



MaxCap
Investment Management

MAXCAP INVESTMENT TRUST

High Yield

Quarterly Investor Report

DECEMBER 2025

Commercial In Confidence



Fund Update

We are pleased to present the quarterly investor report for the period 1 October 2025 to 31 December 2025 for the MaxCap Investment Trust – High Yield (Fund).

Fund Performance

Australasian public markets ended 2025 with subdued performance, as the Australian and New Zealand benchmark indices declined 1.5%¹ and rose 0.9%², respectively, over the December quarter. Elevated geopolitical uncertainty continued to impact investor sentiment, driving increased volatility and performance dispersion across asset classes.

Against this backdrop, the appeal of defensive and income-focused strategies has strengthened, with the Fund well placed to benefit from these market conditions, having grown 9.4% QoQ in FUM. The Fund delivered another consistent quarter of performance with a trailing 12-month net return of 11.35%, slightly below its target return of 11.87%.

Overall portfolio performance remains in line with expectations, with underlying borrower behavior across the portfolio continuing to be favorable. The weighted-average loan-to-value ratio increased modestly to 68.8%, with other key risk parameters remaining well controlled and aligned with the Fund's investment strategy.

Investor Vote

We are pleased to confirm a favourable outcome from the investor meeting held on 12 December 2025, which enables the Manager to make several enhancements to the Fund. As these changes are implemented throughout 2026 further updates will be provided, with the transition to Perpetual and Automic expected to occur during calendar Q1 2026. We would like to thank investors for their participation and support during this process.

Quarterly Deployment

The Fund had a strong final quarter of 2025, with the MaxCap Investment Trust deploying a total of \$347m across multiple high-quality opportunities, further enhancing portfolio diversification and increasing total Fund loans to 102, an increase of 31% over the quarter. Deployment was well-balanced across sectors and strategies, with New South Wales exposure increasing to 35% (+9% QoQ) in response to strong regional performance and quality opportunities. The forward pipeline remains supportive of ongoing deployment, with recently negotiated improvements to the Fund's working capital facility providing additional flexibility.

The average loan-to-value ratio across new transactions was 67.2%, broadly consistent with the Fund's risk parameters. The average gross IRR was 10.3%, reflecting an attractive risk-adjusted outcome in the current market environment.

Commercial Real Estate Market

Despite geopolitical uncertainty, transaction volumes in Australia have remained resilient, with the recovery from historical lows continuing to accelerate. A\$15.3bn in transactions were recorded in Q3 2025, with the trailing 12-month total of \$57.0bn representing the strongest result since Q1 2022³.

While trends observed through Q3 2025 were supportive of improving investment sentiment, the impact of shifting market sentiment in Q4 2025 will be critical in determining whether a more cautious outlook is warranted. Accordingly, we remain focused on monitoring near-term updates before drawing firm conclusions.

Interest Rate Landscape

There has been a noticeable change in the interest rate environment this quarter, driven by a higher-than-expected inflation figure of 3.8% for the 12 months to October 2025⁴. While this moderated to 3.4% in November 2025, inflation remains stubbornly above the RBA's target range, casting doubt on the potential for future rate cuts. Consistent with this shift, short-term interest rate futures have moved away from pricing a rate cut in early 2026 toward a more neutral to higher rate outlook by mid-2026⁵.

Ongoing uncertainty in the interest rate environment supports our focus on floating rate loans, which offer a degree of structural protection against inflation.

Outlook and Strategy

Following a strong conclusion to 2025, we are cautiously optimistic about the Fund's performance in 2026. Although downside risks remain and continue to be closely monitored, several mandated transactions supporting near-term deployment, alongside a robust pipeline of future opportunities, position the Fund to continue executing its investment strategy over the longer term.

