

Management Discussion and Analysis for the operating result of 2Q/2025
for the period from 1 April 2025 to 30 June 2025 of KPN Real Estate Investment Trust (KPNREIT)

Impact from the Earthquake Incident

On 28 March 2025, an earthquake affected several areas in Bangkok, including KPN Tower. The property sustained some structural and architectural damage. In April 2025, KPN Tower underwent a temporary closure to allow for safety inspections and repair works following an external incident. All works were completed within the month, and the property resumed normal operations on 1 May 2025 as planned.

During the closure period, the REIT granted tenants a one-month waiver of rent and service charges from 1–30 April 2025. This resulted in a temporary reduction in operating income for 2Q2025, along with certain additional repair-related expenses. All costs and associated loss of rental income arising from this incident are covered under the REIT's property insurance policy with a coverage limit of THB 1,753 million, and its business interruption insurance policy with a coverage limit of THB 190 million, which specifically includes loss of rental income due to disruption from damage to KPN Tower. The insurance claim has been submitted, and proceeds are expected to be received within 3Q2025.

OPEARTATING PERFORMANCE

KPN Tower has a total gross area of 59,839 sq.m. and a total leasable area of 25,871 sq.m. The occupancy rate and average rental rate as of 30 June 2025 are presented in the table below.

Table 1: Occupancy rate and average rental rate

	Unit	Year 2021	Year 2022	Year 2023	Year 2024	1Q / 2025	2Q / 2025
Occupancy Rate	%	67.4%	55.8%	47.1%	45.7%	45.9%	46.3%
Average Rental Rate	Baht / sq.m.	416	422	422	423	423	423

Lease Structure and Lease Expiration

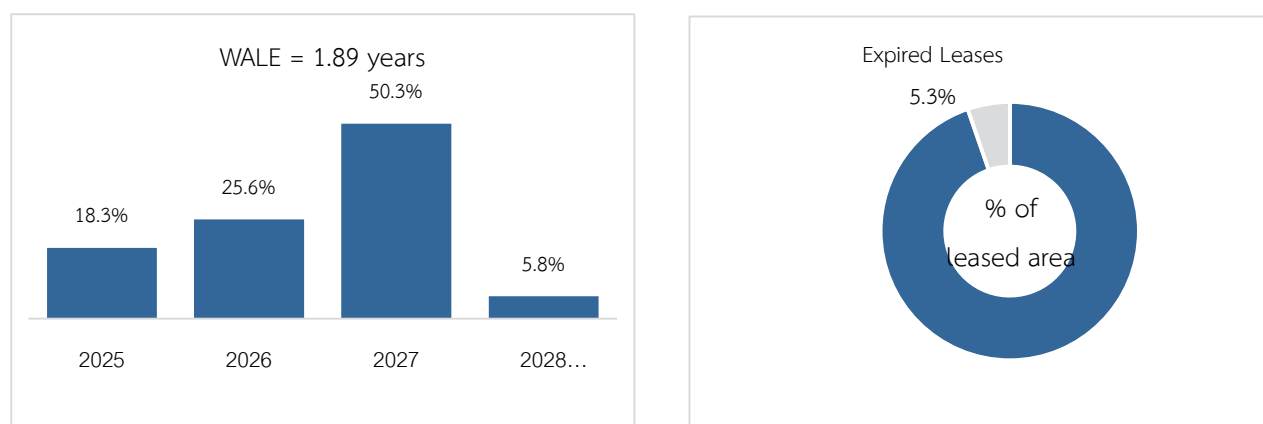
As of 2Q2025, KPNREIT's lease profile remained well-positioned, with stable occupancy supported by a balanced mix of contract maturities. Leases expiring in 2027 accounted for 46.3% of total leased area, with an average remaining lease term of 1.89 years. Meanwhile, leases under three-year contract terms represented 43.9% of total leased area, with an average lease term of 2.85 years. This distribution of lease maturities helps mitigate concentration risk and supports income stability in the medium term.

Lease Renewals and New Leases

Between 1 April and 30 June 2025, a total of 5 leases expired, representing 5.3% of the total leased area. The renewal rate among existing tenants was 53.00%, with renewed leases achieving rental rates above THB 450 per sq.m., higher than the KPN Tower average rental rate of THB 423 per sq.m.

