Quarterly Insights
July 2026

Millbrook Income Fund Enhanced

Millbrook Income Fund Enhanced targets monthly income payments 5% p.a. above the RBA Cash Rate (net of fees and costs) together with a focus on preservation of capital for investors. The fund is actively managed and uses strict loan criteria to build a quality portfolio of diversified loans secured by registered 1st mortgages and registered/unregistered 2nd mortgages over real property assets in Australia.
We treat your money like it is our own.

Millbrook Group

Millbrook Group is a specialist property credit fund manager. Established in 2005, Millbrook has a proven track record in providing investors with attractive capital stable returns.

With a genuine focus on building personal relationships, we consistently deliver on our core values of trust, integrity, innovation, and teamwork. We co-invest alongside investors ensuring we have alignment with our investors. Since 2017 we have advanced in excess of $1.36bn in loans and repaid our investors $1.1bn.

Fund Reporting & Performance

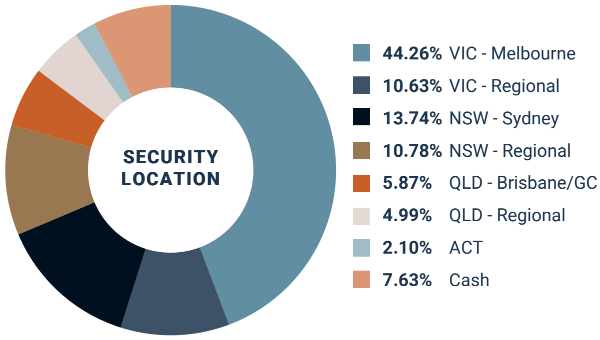
MILLBROOK INCOME FUND ENHANCED — KEY METRICS AS AT 30/06/26

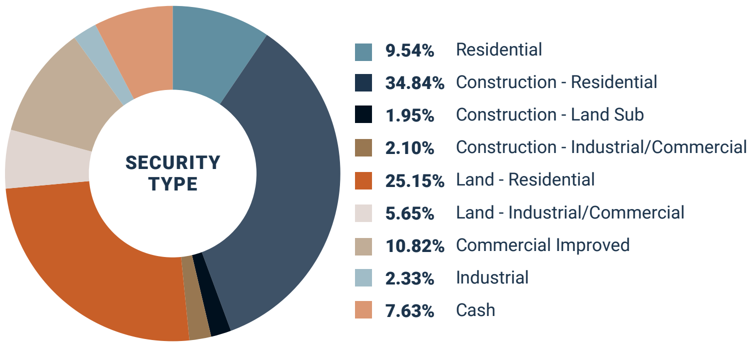
Quarterly Return (Apr - Jun 2026)	8.79% p.a. (variable)
Fund Target Return	RBA Cash rate + 5%
Average weighted LVR	61.52%
No. of loans invested in	39
Security ranking breakdown	93.16% 1st mortgage & 6.84% 2nd mortgage
Average weighted loan maturity	13.05 months
Current Enhanced Fund size	$23,853,530
Overall Millbrook Income Fund size	$169,677,851

PLATFORM AVAILABILITY: Mason Stevens

Portfolio Analysis

MILLBROOK INCOME FUND ENHANCED — KEY METRICS AS AT 30/06/2026





Highlights

Growth

MIF Enhanced FUM has increased to $23.85m (6.5% increase for the quarter).

Demand

Deal flow was strong for the Apr-Jun quarter. We continue to see improved deal flow out of Brisbane and SE Qld.

Types of Loans

1st mortgage loans continue to be written on variable rates. 95% of the Enhanced portfolio is variable.

Arrears

Our Credit team continues to closely monitor and manage any loan arrears that arise. Currently there are no loans in arrears > 90 days.

Market insight

Investor returns have continued to tick up on the back of RBA rate hikes. Our loan book remains well positioned to take advantage of any future rate movements given the short duration of the portfolio (average duration remains ~13 months).

Looking for further investment opportunities?