Baden Adams

Fund Manager



¹ASX200
²NZX50

³MSCI Real Capital Analytics, Cushman & Wakefield
⁴Australian Bureau of Statistics
⁵Bloomberg



Returns And Portfolio Metrics

Net Monthly Returns since Inception

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2024 | 0.94% | 1.01% | 1.03% | 0.98% | 1.41% | 0.83% | 1.01% | 1.01% | 0.89% | 1.03% | 0.64% | 1.21% |
| 2025 | 1.06% | 0.90% | 0.99% | 1.00% | 0.87% | 0.96% | 0.93% | 0.91% | 0.87% | 0.86% | 0.91% | 0.88% |

Portfolio Metrics

| | |
|--------------------------------------------|-------|
| Weighted average LVR | 68.8% |
| Weighted average term (months) | 20 |
| Weighted average time to maturity (months) | 10 |
| Number of loans | 102 |
| Sponsors | 62 |
| Largest sponsors exposure | 11.7% |
| Fund leverage | 8.9% |
| Percentage of floating rate investments | 100% |
| FUM - High Yield (\$m) | 262 |
| FUM - MaxCap Investment Trust (\$m) | 1,250 |

Returns¹

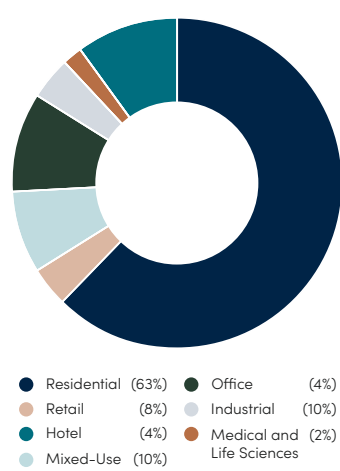
| | 1M | 3M | 6M | 12M | Incep |
|----------------------------------------|-------|-------|-------|---------------|--------|
| RBA cash yield | 0.30% | 0.90% | 1.83% | 3.87% | 4.09% |
| Net Return | | | | | |
| Target net return | 0.94% | 2.80% | 5.72% | 11.87% | 12.09% |
| Net return ² | 0.88% | 2.62% | 5.34% | 11.35% | 11.63% |
| Monthly cash distribution ³ | 0.86% | 2.60% | 5.97% | 10.93% | |

Portfolio Allocation

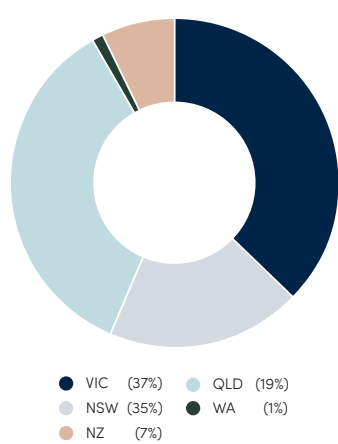
| | % of Gross Asset Value |
|--------|------------------------|
| Senior | 53.9% |
| Junior | 41.2% |
| Cash | 4.9% |

Metrics and Exposure⁴

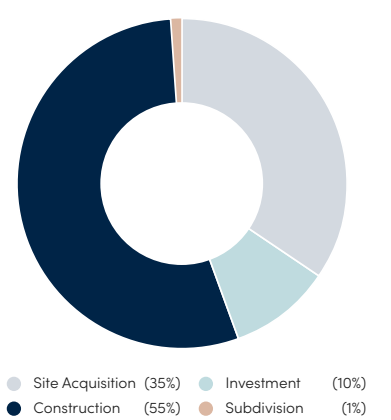
GRAPH 1: SECTOR



GRAPH 2: GEOGRAPHY



GRAPH 3: LOAN TYPE



¹Returns are calculated using an IRR methodology.
²Net return (after management fees and performance fees) is calculated based on the private management fee and performance fee rates.
³Monthly distributions commenced from October 2024.
⁴Exposures are based on the outstanding balances as at the reporting date.

