Quarterly Insights
September 2025

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 $1.27bn in loans and repaid our investors $957.1m.

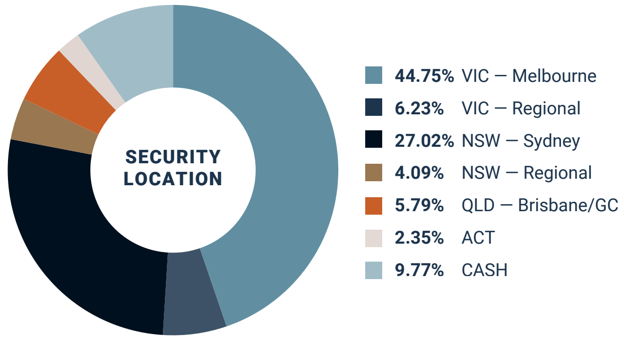
Fund Reporting & Performance

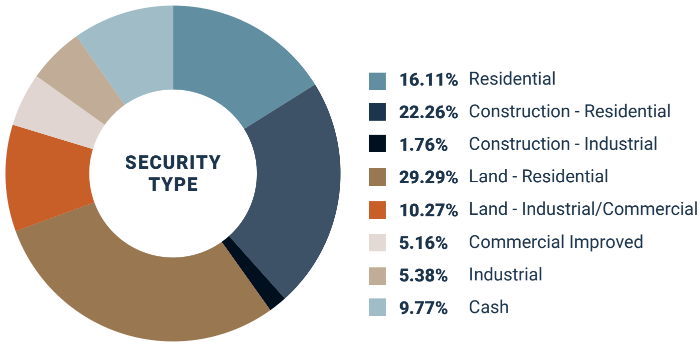
MILLBROOK INCOME FUND ENHANCED — KEY METRICS AS AT 30/09/25

Quarterly Return (Jul - Sep 2025)	9.78% p.a. (variable)
Fund Target Return	RBA Cash rate + 5%
Average weighted LVR	65.56%
No. of loans invested in	35
Security ranking breakdown	84.80% 1st mortgage & 15.20% 2nd mortgage
Average weighted loan maturity	13.74 months
Current Enhanced Fund size	$21,248,128
Overall Millbrook Income Fund size	$213,685,099

Portfolio Analysis

MILLBROOK INCOME FUND ENHANCED — KEY METRICS AS AT 30/09/2025





Highlights

Growth

MIF Enhanced FUM has increased to $21.25m (10.11% increase for the quarter). Overall group FUM is $375m.

Demand

Competition for quality transactions continues to remain elevated. However, demand has picked up in 2H 2025 and we are seeing improved deal flow, particularly out of NSW.

Types of Loans

1st mortgage loans continue to be written on variable rates. 96% of the Enhanced portfolio is variable.

Arrears

Our Credit team continues to closely monitor and manage any loan arrears that arise. 1 loan > 90 days in arrears representing 0.50% of the portfolio.

Changes to investment guidelines

We have updated key investment guidelines to strengthen risk controls and adopt a more conservative approach. The maximum value of loans secured by second mortgages has been reduced from 30% to 25%, and exposure to any one borrower (or related borrowers) has been reduced from 20% to 15%.

Looking for further investment opportunities?

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

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Millbrook Perspective

This quarterly property market insight has been prepared by **WBP Group**, one of Millbrook Group's trusted property valuation partners.

Australia's housing market is showing early signs of a steady recovery. National home values rose 3.7% in the year to July, edging up from a 3.5% increase in June. While growth remains modest, it points to a stabilising market with demand holding firm despite affordability challenges and elevated interest rates. For investors, this suggests a more predictable environment after a period of volatility.

Victorian Market Overview

As we enter the final quarter of 2025, confidence is gradually returning to Victoria's property market, particularly in Melbourne where the majority of Millbrook Group's portfolio is held. The market is recalibrating following several years of adjustment, creating emerging opportunities for investors who remain focused on underlying value, yield performance, and long-term growth.

Residential Market

Melbourne's residential market has gained momentum since mid-2025, led by strong demand in the sub-$1 million segment and renewed confidence at the premium end above $1.8 million. Stable interest rates and easing inflation have supported this recovery, particularly among investors seeking affordable entry points and long-term capital growth.

Policy settings continue to shape the market. Land tax threshold reductions and new rental standards have lifted holding and compliance costs, prompting some landlords to exit. While this drove a temporary price decline, lower entry prices are now seen as offsetting these pressures, attracting investors back into select suburbs and supporting a measured recovery through 2026.

Commercial Market

Melbourne's city-fringe commercial sector continues to demonstrate resilience, supported by steady activity and investor confidence. In FY25, around 116 properties changed hands, totalling $454.6 million, with South Melbourne, Cremorne, and Collingwood leading the charge. Owner-occupiers and private investors were the most active, targeting office, warehouse, and redevelopment opportunities with strong value-add potential.

Yields have remained stable at around 6.97%, with premium assets trading below 6%. Industrial and logistics assets continue to outperform, driven by strong demand for last-mile and supply-chain infrastructure. Meanwhile, flexible and tech-enabled office spaces are emerging as a preferred asset class, reflecting changing workplace preferences and delivering attractive long-term growth prospects.

Looking ahead

From a Property Valuation Perspective, the market is being shaped by a dynamic interplay of softening capital values, strong owner-occupier demand and policy-driven cost pressures. As interest rates stabilise and inflation trends down, the outlook for 2026 suggests a more predictable environment, for both residential and commercial assets, construction costs, land tax implications and value-add potential are becoming critical components.

For more detail on portfolio performance and current holdings, please see our Millbrook Group Quarterly Portfolio Report.

Market Forecasts

ECONOMIC FORECASTS	2024	2025	2026
Real GDP (y/y%)	1.30	2.00	2.30
CPI Headline (y/y%)	2.40	3.10	2.90
Wage Price Index (WPI)	3.20	3.50	3.20
Unemployment (%)	4.00	4.40	4.20
RBA Cash Rate	4.35	3.35	3.10
$A/US cents	0.62	0.68	0.73

Source: NAB Economics, as at 17/09/25

BANK	RBA CASH RATE FORECAST 2025
CBA	Cut in November taking cash rate to 3.35%
ANZ	Cut in November taking cash rate to 3.35%
WBC	Cut in November taking cash rate to 3.35%
NAB	No further cuts in 2025

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