

Milton Office Trust

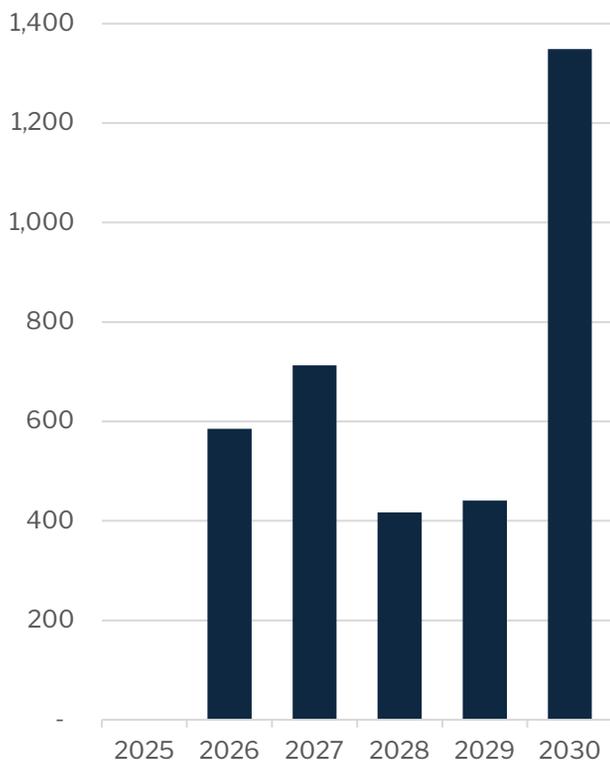
INVESTOR UPDATE | 30 JUNE 2025

OVERVIEW

as at 30 June 2025

Weighted Average Lease Expiry (WALE) 3.51 years (based on NLA)

Lease Expiry by Net Lettable Area (NLA)



LESSEE

% of NLA

Homefront Australia Pty Ltd	19.66%
Ballantyne Moss Brown Pty Ltd	15.05%
Veris Australia Pty Ltd	15.05%
CMP Engineers Pty Ltd	11.36%
Blue Apache Pty Ltd	10.73%
PMC Property Buyers Pty Ltd	7.98%
Ridgemill Pty Ltd	6.72%
COHA Group Pty Ltd	3.65%
TOTAL LEASED	90.20%
Vacant	9.80%

MARKET UPDATE

The two-tier Brisbane office market recovery continues, led by the ongoing 'flight to quality'. Significant headwinds continue to face suburban and fringe office markets across Australia, with challenging conditions anticipated to remain for some time.

Net absorption across the Brisbane fringe and suburban markets over the second half of 2024 totalled 16,065 sqm. Secondary-grade stock represented 3,392 sqm of this¹, illustrating tenant preference for higher quality and amenity-rich stock. This is a hallmark of the post-COVID office recovery, as Cushman & Wakefield² note that approximately three quarters of the Brisbane fringe's net absorption over the past three years has been across premium stock.

The Brisbane fringe vacancy rate now sits at 10.7%, reducing from 11.0% in the prior quarter². Unsurprisingly, this sits higher than the 10.2% Brisbane CBD vacancy³.

Net effective rents increased faster for premium fringe and suburban stock across Q1 2025 (1.7% quarter-on-quarter), compared to secondary stock (1.3% quarter-on-quarter). Despite the fastest rental growth across Australia's fringe and metro markets, Brisbane's incentives remain some of the country's highest at 37%¹.

1. Colliers, Australian Metro Office Snapshot, Q1 2025

2. Cushman & Wakefield, MarketBeat Brisbane Fringe Office, Q1 2025

3. CBRE, Brisbane CBD Office Figures, Q1 2025

FUND UPDATE

In Q2 2025, the Trust executed the debt extension with its financiers until early 2026. Additionally, the Management team are nearing completion on minor repair and rectification works off the back of damage caused by ex-tropical cyclone Alfred.

In light of the significant challenges this asset and the broader fringe office sector are facing, we remain focused on achieving the best possible outcome for investors. In line with this focus, the Responsible Entity has decided to bring the property at 16 Marie Street to market for sale and subsequently wind up the Trust.

A sales campaign is now underway, with Colliers and Knight Frank appointed as agents. The campaign concludes in mid-July 2025 and has so far experienced interest from a number of parties. Shortly after the conclusion of this sales campaign, we will provide investors with an update as to the outcome and next steps.

An external valuation was conducted in March 2025 which assessed the property's value at \$19 million, down from \$22.5 million in August 2023. This current valuation implies a loan to value ratio of 68% on outstanding debt and a net asset value (NAV) per unit of \$0.33. The final return of capital to unitholders upon sale of the asset and wind-up of the Trust will also be subject to rental incentives, sales-related costs, administration costs and management fees, as well as tax liabilities. This means the NAV is likely to reduce further.

While this outcome is not what we had hoped for, it reflects the current market conditions. Since its acquisition in December 2018, the commercial office market has encountered several challenges, including increased vacancy rates and evolving tenant preferences. These issues have been exacerbated by the lasting effects of the COVID-19 pandemic, which have significantly impacted the demand for office space across Brisbane and other major cities, particularly fringe and suburban markets.

Despite our efforts, the property continues to face financial strain, namely prolonged vacancies, necessary capital expenditure, and was also impacted by high interest rates during the pandemic.