In 2Q2025, new leases accounted for 0.41% of total leased area, primarily from existing tenants who expanded both their leased space and lease term.

Figure 1: Lease expiration and expired leases as of 30 June 2025



Note: Contribution of leased area with tenants as of 30 June 2025

STATEMENT OF PROFIT AND LOSS

Revenue

In 2Q2025, KPNREIT reported total revenue of THB 14.99 million, a decrease of THB 6.61 million or 30.60% from the previous quarter, primarily due to a THB 6.51 million reduction in rental and service income. This was mainly attributable to the one-month waiver of rent and service charges from 1–30 April 2025 during the temporary closure of KPN Tower for repairs following the earthquake incident. The closure also resulted in a short-term decline in other building-related service income.

When excluding the impact of the one-month rental waiver, the building's underlying operating performance was broadly consistent with the previous quarter, with the occupancy rate improving slightly to 46.3% from 45.9% in 1Q2025.

Other income amounted to THB 0.05 million, a decrease of THB 0.02 million or 21.74% from 1Q2025. Interest income was THB 0.01 million, down THB 0.08 million from the previous quarter, following the reallocation of a portion of cash from commercial bank savings accounts into medium-term money market funds offering higher returns at an appropriate risk level. This strategy was implemented to enhance portfolio yields while ensuring effective liquidity management.

Expenses

In 2Q2025, KPNREIT reported total expenses of THB 25.34 million, an increase of THB 9.50 million from the previous quarter, mainly due to higher rental and service costs.

Rental and service costs amounted to THB 20.83 million, up THB 10.79 million from the previous quarter. The increase was primarily attributable to one-off repair and restoration expenses related to damage from the 28 March 2025 earthquake, together with annual maintenance costs from the scheduled inspection of the building's engineering and systems.

Property management fees were THB 1.45 million, a decrease of 22.87% from THB 1.88 million in the previous quarter, reflecting the proportionate adjustment in line with the lower revenue during the temporary closure. REIT manager fees of THB 0.97 million and trustee fees of THB 1.00 million remained broadly in line with 1Q2025 levels of THB 0.97 million and THB 0.99 million, respectively. Registrar fees increased by THB 0.03 million or 16.38% from the previous quarter, due to dividend payment-related processing fees for 1Q2025 performance.

Other expenses totaled THB 0.65 million, a decrease of THB 0.91 million or 58.16% from the previous quarter. The higher level of other expenses in 1Q2025 was partly due the conversion of KPNPF to KPNREIT, which was a one-time expense.

Net Investment Income

In 2Q2025, KPNREIT reported a net investment loss of THB 10.34 million, an improvement of THB 16.11 million from the previous quarter. The loss was driven by a THB 6.61 million decrease in total revenue and a THB 9.50 million increase in total expenses, mainly due to the temporary closure and repair works following the March 2025 incident. The REIT has submitted an insurance claim under its property and business interruption policies and expects to receive compensation within 3Q2025.

PROFIT & LOSS STATEMENT (Unit : THB mn)	2Q 2025	1Q 2025	QoQ Change		2Q 2024	YoY Change	
	THB	THB	THB	%	THB	THB	%
INCOME	14.99	21.61	(6.61)	-30.60%	22.89	(7.90)	-34.51%
Investment Income	14.93	21.45	(6.51)	-30.37%	22.62	(7.69)	-33.99%
Other Income	0.05	0.07	(0.02)	-21.74%	0.15	(0.10)	-64.68%
Interest	0.01	0.09	(0.08)	-92.22%	0.12	(0.11)	-94.06%
EXPENSE:	(25.34)	(15.84)	(9.50)	59.98%	(18.36)	(6.98)	38.02%
Cost of rental and services	(20.83)	(10.04)	(10.79)	107.52%	(10.70)	(10.14)	94.77%
Property Management Fee	(1.45)	(1.88)	0.43	-22.87%	(1.86)	0.41	-21.90%
Fund / REIT manager Fee	(0.97)	(0.97)	(0.01)	0.72%	(1.27)	0.30	-23.68%
Trustee Fee	(1.00)	(0.99)	(0.01)	0.71%	(0.13)	(0.87)	680.48%
Registrar Fee	(0.21)	(0.18)	(0.03)	16.38%	(0.15)	(0.06)	38.50%
Professional Fee	(0.23)	(0.22)	(0.00)	0.45%	(3.20)	2.97	-92.97%
Other Expenses	(0.65)	(1.56)	0.91	-58.16%	(1.05)	0.40	-37.95%
Net Investment Income	(10.34)	5.77	(16.11)	n/a	4.54	(14.88)	n/a

