ABELL SLATTERY + AYLWARD
Real Estate Partners

FUND UPDATE

ASA Diversified Property Fund

June 2025

FY25 Highlights: Leveraging ASA's specialist real estate experience and expertise

AVERAGE INCREASE IN RENTS ON NEW LEASES AND RENEWALS **11.6%**

REDUCTION IN FUND COSTS **20%**

DEBT REFINANCED – AT LOWER COSTS AND IMPROVED TERMS AND CONDITIONS **$280 million**

NEW EQUITY COMMITTED **$15 million**

*Investment subject to conditions and to be provided over FY26.

WEIGHTED AVERAGE LEASE EXPIRY **9.5 years**

FORECAST FY2026 CASH DISTRIBUTION YIELD EST. 100% TAX DEFERRED **~7.1%**

*Based 30 June 2025 unit price. Subject to assumptions and not guaranteed.

DELIVERED INCREASED OCCUPANCY TO (BY INCOME) **99.7%**

LONSEC RATING

Recommended
Lonsec Research

Busselton Central SC

The Fund's outlook and positioning for FY2026 and beyond

One of Australia's longest running funds

Established in August 2006, the ASA Diversified Property Fund is one of Australia's leading and longest continuing commercial real estate funds. The Fund holds six properties in New South Wales, Victoria and Western Australia, and has strong income visibility and low capital expenditure requirements.

Consistency of regular cash distributions

Distributions are paid monthly to investors and no payments have ever been missed since inception in 2006. ASA recognises the importance of regular cash distributions to the Fund's investors and places a high degree of importance in ensuring the Fund will continue to pay these distributions.

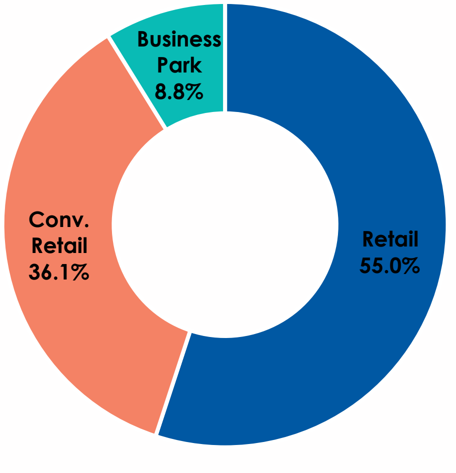
Continuing achievement of performance objectives

The objective of the Fund is to generate a stable income stream that is at least 1% p.a. above the average Commonwealth Government 10-year bond yield, and a total return above the MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index. Both objectives have been met since inception, and 3 year, 5 year and 10 year performance assessment periods.

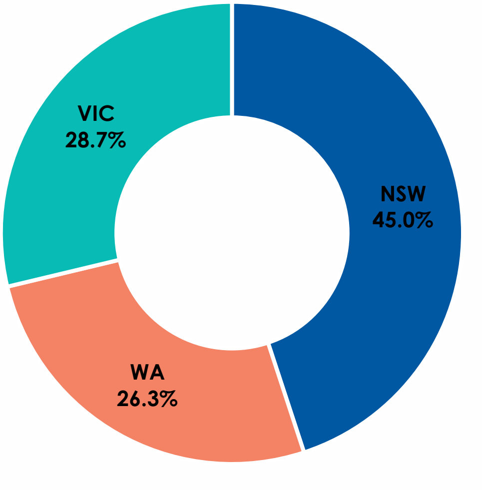
Target returns outlook

The Fund has delivered a 10.1% total return p.a. to investors over the last 10-year period. While we do not guarantee returns and there are relevant risks and assumptions, with a flexible investment mandate ASA is confident of delivering a total return at least in line with this performance over the next five years.

Sector allocation



Geographic allocation



Fund and portfolio overview

Simple Australian commercial property portfolio

- Six Australian commercial properties
- No listed, overseas, residential, or properties under development
- Capital value underpinned by real assets – bricks and mortar – that we estimate would cost 10 – 20% more to rebuild than what the valuations represent
- ~91% of portfolio is retail – serving Australia's daily needs

Leased to some of Australia's best-known companies

- Ampol, Woolworths, Coles, ALDI
- Strong non-discretionary spending exposure

Strong property portfolio metrics

- Income security: weighted average lease expiry of 9.5 years
- Occupancy: 99.7% by income, with average re-leasing spread of 11.6% in FY25
- Modern assets: ~80% of the portfolio (by value) redeveloped in past three years

Monthly cash distributions, minimal entry cost (no stamp duty)

- ~7.1% pa based on 30 June 2025 unit price
- FY26 estimated tax deferred distribution percentage of 100%
- No material stamp duty entry costs (buy / sell spread 0.50%)

