



MaxCap
Investment Management

MAXCAP INVESTMENT TRUST

First Mortgage

Quarterly Investor Report

MARCH 2026

Commercial In Confidence



Fund Update

We are pleased to present the quarterly investor report for the period 1 January 2026 to 31 March 2026 for the MaxCap Investment Trust – First Mortgage (Fund).

Market Landscape

Volatility has been a defining feature of the first quarter of 2026, with escalating geopolitical tensions weighing on investor sentiment and driving increased uncertainty across asset classes. After a strong start to the year, public markets softened over the quarter, with benchmark indices across Australia and New Zealand reversing early gains¹. In this environment, the importance of capital preservation and income has been reinforced, aligning with the Fund's defensive positioning.

At the Fund level, the evolving macroeconomic backdrop is influencing our approach to origination activity and portfolio construction. While uncertainty around inflation and interest rate trajectories persists, transaction activity continues with a heightened focus on downside protection, conservative leverage and sponsor quality.

Fund Performance

In contrast to public markets, the Fund delivered another consistent quarter of performance, with a trailing 12-month net return of 9.36%, exceeding its target of 8.78% and highlighting the stabilising characteristics of CRE credit within a diversified portfolio. Key portfolio metrics remained broadly stable, with new deployment activity maintaining diversification across all key parameters.

Quarterly Deployment

Deployment activity across the quarter remained strong, with continued capital primarily allocated to residential opportunities offering strong risk-adjusted returns and robust downside protection. Higher cash holdings at quarter-end were driven by loan repayments received in February and March, with several mandated transactions in Q2 expected to return the portfolio to a more optimal capital position.

Commercial Real Estate Market

Despite a softer fourth quarter, Australian transaction volumes for 2025 reached \$49.8bn, up 6% year-on-year and marking the second consecutive annual increase for the first time since 2019².

While the outlook for 2026 remains tempered, transaction activity is expected to persist in a more selective manner, with a renewed focus on asset quality, income resilience and pricing discipline. Our deployment approach aligns with this market shift, underpinned by both top-down and bottom-up analysis to identify and mitigate key risk drivers.

Interest Rate Landscape

While inflation had shown signs of moderating toward the end of 2025, upward pressure on energy prices and associated supply chain impacts have complicated the near-term trajectory.

In response, market expectations for monetary policy have shifted toward a higher-for-longer rate environment, with all four major banks now predicting a 25bps increase in the cash rate at the RBA's May meeting, and potential for further increases over the remainder of 2026³. This backdrop reinforces the Fund's focus on floating rate lending, with performance expected to benefit from any increases in the cash rate, balanced by a continued focus on underlying portfolio risk to maintain a disciplined risk-adjusted return profile.

Outlook and Strategy

While market conditions have become more uncertain, we continue to see attractive deployment opportunities in select segments of the market. Accessing these opportunities is increasingly dependent on selectivity, origination capability and execution discipline, with deep sponsor relationships and differentiated access to transactions becoming increasingly important. With a strong pipeline, the Fund remains well placed to continue deploying capital in line with its investment strategy.

We thank investors for their ongoing trust and support.

Baden Adams

Fund Manager



¹ASX200, NZX 50
²MSCI, Capital Trends Australia

³Bloomberg, April 2026



Returns And Portfolio Metrics

Net Monthly Returns since Inception

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2024	0.99%	0.96%	0.87%	0.78%	0.83%	1.01%	0.99%	1.02%	0.86%	1.00%	0.79%	1.11%
2025	0.90%	0.80%	0.86%	0.92%	0.77%	0.81%	0.89%	0.78%	0.73%	0.73%	0.68%	0.77%
2026	0.74%	0.67%	0.72%	-	-	-	-	-	-	-	-	-

Portfolio Metrics

Weighted average LVR	64.8%
Weighted average term (months)	21
Weighted average time to maturity (months)	10
Number of loans	74
Sponsors	51
Largest sponsors exposure	7.8%
Fund leverage	11.3%
Percentage of floating rate investments	100.0%
FUM - First Mortgage (\$m)	981
FUM - MaxCap Investment Trust (\$m)	1,330