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Portfolio Summary

TABLE 1: SUMMARY OF CURRENT INVESTMENTS IN THE PORTFOLIO WITH GREATER THAN 2% CURRENT EXPOSURE.
FOR A FULL PORTFOLIO SUMMARY, PLEASE REACH OUT TO YOUR CAPITAL REPRESENTATIVE FOR ACCESS TO THE DATAROOM.

| INVESTMENT | LOCATION | TERM (MONTHS) | RANKING | TYPE | SECTOR | LVR ¹ (%) | FUND CURRENT EXPOSURE (\$m) | FUND CURRENT EXPOSURE (%) | LTC ² (%) |
|------------|----------|---------------|---------|------------------|-------------|----------------------|-----------------------------|---------------------------|----------------------|
| Loan 1 | NSW | 6 | Junior | Site Acquisition | Mixed-Use | 75.0% | 10.6 | 3.7% | - |
| Loan 2 | QLD | 25 | Junior | Construction | Residential | 75.0% | 10.6 | 3.7% | 85.0% |
| Loan 3 | QLD | 26 | Junior | Construction | Residential | 78.5% | 10.5 | 3.7% | 95.0% |
| Loan 4 | NSW | 18 | Senior | Site Acquisition | Mixed-Use | 65.0% | 9.8 | 3.4% | - |
| Loan 5 | VIC | 26 | Senior | Site Acquisition | Residential | 67.5% | 8.9 | 3.1% | - |
| Loan 6 | NSW | 27 | Junior | Construction | Residential | 75.0% | 8.8 | 3.1% | 94.0% |
| Loan 7 | NSW | 12 | Senior | Site Acquisition | Residential | 65.0% | 8.5 | 3.0% | - |
| Loan 8 | NSW | 21 | Senior | Construction | Industrial | 65.0% | 8.0 | 2.8% | 81.0% |
| Loan 9 | NZ | 27 | Junior | Construction | Residential | 70.0% | 7.9 | 2.8% | 81.0% |
| Loan 10 | VIC | 15 | Senior | Site Acquisition | Residential | 55.0% | 7.8 | 2.7% | - |
| Loan 11 | QLD | 36 | Junior | Construction | Residential | 75.9% | 7.6 | 2.7% | 95.0% |
| Loan 12 | VIC | 18 | Junior | Construction | Industrial | 66.8% | 7.6 | 2.7% | - |
| Loan 13 | QLD | 25 | Senior | Site Acquisition | Residential | 60.0% | 6.6 | 2.3% | - |
| Loan 14 | NSW | 18 | Senior | Site Acquisition | Residential | 75.0% | 6.5 | 2.3% | - |
| Loan 15 | VIC | 14 | Junior | Construction | Residential | 80.0% | 6.3 | 2.2% | 92.5% |
| Loan 16 | VIC | 12 | Senior | Site Acquisition | Mixed-Use | 70.0% | 6.0 | 2.1% | - |
| Loan 17 | VIC | 15 | Junior | Construction | Residential | 80.0% | 6.0 | 2.1% | 93.7% |

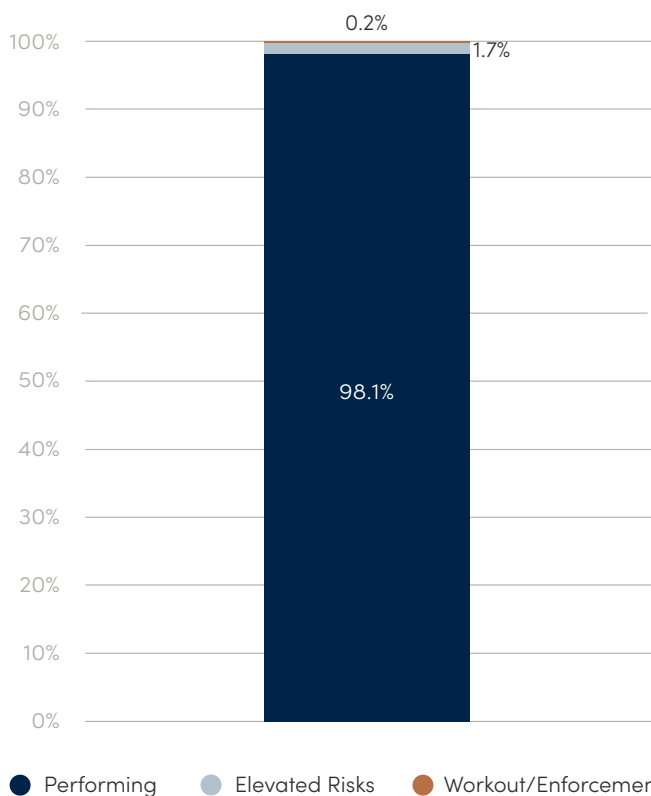
¹Loan to value ratio, being the ratio (expressed as a percentage) of a Loan to the value of the asset against which it is secured. LVRs are based on an 'as if complete' valuation. This means that where the secured asset is land under construction, it is valued as though the construction is complete

²Loan to cost ratio, for a construction loan, being the ratio (expressed as a percentage) of a Loan to the cost of delivering the project



Portfolio Health

Performance indicator (% of Net Asset Value)



Performance indicator descriptions

Performing

Position is performing in line with expectations, with risk factors neutral or improved since underwriting.