Investment performance track record

- 10.1% pa total return over the 10 years to June 2025
- Significantly better performance than many comparable funds over the 12 months ending 31 May 2025

Long established fund, 35-45% target gearing range

- 2006 inception date
- Supported by thousands of SMSF, private, and high net worth investors and their advisors
- Investment strategy focused on income generation and growth over the long term

Experienced investment manager with strong governance

- Specialised and experienced investment manager (former executives of APN Property Group (ASX:APD) and Dexus Group (ASX:DXS))
- Well-resourced and experienced team
- Independent responsible entity board

Note: Distributions and performance are not guaranteed, and past performance is not necessarily an indicator of future performance. Longer term performance assumes distributions reinvested. Distributions may include a capital component. Refer Important Information page.

Portfolio and asset management

Specific leasing and active asset management initiatives undertaken throughout the quarter included:

- **Busselton** – Busselton Central is now fully leased, with a Mediterranean restaurant to open in October complementing the newly developed food and entertainment precinct. Recent leasing deals have strengthened the appeal to shoppers with the future addition of Jamaica Blue Cafe and Just Cuts who will replace outgoing tenants Rockmans and Dusk. The Centre continues to trade well, with strong year-on-year retail sales – specialty sales are up 23% and Reading Cinemas up 67%. The June 2025 independent valuation of $77.0 m is consistent with the prior valuation (September 2024).
- **Blackburn** – The Centre has seen strong performance, including a 19% year-on-year increase in Moving Annual Turnover (MAT). Supermarket sales continue to strengthen, with Woolworths and Coles achieving impressive MAT growth of 8.2% and 7.5% respectively. The June 2025 independent valuation increased $1.0 m to $148.0 m.
- **Dog Swamp** – Recent deals in the Centre have further improved the tenancy mix, and we are looking to add a further kiosk site in the near term. The June 2025 independent valuation increased $2.5 m to $58.5 m attributable to both the tightening of the capitalisation rate to 6.13% and market rental growth.
- **Wyong Twin Service Centres** – The June 2025 independent valuation increased $10.0 m to $186.0 m driven by increased income – associated with the fixed rental review of CPI + 1% annually.
- **Williamtown Defence and Aerospace Centre** – The lease renewals for FY25 were completed at an average rental uplift of 12% with no incentives.

Whitehorse Colts

Blackburn Square is building important community connections and proudly sponsors the Whitehorse Colts Junior Football and Netball Club.

Economic and market commentary

Australia's economy is projected to experience modest growth in the short term with GDP forecast to grow by 1.7% in 2025 and return to trend at 2.2% in 2026. Household consumption is improving slowly, with real growth of 0.5 – 0.6% expected in the second half of 2025. Inflation has moderated, with headline CPI at 2.1% and trimmed mean CPI at 2.7% over the 12 months to the June 2025 quarter, both within the RBA's 2 – 3% target range. The cash rate was held at 3.85% pa in July, and market expectations point to rate cuts in August 2025, November 2025, and February 2026, with the cash rate reaching 3.1% by early 2026. The RBA has indicated its focus is on timing, rather than direction, which will underpin sentiment and pricing resilience in the commercial property sector.

Retail Property Market

The retail property sector continues to demonstrate resilience, underpinned by stable income returns, improving investor sentiment, and lower vacancy. Rolling 12-month retail property sale transactions with values over $10 million rose to over $9.7 billion, well above the $6.3 billion recorded in the previous 12 month period (up 54% year-on-year).

The higher volume of transactions is due to institutional appetite returning for retail assets that have embedded redevelopment potential, strong tenant covenants, and weighted average lease expiries above five years. Looking ahead, investors are expected to remain active in re-weighting their portfolios towards 'daily needs' properties, which provide higher levels of income resilience.

Industrial and Logistics Property Market

While the industrial and logistics sector remains resilient, moderation is becoming more apparent. A combination of softer tenant demand and ongoing new supply has pushed vacancy rates higher in a number of markets. National vacancy rose to 2.8% in 1H25, up from 2.5% in 2H24, as a result of softer tenant demand and ongoing new supply. City-level trends were mixed with Melbourne rising to 4.1%, Brisbane to 3.2%, and Sydney to 2.4%. In contrast, Perth's vacancy declined to 1.2% and Adelaide held steady at 1.6%.

Investment volumes reached $3.7 billion YTD to June 2025, with Sydney (35%) and Brisbane (34%) leading activity. Victoria continues to lag other states, weighted down by unfavourable land tax settings that disproportionately affect land-rich industrial assets – particularly those held by foreign owners. Transaction volumes have declined, largely due to a widening gap between buyer and seller pricing expectations. During the same period 12 months ago (2Q24), industrial investment volumes totaled $2.8 billion.