Returns¹

	1M	3M	6M	12M
RBA cash yield	0.34%	0.93%	1.84%	3.78%
Net Return				
Target net return	0.74%	2.11%	4.26%	8.78%
Net return ²	0.72%	2.13%	4.32%	9.36%
Monthly cash distribution ³	0.72%	2.12%	4.25%	8.99%

Portfolio Allocation

	% of Gross Asset Value
Senior	87.5%
Junior	-
Cash	12.5%

Exposure⁴

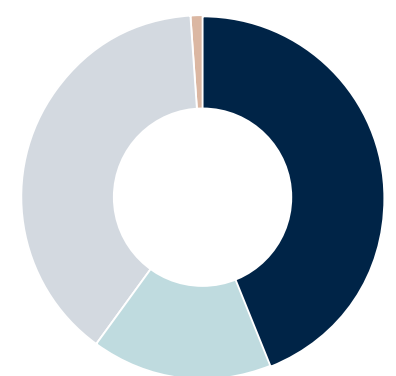
GRAPH 1: SECTOR



GRAPH 2: GEOGRAPHY



GRAPH 3: LOAN TYPE



Residential (61%)	Office (4%)
Retail (6%)	Industrial (9%)
Hotel (5%)	Medical and Life Sciences (5%)
Mixed-Use (9%)	

VIC (32%)	QLD (11%)
NSW (47%)	WA (3%)
NZ (7%)	

Site Acquisition (44%)	Investment (16%)
Construction (39%)	Subdivision (1%)

¹Net returns are calculated using a time-weighted average methodology and assume reinvestment of distributions. Past performance is not an indicator of future performance.

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	VIC	26	Senior	Site Acquisition	Residential	67.5%	47.3	4.8%	-
Loan 2	NSW	12	Senior	Site Acquisition	Residential	65.0%	47.1	4.7%	-
Loan 3	NSW	18	Senior	Site Acquisition	Residential	75.0%	35.9	3.6%	-
Loan 4	NSW	24	Senior	Investment	Industrial	60.8%	23.7	2.4%	-
Loan 5	VIC	15	Senior	Site Acquisition	Residential	55.0%	40.6	4.1%	-
Loan 6	NSW	12	Senior	Investment	Hotel	50.0%	22.7	2.3%	-
Loan 7	NSW	24	Senior	Investment	Hotel	55.0%	21.5	2.2%	-
Loan 8	VIC	19	Senior	Site Acquisition	Mixed-Use	70.0%	33.8	3.4%	-
Loan 9	QLD	25	Senior	Site Acquisition	Residential	60.0%	39.9	4.0%	-
Loan 10	NSW	18	Senior	Site Acquisition	Mixed-Use	65.0%	54.5	5.5%	-
Loan 11	QLD	24	Senior	Site Acquisition	Retail	53.0%	26.3	2.6%	-
Loan 12	QLD	18	Senior	Construction	Mixed-Use	65.0%	22.3	2.2%	79.0%
Loan 13	NSW	30	Senior	Construction	Residential	70.0%	27.5	2.8%	86.0%
Loan 14	NSW	12	Senior	Construction	Industrial	65.0%	26.0	2.6%	89.0%
Loan 15	NSW	29	Senior	Construction	Residential	70.0%	34.5	3.5%	87.0%
Loan 16	NSW	23	Senior	Construction	Residential	65.0%	22.3	2.2%	80.0%
Loan 17	NZ	17	Senior	Site Acquisition	Residential	60.0%	22.0	2.2%	65.0%
Loan 18	VIC	42	Senior	Investment	Med. & Science	65.0%	44.8	4.5%	-
Loan 19	VIC	15	Senior	Investment	Office	75.0%	27.0	2.7%	-
Loan 20	NSW	25	Senior	Construction	Residential	70.0%	42.1	4.2%	85.0%