STATEMENT OF FINANCIAL POSITION

As of 30 June 2025, KPNREIT reported total assets of THB 1,707.02 million, with its principal asset being the investment in real estate recorded at fair value of THB 1,620.00 million. Cash and cash equivalents stood at THB 81.59 million, representing a decrease of THB 12.49 million or 13.28% from 1Q2025. The reduction was primarily attributable to building repair works and planned capital expenditures under the major renovation program, encompassing both exterior and interior enhancements to elevate the image of KPN Tower, address evolving tenant requirements, and strengthen its competitive positioning.

Receivables amounted to THB 4.34 million, a decrease of THB 1.14 million or 20.85% from 1Q2025, mainly due to the reduction in rental and service receivables following the one-month waiver granted in April during the temporary closure for repair works.

Total liabilities were recorded at THB 31.20 million, an increase of THB 1.66 million or 5.63% from the previous quarter, primarily driven by higher accrued expenses of THB 8.83 million compared to THB 7.15 million

in 1Q2025, reflecting one-off costs associated with the March 2025 incident. This represented an increase in accrued expenses of THB 1.68 million or 23.43% quarter-on-quarter.

Tenant deposits totaled THB 18.94 million, accounting for 60.70% of total liabilities, and remained broadly consistent with the previous quarter, decreasing slightly by THB 0.96 million or 4.83% from 1Q2025. The REIT continued to maintain a strong capital structure with no long-term borrowings from financial institutions.

As of 30 June 2025, KPNREIT reported a net asset value (NAV) of THB 1,675.82 million, equivalent to a NAV per unit of THB 9.3101. This represented a decrease of THB 0.0848 per unit from THB 9.3949 in 1Q2025.

BALANCE SHEET (Unit : THB mn)	2Q 2025	1Q 2025	QoQ Change		Q2 2024	YoY Change	
	THB	THB	THB	%	THB	THB	%
ASSETS							
Investments in properties at fair value	1,620.00	1,620.00	0.00	0.00%	1,556.00	64.00	4.11%
Cash and cash equivalents	81.59	94.08	(12.49)	-13.28%	139.44	(57.85)	-41.49%
Accounts receivable	4.34	5.48	(1.14)	-20.85%	3.11	1.23	39.51%
From rental and services	2.40	4.40	(2.00)	-45.47%	3.11	(0.71)	-22.80%
From interest	1.00	0.10	0.90	949.94%	0.00	1.00	n/a
Other receivables	0.94	0.98	(0.05)	-4.62%	0.00	0.94	n/a
Other assets	2.09	1.06	1.02	96.13%	3.35	(1.27)	n/a
Total Assets	1,707.02	1,720.63	(13.61)	-0.79%	1,701.90	5.12	0.30%
LIABILITIES							
Accrued expenses	8.83	7.15	1.68	23.43%	13.09	(4.26)	-32.55%
Rental and service received in advance	1.09	0.53	0.56	104.58%	1.37	(0.28)	-20.41%
Deposits received from tenants	18.94	19.90	(0.96)	-4.83%	23.05	(4.11)	-17.83%
Other liabilities	2.34	1.95	0.39	20.11%	3.06	(0.72)	-23.46%
Total Liabilities	31.20	29.53	1.66	5.63%	40.56	(9.37)	-23.09%
NET ASSETS	1,675.82	1,691.09	(15.27)	-0.90%	1,661.34	14.48	0.87%
Net Assets :							
Trust capital from the unitholders	1,683.65	1,683.65	(0.00)	0.00%	1,742.89	(59.24)	-3.40%
Retained earnings	(7.83)	7.44	(15.27)	-205.16%	(81.55)	88.99	-90.40%
NET ASSETS	1,675.82	1,691.09	(15.27)	-0.90%	1,661.34	14.48	0.87%
Net asset value per unit (Baht)	9.3101	9.3949			9.2296		