

KORE US REIT (KORE SP)

1H26: Record Leasing Volume; Payout Ratio At 21%

Highlights

- NPI and distributable income grew 6.1% and 2.1% yoy respectively in 1H26. The results included a one-off termination fee of US$2.7m and restoration fee of US$2.3m. DPU of 0.4 US cents represented a payout ratio of 21%.
- Leasing momentum accelerated in 2Q26 with 492,365sf signed, of which 90.6% were renewals. KORE secured new 10-year lease for 32,000sf of Westpark Portfolio in Redmond with a life sciences instrumentation tenant.
- KORE plans to progressively increase its payout ratio towards a sustainable level. Maintain BUY with target price of US$0.25.

1H26 Results

Year to 31 Dec (US$m)	1H26	yoy % Chg	Remarks
Gross Revenue	76.6	+2.8	Positive rental reversion at 1.5% and rental escalations at 2.6%.
Net Property Income (NPI)	43.1	+6.1	One-off termination fee (US$2.7m) and restoration fee (US$2.3m).
Adjusted NPI	45.6	+10.2	
Finance Expenses	(15.1)	+10.2	All-in cost of debt increased 46bp yoy to 4.91% in 1H26.
Distributable Income	20.4	+2.1	
DPU (US cents)	0.40	n.m.	Payout ratio at 21% for 1H26.

Source: KORE, UOB Kay Hian

Analysis

- KORE US REIT (KORE) delivered a strong 1H26 DPU of 0.40 US cents, representing a payout ratio of 21%, which was slightly above our expectation. Management expects a similar distribution quantum in 2H26.
- **Boost from one-off termination fee and restoration fee.** Gross revenue rose 2.8% yoy to US$76.6m in 1H26 while NPI increased 6.1% yoy to US$43.1m. Excluding non-cash straight-line rent, leasing incentives and leasing commission amortisation, adjusted NPI grew 10.2% yoy to US$45.6m, driven by higher cash rental income, a one-off termination fee (US$2.7m) and other operating income (one-off restoration fee of US$2.3m). Distributable income increased 2.1% yoy to US$20.4m despite higher borrowing costs following the expiry of interest-rate swaps.
- **Record leasing performance.** KORE signed 550,522sf of leases in 1H26, representing 11.5% of its portfolio NLA and the strongest 1H leasing since its listing. Leasing momentum accelerated in 2Q26 with 492,365sf signed, of which 90.6% were renewals, significantly reducing near-term lease expiry risks. Portfolio rental reversion remained positive at 1.5% in 2Q26, while built-in annual rental escalation increased to 2.6%. Committed portfolio occupancy improved 0.2ppt qoq to 85.3% in 2Q26 despite the earlier Meta vacate at The Westpark Portfolio. Management is targeting portfolio occupancy to recover to 2025's level of 87.2% by end-26 through active leasing and vacancy backfilling initiatives.

Key Financials

Year to 31 Dec (US$m)	2024	2025	2026F	2027F	2028F
Net turnover	146	150	148	148	149
EBITDA	69	72	74	72	73
Operating profit	69	72	74	72	73
Net profit (rep./act.)	(7)	(4)	42	39	39
Net profit (adj.)	47	46	42	39	39
EPU (US$ cent)	4.5	4.4	4.0	3.7	3.7
DPU (US$ cent)	0.0	0.3	0.9	1.5	2.3
PE (x)	3.8	3.9	4.3	4.7	4.6
P/B (x)	0.3	0.3	0.2	0.2	0.2
DPU yld (%)	0.0	1.4	4.9	8.7	13.2
Net margin (%)	(4.7)	(2.7)	28.3	26.3	26.2
Net debt/(cash) to equity (%)	78.3	77.9	75.5	74.7	75.1
Interest cover (x)	2.6	2.6	2.4	2.2	2.2
ROE (%)	(1.0)	(0.6)	5.8	5.1	5.0
Consensus DPU (US$ cent)	-	-	1.0	1.0	2.0
UOBKH/Consensus (x)	-	-	0.85	1.51	1.14

Source: KORE US REIT, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	US$0.173
Target Price	US$0.25
Upside	44.5%

Stock Data

Sector	Real Estate
Bloomberg ticker	KORE SP
Shares issued (m)	1,044.5
Market cap (US$m)	180.7
Market cap (US$m)	180.7
3-mth avg daily t'over (US$m)	0.1

Price Performance (%)

52-week high/low US$0.265/US$0.164

1mth	3mth	6mth	1yr	YTD
(3.4)	(7.0)	(19.5)	(21.4)	(26.4)

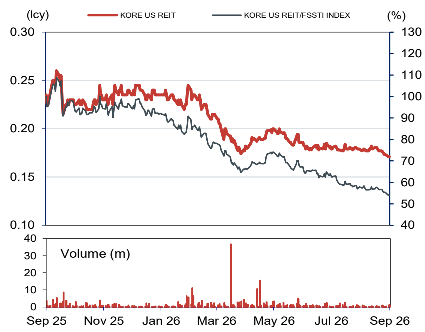
Major Shareholders (%)