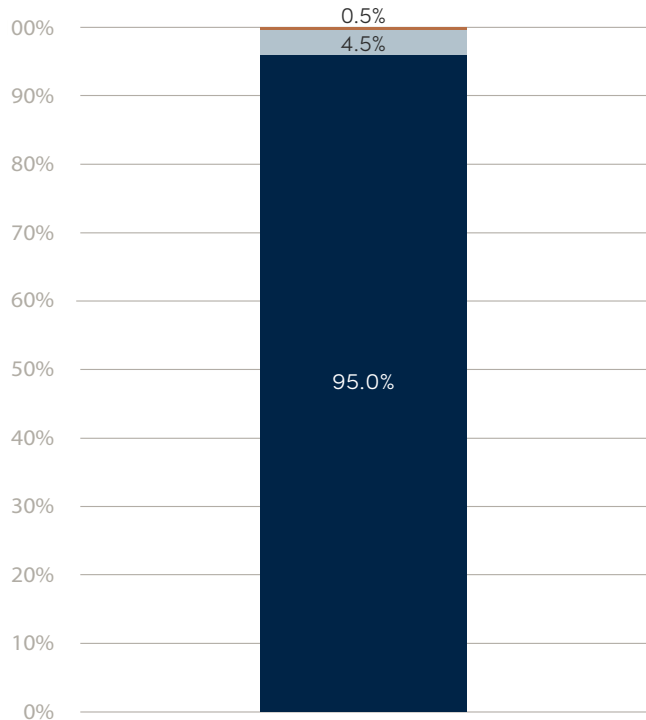
¹Loan to value ratio, being the ratio (expressed as a percentage) of a Loan to the value of the asset against which it is secured. LVRs are based on an 'as if complete' valuation. This means that where the secured asset is land under construction, it is valued as though the construction is complete.

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)



● Performing ● Enhanced Monitoring ● Workout/Enforcement

Performance indicator descriptions

Performing

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

Enhanced Monitoring

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	-
30–60 days	-
60–90 days	-
90+ days	-
Total Arrears	-

Redemption Metrics

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

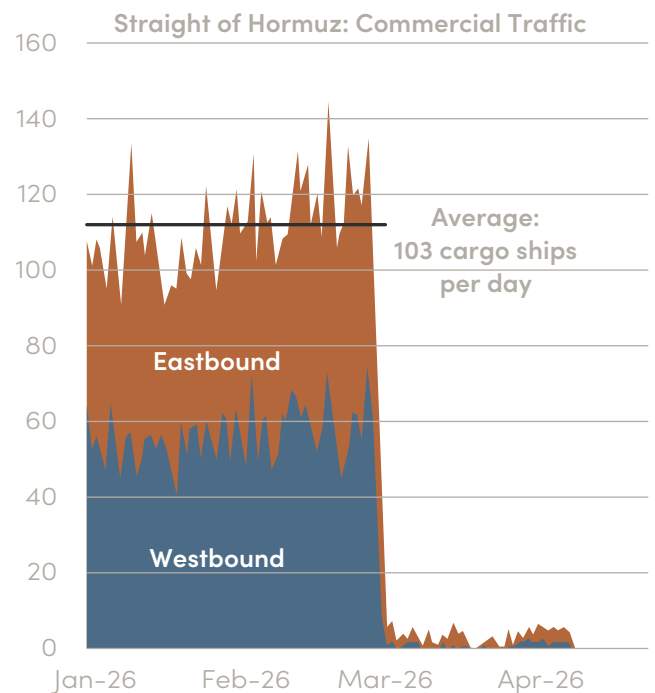


Economic And Market Update

The conflict across the Middle East presents big challenges for the global economy.