Dog Swamp SC

Economic and market commentary

Office Property Market

In the office market, demand continues to favour premium assets with strong ESG credentials and tenant covenants. B-grade and secondary stock faces prolonged leasing challenges and capital pressure as owners contemplate expensive upgrades or conversion to other uses. Some of these challenges have caused.

CBD vacancy rose to 15.0% nationally in Q2 2025, up from 13.7% over the six months to January. As of June 2025, vacancy increased in Sydney, Perth, Adelaide, Canberra, while Melbourne, and Brisbane recorded slight improvement.

Capital values appear to have stabilised, though they remain well below 2022 peak levels. Values are down 22% from the peak, with premium assets declining by 19%, A-grade by 24%, and B-grade by 31%. While premium office assets have held their value more effectively through the cycle, elevated incentives and extended leasing downtime continue to weigh on the sector, in addition to structural concerns relating to flexible working and artificial intelligence (AI).

Busselton Central SC

Blackburn Square SC

The underlying assets are 'best in class' as evidenced by the 99.7% occupancy rate, and WALE of 9.5 years.

Note: The economic and market commentary has been prepared with reference to insights and data from CBRE Research, Savills Research, JLL, and other relevant market sources.

Balance sheet, valuations and liquidity

- The portfolio's value increased $11.5 m (or 2.3%) to $515.0 m, with a weighted average capitalisation rate of 5.97%.
- Settlement of Geddes St, Balcatta (incl. Kenhelm St, Balcatta) was completed on 9 May 2025 for $18.0 m. The sale represented a $3.55 m uplift (25%) from the $14.45 m valuation in December 2021. Proceeds from the sale were utilised to repay debt.
- ASA has secured a new $15.0 m of investment into ASA DPF, which is expected to be provided $1.25 m per month throughout FY26 (subject to certain conditions). This is a significant commitment that in isolation reduces the Fund's gearing by approximately 3%.
- The Fund's drawn debt balance is $252.0 m (total loan facility limit is $265.0 m which provides $13.0 m of unused headroom).
- Approximately 80% of the portfolio was redeveloped in the last three years so there are minimal capex or lease incentive obligations that could otherwise drag on free cash flow or the balance sheet.
- The above initiatives are anticipated to reduce the gearing (ratio of borrowings to assets) from 48.7% (30 June 2025) to within the target band of 35 – 45% by mid 2026
- It is anticipated the suspension of the Capped Withdrawal Facility (CWF) will be able to be lifted at that time, and any changes in the CWF in the meantime will be provided on the Fund's website www.asarep.com/dpf

Performance as at 30 June 2025

			Annualised			
	3 mths %	1 yr %	3 yrs %	5 yrs %	10 yrs %	Since inception %
Distribution return (cash)	1.9	7.0	5.4	6.5	7.4	7.8
Growth return	1.5	(5.1)	(5.0)	(1.2)	2.7	0.0
Total return	3.4	1.9	0.3	5.4	10.1	7.8
Benchmark total return	1.2	2.2	(3.3)	1.8	4.9	6.1
Total return over / (under) performance	**2.1**	**(0.3)**	**3.6**	**3.6**	**5.2**	**1.7**
Fund Cash Yield Benchmark	1.0	3.8	3.3	3.2	3.6	4.9
Fund Cash Yield Benchmark Met?	YES	YES	YES	YES	YES	YES

Inception date for performance calculations is 22 August 2006. Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance. The Fund's Benchmark distribution return is 1% p.a. above the average Commonwealth Government 10-year bond yield calculated on a rolling basis over the previous five-year period. The Fund's Benchmark total return is the MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index.

Financials and debt overview

Financials ($m)	
Gross assets	517.2
Less: Total debt	252.0
Less: Other liabilities	2.7
Net assets	**262.5**

Debt	
Gearing (RG 46 ASIC definition)	48.7%
Loan-to-Value Ratio (LVR) (Financier's definition)	48.9%
Loan-to-Value Ratio Covenant (LVR) (Financier's definition)	60.0%
Interest Cover Ratio (ICR) (RG 46 ASIC definition)	2.0 x
Interest Cover Ratio (ICR) (Financier's definition)	2.1 x
Interest Cover Ratio (ICR) Covenant (Financier's definition)	1.5 x
Hedging (% of debt hedged)	71.4%