Temasek Hldgs	7.0
Hillsboro Capital	9.0

Balance Sheet Metrics

FY26 NAV/Share (US$)	0.71
FY26 Net Debt/Share (US$)	0.54

Price Chart



Source: Bloomberg

Company Description

KORE invests in a diversified portfolio of income-producing office real estate in growth markets with positive economic fundamentals and influx of talents. It owns 13 freehold office buildings and business campuses in eight growth markets, namely Bellevue/Redmond, Austin, Denver, Nashville, Houston, Dallas, Orlando and Sacramento.

- **KORE is executing a targeted asset enhancement and spec-suite strategy** aimed at accelerating leasing velocity and reducing long-term capex requirements. The completion of repositioning of the lobby at 10800 The Plaza Buildings has generated strong interest in The Post, KORE's new spec-suite floor scheduled for completion in 3Q26. Two of the six spec suites have already been leased, while the remaining four spec suites are under advanced negotiations. KORE is also adding two spec suites each at Westech 360 and Great Hills Plaza in Austin. It plans to deliver 43,600sf of spec suites by end-26, of which 28% are already pre-leased. These initiatives help reposition underutilised space into higher-value offerings.
- **Liquidity position strengthened.** Aggregate leverage remained stable at 43.3% and interest coverage ratio of 2.5x as of Jun 26. Management secured a new committed revolving credit facility of US$40m during the quarter, raising total committed revolving facilities to US$82m. KORE has no loan maturities remaining in 2026 and is engaging lenders for early refinancing of facilities maturing in 2027. 58.2% of borrowings remain hedged through interest-rate swaps, helping mitigate exposure to interest-rate volatility.
- All-in cost of debt increased 46bp yoy to 4.91% after the expiry of interest rate swaps. Interest expense increased 10.2% yoy to US$15.1m in 1H26.

Valuation/Recommendation

- **Benefitting from gradual office recovery.** Supply-demand dynamics for the US office market improved with trailing 12-month net absorption reaching 14.3m sf, the strongest since 2020. According to JLL, national office vacancy declined 60bp qoq to 21.6% due to strong positive net absorption of 10m sf, coupled with more than 10m sf of inventory removals of predominantly vacant office buildings. New office construction is at decade lows. KORE focuses on growth-oriented and business-friendly markets, with 64% of NPI derived from technology hubs, such as Bellevue/Redmond, Austin and Denver. With its amenity-led strategy and growing spec-suite platform, KORE is well positioned to benefit from a recovery in leasing. It is pursuing divestments to improve capital efficiency. Candidates for divestiture include Iron Point in Sacramento and 1800 West Loop South in Houston.
- **KORE has secured a new 10-year lease for 32,000sf at The Westpark Portfolio** in Redmond, with a listed global life sciences instrumentation company. The tenant will utilise the space for office, R&D, laboratory, light manufacturing and warehouse functions. The leasing success underscores positive leasing momentum at The Westpark Portfolio, a 41-acre freehold business campus comprising 19 office buildings and two industrial buildings in Seattle's Eastside market. It is strategically located near major technology hubs, including Microsoft, Amazon and Bellevue's corporate corridor. The lease raises occupancy at The Westpark Portfolio by 4ppt to 77%, while improving overall portfolio occupancy by 0.7ppt to 86.0%.
- **Management has adopted a conservative payout** that reflects a measured capital allocation following the completion of its recapitalisation plan. KORE must balance distributions with the need to preserve liquidity, fund capital commitments and manage leverage, amid an ongoing office market recovery. KORE intends to progressively increase the payout ratio towards a sustainable level as portfolio performance improves. We envisage a phased increase in payout ratio to 40% in 2027, 60% in 2028 and 70% in 2029.
- **Maintain BUY.** Our target price of US$0.25 is based on DDM (cost of equity: 9.8%, terminal growth: 0.5%). KORE provides a DPU yield of 4.9% for 2026 and 8.7% for 2027. P/NAV remains depressingly low at 0.25x (75% discount to NAV per unit of US$0.68).

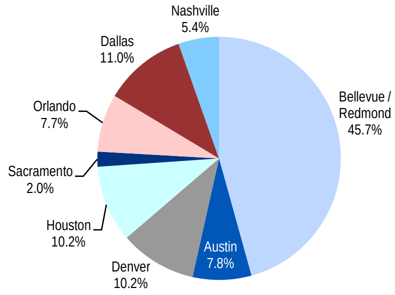
Earnings Revision/Risk

- We have revised our DPU forecast higher by 18% for 2026 and 8% for 2027 due to the better-than-anticipated 1H26 results as well as the positive leasing momentum.