- In February 2026, the war in Iran has led to the effective closure of the Strait of Hormuz – a narrow body of water that carries ~27% of global maritime trade in crude oil. The consequences for financial markets are fairly immediate, marked by considerable volatility in global share and bond markets. Meanwhile, the impacts on the global economy are still unfolding. Already, the flow of crude oil has been heavily disrupted. For nearer markets in East Africa and South Asia, we have already seen curtailed supplies, fuel rationing, power blackouts and factory shutdowns. For more distant markets, the flow of crude oil will progressively dwindle over the course of April 2026.
- For now, the immediate focus is firmly on fuel reserves and securing energy supplies. For economies like Australia, there are several insulating buffers. Australia is the second largest exporter of energy, given abundant exports of natural gas, uranium and even coal. This is providing significant leverage in securing supplies of crude oil from other producers outside of the Middle East. Moreover, there are adequate fuel reserves on hand – 30 days in Australia and 90 days in New Zealand – which will provide an additional buffer against unreliable supply chains out of the Persian Gulf.
- That said, disrupted energy supplies will present a clear drag to global economic growth in 2026. These impacts will be the most significant for the Gulf region (whose economies have been disrupted by war) and the East Asian region (who are the largest importers of energy). To be clear, we do expect a moderate slowing to economic growth in this part of the world. However, Australia will see a partial offset from rising revenues for energy exports.
- This economic disruption has come at a time of cyclical improvement for both Australia and New Zealand, when we have seen modestly stronger GDP growth over the course of 2025. The outlook for 2026 is now looking more subdued, impacted by higher energy prices in the first instance, and progressively higher interest rates over the rest of the year.

The Strait of Hormuz has been effectively closed to commercial shipping traffic in March 2026.



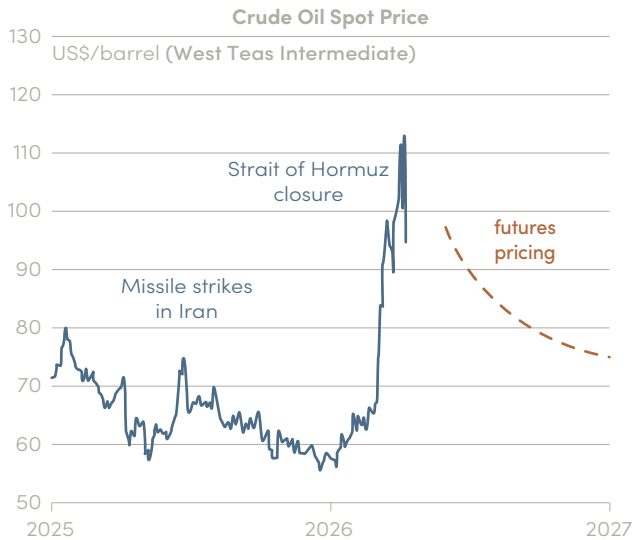
Source: Bloomberg, MaxCap Group (April 2026)

Higher crude oil prices present the clearest and most immediate channel for economic impact.

- From an economic perspective, we have seen this type of oil price shock many times before, and the channels for economic impact are well understood. Higher oil prices will drive a sharp uplift in inflation in Q2 2026, reflecting the measurable impact of more expensive fuel in various price indices. Over the rest of 2026, higher inflation will work its way into the broader supply chain, through increased transport, material and labour costs.
- Headline inflation indicators were already elevated in Australia and New Zealand. For Australia, inflation readings ahead of the Iran War were already above the official target, which prompted the Reserve Bank into back-to-back rate increases. With the expected uplift in price inflation over the remainder of the year, inflation indicators are set to rise further in 2026, likely to the 5% per annum mark.



The sharp rise in crude oil prices will have immediate and significant impact on the global economy.



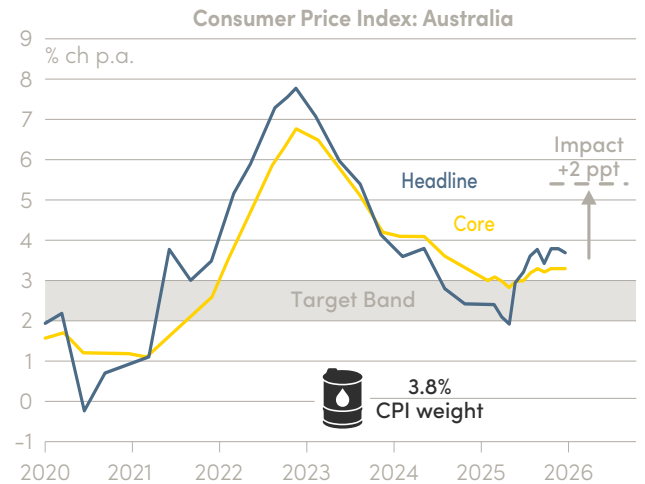
Source: Bloomberg, MaxCap Group (April 2026)