Elevated Risks

Performance is below expectations. Positions are under enhanced monitoring with proactive risk mitigation strategies in place.

Workout/Enforcement

Manager is actively working to stabilise, protect, and recover value.

Interest Arrears

| ARREARS BUCKET | % OF NET ASSET VALUE |
|----------------------|----------------------|
| 0–30 days | 0.0% |
| 30–60 days | 0.0% |
| 60–90 days | 0.0% |
| 90+ days | 2.2% |
| Total Arrears | 2.2% |

Redemptions Metrics

| | |
|----------------------------------|----------|
| Redemptions Outstanding? | No |
| Expected Time to Full Redemption | <1-month |

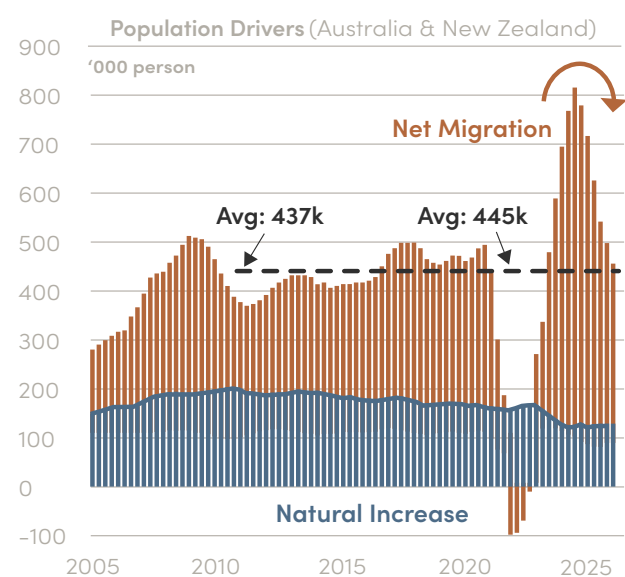


Economic And Market Update

There are comforting signs of economic recovery amid a difficult global economic environment.

- The global economic outlook is looking uneven in early 2026, challenged by uncertain global trade policies, which is reducing confidence, diminishing growth and lifting inflationary expectations. Above and beyond that, there are multiple geopolitical hotspots around the world – notably in Venezuela and Iran – that may rapidly escalate and adversely impact energy prices, at a time of elevated inflationary pressures. Meanwhile, share markets have surged well beyond earning expectations, lifted by hopes of a transformative uplift in earnings, enabled by artificial intelligence. Concerns of an AI-driven share price bubble and the prospect of a disorderly share market correction are weighing heavily on investors right now.
- Amid this uneven global outlook, the Australian economy has performed reasonably well. GDP growth has been below trend, but there were signs of steady improvement in 2025. Persistently strong population growth (even after some moderation from its 2023 peak) continue to present firm economic and housing demand across major capital cities. These domestic drivers are well positioned to support growth, at a time of weaker external demand.

The population growth profile is moderating, but it is still consistent with a robust pace of housing demand



Source: ABS, Stat NZ, MaxCap Group (January 2026)

- Meanwhile, the New Zealand economy has struggled for consistent GDP growth over several years. The most recent reading for GDP was more encouraging, with a rebound taking hold in late 2025. The fundamental drivers are still relatively subdued, with population growth still tracking to a subdued pace, not so much from diminished inbound immigration from the rest of the world, but rather from elevated outbound emigration to Australia. The central bank has responded with timely cuts to support the outlook, but the scope for further easing in 2026 is being constrained by stubbornly high inflation.