Portfolio summary as at 30 June 2025

Property Details			Tenancy Details				Valuation Details		
	Lettable Area (sqm)	Major Tenant	Number of Tenants	Occupancy Rate (% by income)	WALE (years by income)	Current Valuation ($m)	Valuation Date	Capitalisation Rate (%)	Book Value ($m)
RETAIL									
Blackburn Square SC, VIC	17,585	Coles, ALDI, Woolworths	63	99.0	7.7	148.0	Jun-25	5.63	148.0
Busselton Central SC, WA	13,327	Coles	43	100.0	5.8	77.0	Jun-25	6.25	77.0
Dog Swamp SC, WA	8,094	Woolworths	40	100.0	5.2	58.5	Jun-25	6.12	58.5
Sub total			146			283.5			**283.5**
CONVENIENCE									
Wyong Service Centres (M1), Wyong, NSW	4,286	Ampol	2	100.0	19.0	186.0	Jun-25	5.50	186.0
BUSINESS PARK									
Williamtown Aerospace Centre, NSW	7,552	Boeing	20	100.0	2.5	45.5	Jun-25	8.38	45.5
CASH AND OTHER ASSETS									**2.2**
Total (T) / Weighted Average (A)			**168**	**99.7 (A)**	**9.5 (A)**	**515.0 (T)**		**5.97 (A)**	**517.2 (T)**

Notes:

1. Valuation Policy - Regular valuation of underlying property assets is an important aspect of managing the Fund. Valuations are conducted by qualified independent valuers in accordance with industry standards. We also have a policy of generally obtaining independent valuations on Fund direct properties each year and, for assets under development, within an 18-month period. Additionally, as part of our active management approach, we may test asset values on market. At times we may enter arrangements at arm's length with third parties which may impact the value of assets within the portfolio including, but not limited to, put and call options in respect of all or part of an asset within the portfolio. If the value of an asset is impacted in this way, the value may replace the last independent valuation obtained.
2. Weighted Average Lease Expiry (WALE) by gross rental income. Vacancies are valued at market income. Assets under development excluded.
3. A market capitalisation rate is the rate, expressed as a percentage, that reflects the likely yield a property will generate over the medium term. It has regard to a property's unique characteristics and is a measure of the property's risk/return profile with higher rates reflecting higher risk and its function is to convert a property's income into value. The market capitalisation rate is assessed by the independent valuer by dividing the stabilised net property income of the property or a portfolio of properties by the assessed valuation of the property or portfolio, excluding costs of acquisitions and fees.

Important information:

Units in the ASA Diversified Property Fund ARSN 106 724 038 (Fund) are issued by ASA Funds Management Limited ABN 58 079 538 499 (ASAFM), AFS Licence No 234455 as responsible entity which has prepared this document. ASAFM's financial services guide (FSG) is available at www.asarep/dpf or by calling us on the number below for a hard copy. You should read the FSG before deciding whether to obtain any financial services (including by investing in the fund) from us.

Information in this document is current as at 30 June 2025 (unless otherwise indicated) and is for general purposes only. Nothing in this document should be taken as general or specific financial advice, and this document has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs.

Any investment, including an investment in the Fund, is subject to risk. If a risk eventuates, it may result in reduced distributions and/or a loss of some or all of the capital value of your investment. See the Product Disclosure Statement (PDS) for examples of key risks. Past performance is not a reliable indicator of future performance. Forward-looking statements in this flyer are provided as a general guide only. Capital growth, distributions and tax consequences cannot be guaranteed. Forward-looking statements and the performance of the Fund are subject to the risks and assumptions set out in the PDS. Distributions may include a capital component.

The information in this document does not purport to contain all information necessary for making an investment decision. In deciding whether to acquire, hold or dispose of units in the Fund you should obtain a copy of the current PDS and Target Market Determination (TMD) and consider whether the product is appropriate for you having regard to your objectives, financial situation and needs and seek appropriate professional financial and taxation advice before making any such decision. The PDS and TMD for the Fund are available at www.asarep.com/dpf or by calling us on 1300 553 112 or +613 9034 1373 if calling from overseas. Past performance is not a reliable indicator of future performance. Investment decisions should not be made upon the basis of the Fund's past performance or distribution rate (if any), or any ratings given by a rating agency, since each of these can vary. In addition, ratings need to be understood in the context of the full report issued by the rating agency itself. This document is current at the time of publishing. This information is intended for recipients in Australia only. Not to be reproduced without permission.

Returns after all fees and expenses. Assumes distributions are reinvested. Investors' tax rates are not taken into account when calculating returns. Returns and values may rise and fall from one period to another. Past performance is not an indicator of future performance. Fund's inception date used to determine return: 22 August 2006.

The rating published on 04/2025 for (ASA Diversified Property Fund) is issued by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec Research). Ratings are general advice only and have been prepared without taking account of investors' objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec Research assumes no obligation to update. Lonsec Research uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report.

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