- Meanwhile, construction cost inflation is also expected to rise with higher energy prices, given its direct contribution to transport and material costs. The movements in crude oil prices thus far are consistent with a moderate uplift in residential construction input costs, of the order of 8% to 10% in 2026. Obviously, this outlook is in a state of flux, clearly affected by the volatile moves in crude oil prices.

Global interest rate settings are likely to move higher, as central banks respond to inflation.

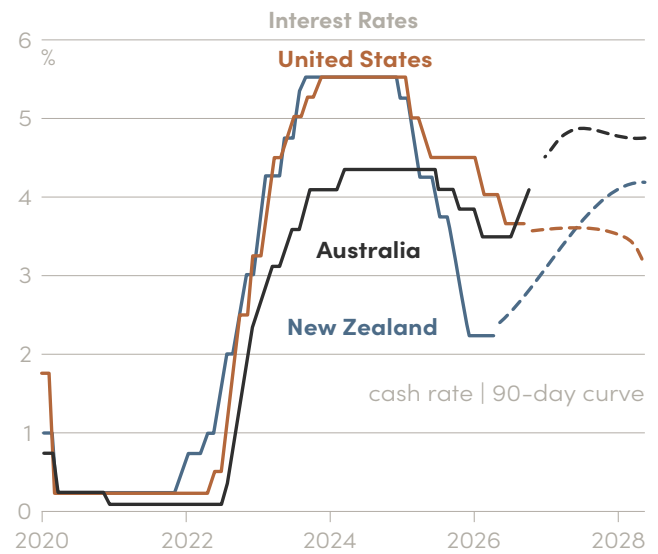
- Amid a new oil price shock, there is a clear expectation everywhere for higher inflation over the course of 2026. In a global monetary policy framework that targets stable inflation (and well entrenched inflationary expectations), central banks will be compelled to raise interest rates to slow economic demand and curtail price inflation.
- In this regard, Australia has been a little ahead in this monetary tightening cycle. Already, we have seen two back-to-back interest rate hikes from the Reserve Bank, as it responded to a firming economy and rising inflationary pressures. The trajectory is not changing in 2026, as money markets price in additional increases ahead.
- The situation in New Zealand is slightly different, given a weaker pace of growth and lower rate settings currently. Nevertheless, the Reserve Bank of New Zealand is also expected to initiate rate hikes in 2026, with a similar mindset to moderate this inflationary impulse.

Consumer price inflation is already above target in Australia, but will rise further as oil price impacts are reflected.



Source: Bloomberg, MaxCap Group (April 2026)

Central bankers around the world will be compelled to raise interest rates in 2026 to curtail inflationary pressures.



Source: Bloomberg, MaxCap Group (April 2026)

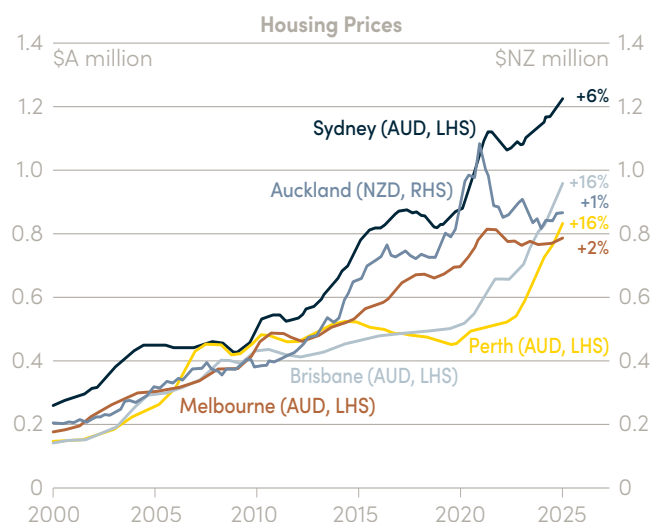
Residential markets will moderate with higher mortgage interest rates.