Asset markets are surging ahead on the back of AI, raising concerns of a share price bubble.

- In recent months, share markets have surged ahead, driven by investor hopes of transformative change from generative artificial intelligence, particularly large language models. The run-up in share prices has been narrowly concentrated in a few hi-tech companies, while the rest of the share market has trailed behind. In turn, this accumulation of capital has fuelled a surge in data centre developments in the US, which has been a factor holding up growth in the US economy. At the same time, this is raising investor concerns of an AI bubble, given how far share prices have run ahead of earnings expectations. More investors (and policymakers) are anticipating a disruptive share price correction, with risks of a spillover into other asset classes.
- For Australia and New Zealand, the potential fallout from these developments is likely to be relatively muted. For starters, we have not seen a corresponding surge in speculative data centre developments. Local projects have been tracking to a more sustainable pace, with strong absorption to any new additions. Meanwhile, local share prices are tracking closer to fair value, without the same risks from overvaluation.

Price inflation is lifting again, raising central banker concerns about the medium-term target

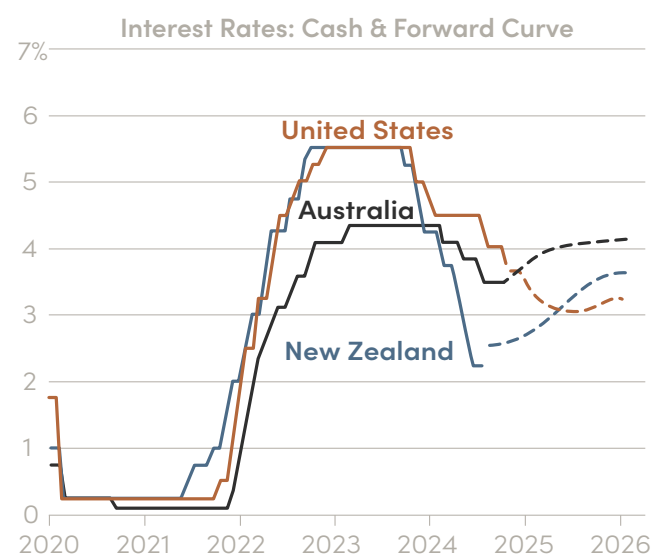
- After the massive supply chain disruptions of 2021, and the subsequent surge in price inflation in 2022, we had a normalisation phase for consumer price inflation, with headline indicators for both Australia and New Zealand better contained within each countries' respective inflation target bands. That moderation phase did not last long, with signs of resurgent inflation taking hold in late 2025.

- What is particularly concerning for central bankers is the source of inflation, driven by demand-side factors. In this context, the volatile situations in major oil producers like Venezuela and Iran are particularly noteworthy, given their potential to drive sharply higher oil prices and inflation.
- Meanwhile, construction cost inflation has been relatively benign – as material cost escalation have lagged the uplift in consumer prices. Nevertheless, the prospect of higher energy prices remains a perennial risk to the construction sector inflation outlook.

Global interest rate settings are likely to diverge ahead, and not because of inflation trends.

- Amid a global trend for higher inflation, there is likely to be an unusual divergence in interest rate settings. Notably, the US central bank is under increasing political pressure to cut interest rates, despite more consistent signs of inflation being entrenched above the target ceiling. While there are similar inflationary pressures in Australia and New Zealand, monetary policy settings are likely to follow on a more conventional and predictable path, with modest rate hikes in 2026 focused on constraining demand and maintaining stable inflationary expectations.
- The surprisingly strong inflation readings in late 2025 have triggered a marked turnaround in money market expectations for 2026 and beyond. The previous modest profile of rate cuts is now giving way to a modest set of rate hikes. The profile for Australia is relatively more benign, given a higher starting point for cash rates. The cash rate expectations for New Zealand is a little more aggressive, following a more significant set of cuts over recent years.

We are likely approaching a turning point in the rate cycle, as high inflation prompts a return to modestly higher rates.