If you would like to discuss our range of property credit funds investment opportunities please contact us directly

Terry Manoleras
Senior Investor Relations Manager
terrym@millbrookgroup.com.au

Melanie Carr
Investor Administrator
melaniec@millbrookgroup.com.au

Millbrook Perspective

By Greg Sugars | National Director & CEO | Preston Rowe Paterson
Australia's property market remains the country's largest asset class, with total real estate valued at approximately $13.8 trillion—far exceeding the $3.6 trillion ASX and the $4.5 trillion superannuation sector. Residential property accounts for around $12.6 trillion of this value, while commercial property contributes roughly $1.2 trillion.

Non-Residential Property
Office: A Market Divided
The office sector continues to experience a clear split between premium and secondary assets. Tenants and investors are increasingly selective, favouring modern, sustainable buildings while older stock struggles to attract demand. Vacancy rates highlight significant variation across capital cities, ranging from 10.2% in Perth CBD to 19% in Melbourne CBD, with national vacancy levels remaining elevated. Landlords of lower-quality assets face ongoing pressure as the flight to quality persists.

Retail: Evolving with Consumer Behaviour
Retail property is adapting to the continued growth of online shopping, which now represents an estimated 18–22% of Australian retail spending. Traditional strip retail centres have been particularly affected by weaker consumer spending, higher vacancies, and aging building stock. Assets that have invested in sustainability initiatives and experiential offerings are performing more strongly, reflecting changing consumer expectations.

Industrial: The Strongest Performer
Industrial property remains one of the most attractive sectors for investors. Growth in e-commerce, supply chain restructuring, and near-shoring trends continues to drive demand for logistics and warehousing facilities. In most major markets, demand for well-located industrial assets continues to exceed supply.

Residential Property
The residential market remains resilient but highly segmented.
Strong-performing segments include:

- First-home buyers benefiting from government incentives
- Owner-occupiers purchasing below $1.5 million
- High-net-worth luxury buyers

Segments facing challenges include:
Investors dealing with compressed yields and policy uncertainty
Builders and developers impacted by rising construction costs
Low-equity borrowers constrained by lending requirements
Holiday-home buyers affected by higher holding costs, including land tax
Owner-occupiers in the $1.5–$5 million range facing affordability limits

Market sentiment reflects cautious optimism in some areas while uncertainty persists in others.

Key Market Drivers
Growing Influence of Superannuation
Australia's $4.5 trillion superannuation pool continues to support property investment, particularly in commercial and infrastructure-related assets. As super balances increase, the impact of institutional capital on property pricing and investment trends is becoming more significant.

ESG and Sustainability
The introduction of the Australian Sustainability Reporting Standards (AASB S1 and AASB S2) has reinforced sustainability as a core financial consideration. ESG performance increasingly influences tenant demand, financing costs, asset risk, valuation stability, and liquidity. Properties with poor sustainability credentials face growing challenges from investors, insurers, lenders, and regulators.

Government Policy
Several policy areas could significantly affect future market performance, including:

- Potential changes to negative gearing
- Reform of capital gains tax concessions
- Increasing environmental compliance requirements for buildings

Outlook
Australia's property market is not moving uniformly. While industrial assets and high-quality commercial properties continue to attract strong demand, secondary office assets, parts of the retail sector, and some residential segments face ongoing challenges. Investors and owners who focus on sustainability, asset quality, and evolving market fundamentals are likely to be best positioned as the sector continues to adapt to economic, regulatory, and demographic change.

Market Forecasts

ECONOMIC FORECASTS	2025	2026	2026
Real GDP (y/y%)	2.50	1.50	1.90
CPI Headline (y/y%)	3.60	4.00	2.60
Wage Price Index (WPI)	3.40	3.20	3.20
Unemployment (%)	4.30	4.50	4.80
RBA Cash Rate	3.60	4.35	3.60
$A/US cents	0.67	0.73	0.72

Source: NAB Economics, as at 18/06/26

BANK	RBA CASH RATE FORECAST 2026
CBA	On hold for remainder of 2026
ANZ	On hold for remainder of 2026
WBC	Rate hikes in August & September
NAB	On hold for remainder of 2026

(03) 8663 1800
info@millbrookgroup.com.au
Level 7, 1 Collins St, Melbourne VIC 3000
millbrookgroup.com.au

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