- Over many housing market cycles, we have seen a high degree of price sensitivity to mortgage interest rates. Indeed, the recent uplift in housing prices partly reflected the lagged impacts of cumulative rate cuts since 2024. With higher interest rates since February, we would expect a clear slowing in housing price growth particularly in 2026.



- In assessing the broader outlook for residential markets, it is important to draw attention to the current state of undersupply. Housing demand remains strong, lifted by a robust pace of population growth and net migration. While new construction is adding to the pace of supply growth, the balance still points to a persisting state of undersupply, particularly across the major capital cities.
- Moreover, we continue to see very different pricing cycles across individual cities. Most notably, Perth and Brisbane continue to be buoyed by strong local conditions, including mining, infrastructure and/or Olympics investment. Sydney remains in the middle of the pack, held back in part by stretched housing affordability, particularly in a rising rate environment. Meanwhile, Melbourne remains a clear laggard in this market, dampened by local state-based property taxes, but helped by lower prices and relatively better housing affordability.
- For now, housing prices are rising on a relatively broad basis, led by the stronger-performing markets of Perth (+16% p.a.) and Brisbane (+16%). Meanwhile, there is still respectable price growth for Sydney (+6%), while the lagging Melbourne market has also improved (+3%).
- Looking ahead, we expect a clearer trend of moderation in 2026, with higher mortgage rates constraining potential homebuyers in what they can borrow and what they can pay. That said, there are some offsetting factors at work, given persistently strong housing demand still playing a role in sustaining both prices and rents. Indeed, current vacancy rates are still tracking to very low levels (February 2026: 1.1%), 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.

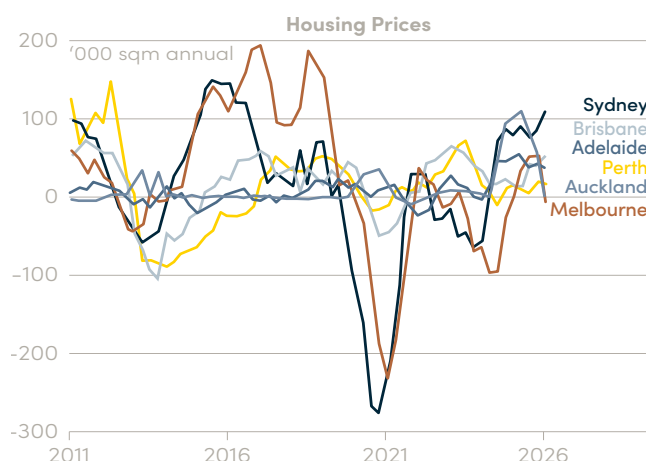


Source: Proptrack, MaxCap Group (April 2026)

Commercial markets are set to improve in 2026.

- There were more positive signals for commercial markets in 2026. 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 structural trend for online substitution of spending is mostly done, as the retail market finds its new equilibrium. However, the adverse impacts of higher mortgage rates in early 2026 have not yet impacted on consumer spending growth, which should over the course of the year.
- 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 selective basis, especially for the outward-oriented markets of Sydney and Melbourne.



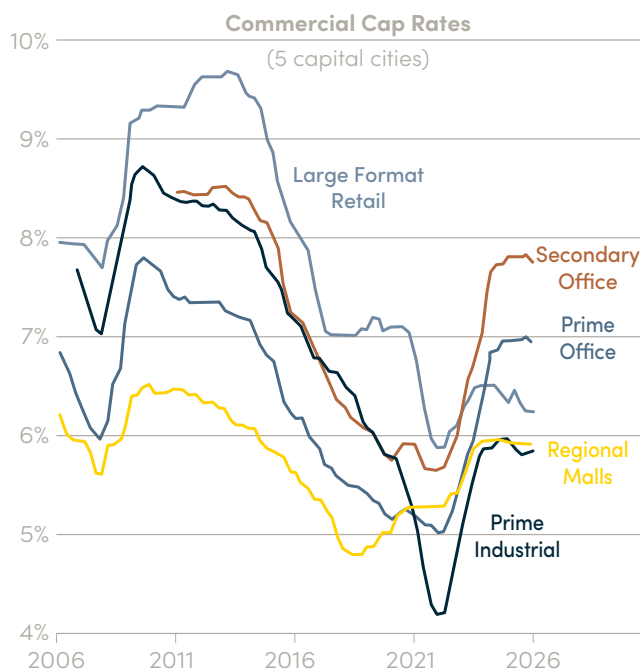
Source: Bloomberg, JLL REIS, MaxCap Group (April 2026)