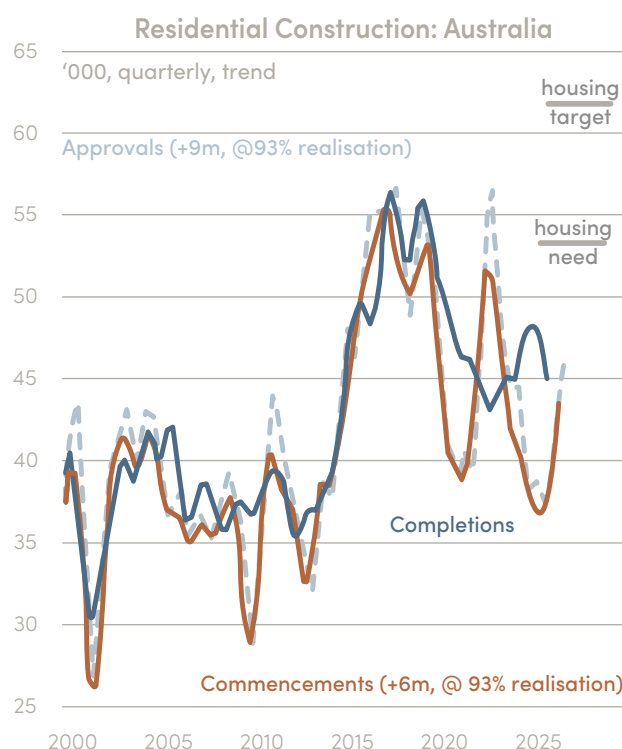


Source: Bloomberg, MaxCap Group (January 2026)

Housing markets are still undersupplied.

- There is still a persistent state of housing undersupply, particularly in Australian capital cities. While we have seen an expected moderation in net migration inflows, the pace of population growth is still running at a pace consistent with robust housing demand. Meanwhile, there has been a welcome uplift in housing construction. Altogether, the pace of supply is still running well behind the overall pace of demand, resulting in a state of housing undersupply, as evidenced by the combination of low rental vacancies and sustained gains in prices. This situation will likely take some years to unwind. At a regional level, this imbalance is most notable in Australian capital cities, particularly Perth, Adelaide, and Brisbane.

There is an encouraging pick-up in housing construction, but it continues to lag underlying housing demand by some margin



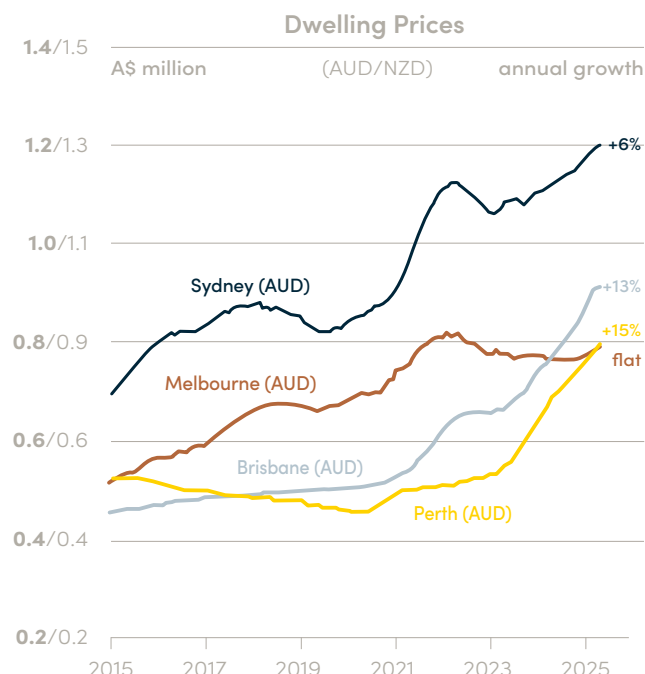
Source: ABS, MaxCap Group (January 2026)

Residential rents and prices are still rising.

- The persistent shortage of housing is playing out predictably in the residential market. Current vacancy rates are still tracking to very low levels (December: 1.4%), and well below the structural balance point of around 3%.