Share Price Catalyst

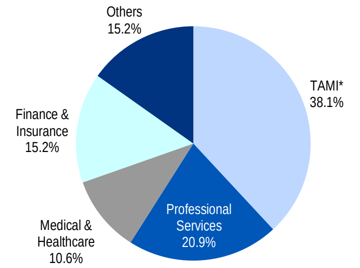
- Backfilling vacancies at Westpark Portfolio at Redmond, The Plaza Buildings at Bellevue and Westmoor Center at Denver.

Geographical Diversification By NPI



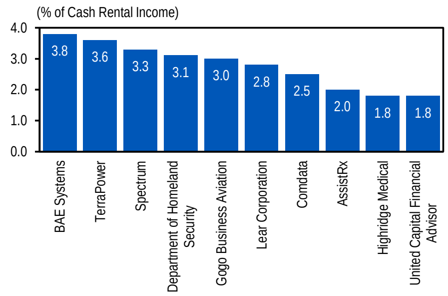
Source: KORE

Industry Diversification By NLA



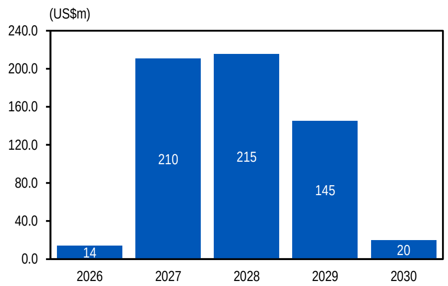
Source: KORE

Top 10 Tenants



Source: KORE

Debt Maturity Profile



Source: KORE

Profit & loss

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Net turnover	150.2	148.1	147.6	149.2
EBITDA	71.8	73.8	72.3	73.2
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	71.8	73.8	72.3	73.2
Total other non-operating income	(49.9)	0.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(27.7)	(30.8)	(32.5)	(33.1)
Pre-tax profit	(5.8)	43.0	39.8	40.0
Tax	1.8	(1.1)	(1.0)	(1.0)
Minorities	0.0	0.0	0.0	0.0
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	(4.1)	41.9	38.9	39.0
Net profit (adj.)	45.8	41.9	38.9	39.0

Balance Sheet

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Fixed assets	1,325.4	1,365.4	1,400.4	1,430.4
Other LT assets	2.7	2.7	2.7	2.7
Cash/ST investment	56.3	56.7	55.6	56.3
Other current assets	5.4	5.1	5.1	6.1
Total assets	1,389.7	1,429.8	1,463.7	1,495.4
ST debt	194.5	194.5	194.5	194.5
Other current liabilities	40.7	39.8	39.6	40.1
LT debt	416.6	425.0	435.0	450.0
Other LT liabilities	25.7	25.3	26.3	27.4
Shareholders' equity	712.2	745.2	768.3	783.5
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	1,389.7	1,429.8	1,463.7	1,495.4

Cash Flow

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Operating	76.9	71.7	72.2	71.6
Pre-tax profit	(5.8)	41.9	38.9	39.0
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	1.3	(1.7)	(0.2)	0.4
Non-cash items	49.9	0.0	0.0	0.0
Other operating cashflows	31.6	31.4	33.5	32.1
Investing	(44.0)	(40.0)	(35.0)	(30.0)
Capex (growth)	0.0	0.0	0.0	0.0
Capex (maintenance)	(45.3)	(40.0)	(35.0)	(30.0)
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	1.4	0.0	0.0	0.0
Financing	(20.9)	(31.3)	(38.2)	(41.0)
Distribution to unitholders	0.0	(8.9)	(15.8)	(23.8)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	5.5	8.4	10.0	15.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(26.4)	(30.8)	(32.5)	(32.1)
Net cash inflow (outflow)	12.1	0.4	(1.1)	0.6
Beginning cash & cash equivalent	44.2	56.3	56.7	55.6
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	56.3	56.7	55.6	56.3

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	47.8	49.8	49.0	49.0
Pre-tax margin	(3.9)	29.0	27.0	26.8
Net margin	(2.7)	28.3	26.3	26.2
ROA	(0.3)	3.0	2.7	2.6
ROE	(0.6)	5.8	5.1	5.0
Growth				
Turnover	2.5	(1.3)	(0.4)	1.1
EBITDA	3.6	2.8	(1.9)	1.2
Pre-tax profit	n.a.	n.a.	(7.3)	0.5
Net profit	n.a.	n.a.	(7.3)	0.5
Net profit (adj.)	(2.5)	(8.5)	(7.3)	0.5
EPU	(2.5)	(8.5)	(7.3)	0.5
Leverage				
Debt to total capital	46.2	45.4	45.0	45.1
Debt to equity	85.8	83.1	81.9	82.3
Net debt/(cash) to equity	77.9	75.5	74.7	75.1
Interest cover (x)	2.6	2.4	2.2	2.2