Commercial markets are set to lift as investors return.

- From an investor perspective, the market should be on track for some improvement in 2026. The structural drivers that led to a softening in cap rates have turned. Already, we have seen a modest recompression in commercial cap rates. That said, the expected pace of additional cap rate tightening in 2026 is a little more subdued, dampened by higher rates and a softer global economic environment.
- Moreover, equity investors in real estate are being emboldened by the broadening recovery in asset values. For now, there is considerable investor appetite for the living sector, given the dramatic mismatch between housing demand and supply. At the same time, we are seeing resurgent interest across different commercial sectors, with industrial in the lead, retail with a surprisingly resilient rebound and office lagging the other sectors this cycle.

Commercial cap rates have started to tighten this cycle, although the pace of recompression ahead is likely modest.

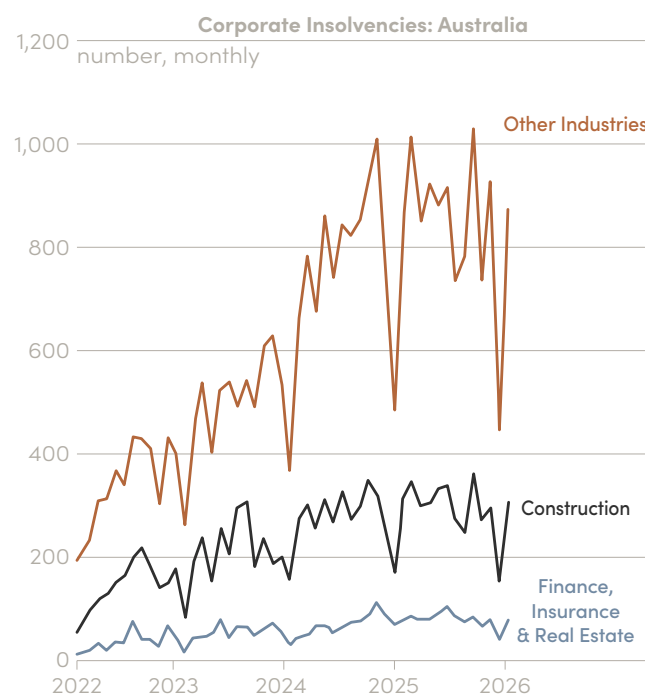


Source: JLL REIS, MaxCap Group (April 2026)

Builder insolvencies will likely become a key watch point in 2026.

- With the abrupt uplift in crude oil prices, we can reasonably expect an increase in construction costs in 2026. Given a long list of similar historical oil price shocks going all the way back to the 1970s and most recently with the supply chain disruptions of 2021, the pattern of this adjustment is likely to follow a very similar path this time around.
- One important consequence of this adjustment comes through increased cost and margin pressures on builders, which may drive the smaller, less resilient, more marginal operators into bankruptcy. This is a clear risk through this phase of the inflation and economic cycle. Importantly, it is worth noting that insolvencies run with long lags of 2 years or so, meaning that higher costs in 2026 may not manifest into higher insolvencies until 2028. Certainly, we continue to keep a close watchful eye on builder distress and their capacity to repay outstanding loans. In our view, those risks will take several years to materialise.

Corporate insolvencies are tracking sideways for now, but there will be more margin pressures ahead in 2026.



Source: ASIC, MaxCap Group (April 2026)



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