Housing prices are rising more broadly across major cities, even in subdued and lagging markets like Melbourne



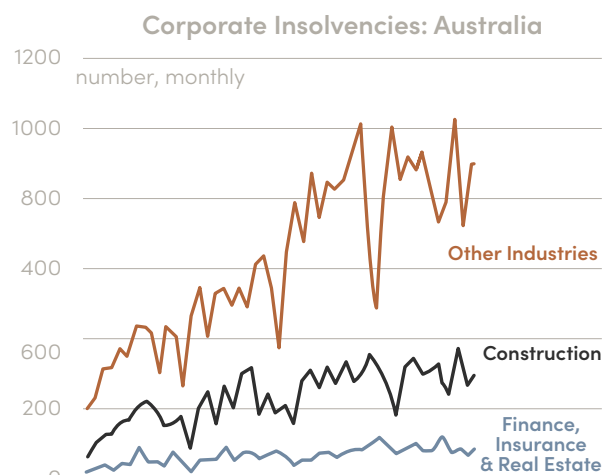
Source: Proptrack, REINZ, MaxCap Group (January 2026)

- Dwelling prices continue to rise, with the strongest growth recorded in Perth (+15% p.a.), Adelaide (+13%), and Brisbane (+13%). Among the larger cities, Sydney has also posted solid gains (+6%), while Melbourne (flat) and Auckland (+1%) have lagged this cycle, reflecting the impact of higher state taxes in Melbourne and slower population growth in Auckland.

Builder insolvencies remain a key watch point.

- Looking at the macroeconomic drivers, the period of greatest pressure on builder margins is now behind us, with the industry having moved past the cost inflation and interest rate shocks of 2022. In the years since, construction costs have stabilised and interest rates have begun to decline. However, insolvency trends typically lag broader economic conditions by one to two years. As the economy continues to work through a period of financial stress, a gradual moderation in corporate insolvencies is expected ahead.
- We continue to closely monitor builder distress and their capacity to meet loan repayment obligations. In our view, these risks are already moderating through 2025 and are well positioned to improve further in 2026.

Corporate insolvencies are easing from their cyclical highs, particularly in the construction sector



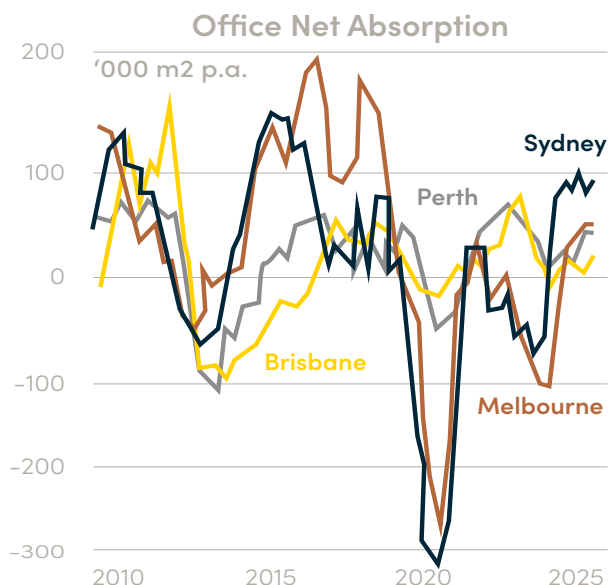
Source: ASIC, MaxCap Group (January 2026)

Commercial markets are set to improve in 2026.

- There were more positive signals for commercial markets in 2025. Asset values – across most office, industrial and retail sectors – are progressively moving past their cyclical low points in late 2024. Even the lagging Melbourne office market is moving more clearly into recovery this cycle.
- Importantly, the big structural headwinds that have impeded demand (and discouraged investors) over the past several years have certainly subsided.
- Specifically, the work-from-home trend is no longer detracting from office space demand to the same extent. Certainly, the gap between expected and actual demand has narrowed in recent years. That said, the forward demand profile is now better aligned with business conditions, which is softening with a more subdued business environment, particularly in the more globalised tech and finance industry sectors.
- Similarly, the shift from physical to online shopping looks to have run its natural course. The 2025 cuts to mortgage interest rates are supporting a recovery in both online and offline retail spending growth. The structural trend for online substitution of spending is mostly done, as the retail market finds its new equilibrium.
- For now, the industrial sector looks to be the most attractive among the commercial segments, largely because the structural need for newer industrial warehouse capacity remains well in place, particularly for inner-ring, urban-infill facilities to serve last-mile logistics demand. With new supply additions, the shortage of stock and the uplift in rents are becoming slightly less urgent, but the sector is still well placed to deliver on sustained rental incomes in coming years.



Office demand is improving on a broader basis, especially for the lagging markets of Sydney and Melbourne

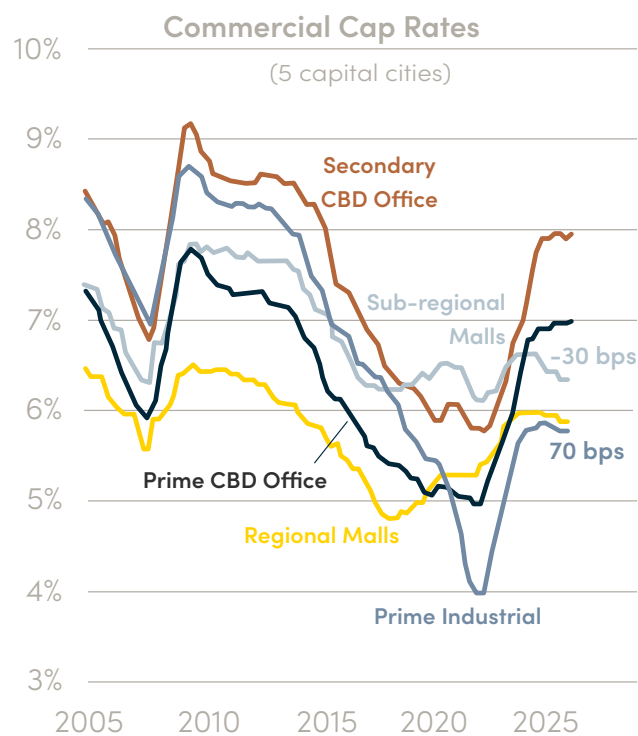


Source: Bloomberg, JLL REIS, MaxCap Group (January 2026)

Commercial markets are set to lift as investors return.

- From an investor perspective, the market appears to be on track for improvement into early 2026. The key factors that previously contributed to cap rate softening—most notably higher interest rates—have shifted direction. Lower interest rates are now acting as a catalyst for improved project feasibility and are driving a broader trend toward cap rate compression through 2025.
- Equity investors in real estate are entering a more favourable environment, with lower interest rates acting as the key catalyst supporting both transaction activity and asset values. There is currently strong investor appetite for the living sector, driven by the significant imbalance between housing demand and supply. At the same time, interest across commercial property segments is rebounding, led by industrial, with retail showing surprising resilience and office continuing to lag in this cycle.

Cap rates have reached their cyclical peak, as some sectors start to recompress on the back of lower borrowing costs



Source: JLL REIS, MaxCap Group (January 2026)



MaxCap
Investment Management

MAXCAP GROUP PTY LTD

CONTACT US

info@maxcapgroup.com.au

HEAD OFFICE | MELBOURNE

Level 34, Queen & Collins Tower,
376-390 Collins Street Melbourne, VIC 3000
+613 9620 2220

SYDNEY

Level 27, Governor Phillip Tower,
1 Farrer Place Sydney, NSW 2000
+612 8397 7200

BRISBANE

Central Plaza 1, Level 22,
345 Queen St, Brisbane QLD 4000
+617 3303 0885

PERTH

Level 19, Exchange Tower 2
The Esplanade, Perth 6000
+618 6189 8629

AUCKLAND

Level 15, 1 Albert Street,
Auckland 1010
+64 21 995 2611

TRUSTEE

MaxCap Master Fund Nominee Pty Ltd
ACN 663 210 875
Level 34, 376-390 Collins Street
Melbourne VIC 3000
Tel +613 9620 2220
Fax +613 9620 2221
legal@maxcapgroup.com.au

MANAGER

MaxCap Investment Management Pty Ltd
ABN 68 169 902 005
AFSL 462086
Level 34, 376-390 Collins Street
Melbourne VIC 3000
Tel +613 9620 2220
Fax +613 9620 2221
legal@maxcapgroup.com.au

maxcapgroup.com.au

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