MaxCap

June 2026

MaxCap Investment Trust

HIGH YIELD

Quarterly Investor Report
Wholesale Investors

Q2

Fund Manager Quarterly Update

JUNE 2026

Baden Adams
Fund Manager
MaxCap

We are pleased to present the June 2026 quarterly investor report for the MaxCap Investment Trust – High Yield (**Fund**).

Fund Performance

The trailing 12-month return of 11.19% was slightly below the Fund's target return of 11.86%. Despite this, the Fund continued to deliver stable and consistent performance over the quarter, reinforcing the defensive characteristics of private real estate credit amid ongoing volatility across broader financial markets.

Investment Strategy

The Fund's investment strategy remains focused on Australia's eastern seaboard, where market depth and borrower demand continue to provide a broad pipeline of investment opportunities. Investment activity has continued to shift away from Victoria towards New South Wales and Queensland, reflecting comparatively stronger market fundamentals and transaction activity, as outlined in the research section of this report.

The residential sector remains our key focus, reflecting our continued conviction in the long-term drivers of favourable supply-demand dynamics across Australia. In the near term we are cognisant of the impact of the recent Federal Government policy changes, which we expect will soften investor demand for residential property. Fund investment activity is expected to be primarily in the new-build segment, which will continue to benefit from interest deductibility (in contrast to the treatment for existing residences), supporting our strategy and potentially providing an additional tailwind to demand as new investors shift their focus. As always, we apply our disciplined underwriting approach as we remain alert to the evolving policy landscape.

The Fund's exposure to commercial real estate continues to be assessed more selectively, with investment activity focused on idiosyncratic opportunities where asset quality, sponsorship and credit fundamentals are expected to support portfolio performance.

Portfolio Provisioning

The Fund currently maintains active provisions against three loan investments within the portfolio: a medical office asset within a health precinct in outer Melbourne, an office asset on the fringe of the Melbourne CBD, and an office asset on the fringe of the Sydney CBD. These investments were originated in an earlier market cycle and have experienced a materially different operating environment, including the impact of COVID, higher interest rates, valuation adjustments and broader macroeconomic volatility. While we have received or expect to receive repayment that is likely to result in a material recovery, the provisions recognised to date reflect our prudent assessment of expected recoverable values. These assessments are subject to ongoing review as part of our monthly valuation process and are updated as borrower performance, asset-level outcomes, timing risk and market conditions evolve.

The aggregate exposure to these investments is included within the enhanced monitoring and workout/enforcement categories in the Portfolio Health section of this report. Importantly, the aggregate value of these provisioned loans totals 4.8% of the Fund's portfolio, with the aggregate provision representing 0.6% of total Fund value.

There is one other loan investment, a residential development in Greater Newcastle, NSW, which was fully provisioned in late 2024 and has a zero carrying balance.

All other loan investments in the Fund continue to perform in line with expectations, with 89% of the portfolio originated since Q4 2025, resulting in a recent vintage reflective of current market conditions.

Market Landscape

The private real estate credit market continues to present an attractive opportunity set for both lenders and investors.

While legacy exposures across the broader market, originated in a markedly different interest rate, valuation and broader macroeconomic environment, continue to be worked through, these situations are a natural feature of any credit cycle and reinforce the importance of disciplined underwriting, defensive structuring and active asset management.

MaxCap has invested through multiple property and credit cycles over more than two decades. Experience across previous periods of market dislocation has demonstrated that successful outcomes are driven by targeted credit selection and deal structuring, prudent diversification, active portfolio management and a patient approach to asset realisation. Supported by an experienced investment and asset management platform, these principles continue to guide the proactive resolution of issues as they arise.

Interest Rate Environment

As shown on page 7, the interest rate environment is expected to remain elevated over the near to medium term, with persistent inflationary pressures and global energy price volatility supporting expectations of one further cash rate increase in late 2026, followed by a modest easing in late 2027. Following the RBA's commentary accompanying the May rate increase and subsequent June decision to hold, market expectations remain consistent with a higher-for-longer interest rate environment. This is expected to continue supporting the Fund's performance, given its 100% exposure to floating rate investments, while reinforcing the importance of conservative credit management in a higher interest rate environment.

Outlook

The Fund maintains a cautiously positive outlook and will continue to invest capital in a controlled and selective manner, while preserving portfolio quality and capitalising on attractive investment opportunities.

We appreciate investors' ongoing support.

Returns and Portfolio Metrics

Net Monthly Returns[1]

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%
2026	0.90%	0.79%	0.89%	0.91%	0.95%	0.99%	-	-	-	-	-	-

Portfolio Metrics

69.3%	Weighted average LVR
22	Weighted average term (months)
11	Weighted average time to maturity (months)
100	Number of loans
57	Sponsors
10.6%	Largest sponsors exposure
8.4%	Fund leverage
100%	Percentage of floating rate investments
320	FUM – High Yield ($m)
1,327	FUM – MaxCap Investment Trust ($m)

Returns

	1M	3M	6M	12M
RBA Cash Yield	0.35%	1.05%	1.99%	**3.86%**
Target Net Return[2]	0.96%	2.93%	5.80%	**11.86%**
Net Return[1,3]	0.99%	2.87%	5.55%	**11.19%**
Cash Distribution[4]	0.99%	2.85%	5.43%	**11.40%**

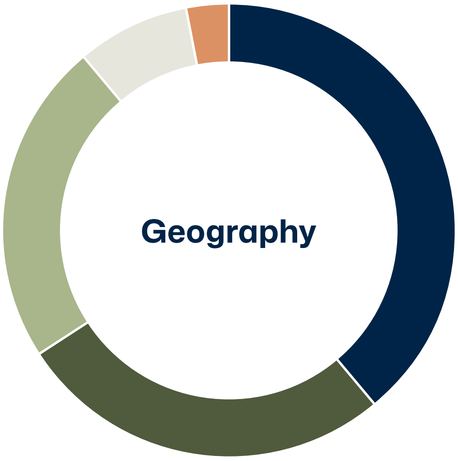
Portfolio Allocation (% of Gross Asset Value)

57.6% Senior
40.1% Junior
2.4% Cash

1. Net returns are calculated using a time-weighted average methodology and assume reinvestment of distributions. Past performance is not an indicator of future performance.
2. RBA cash rate + 8.00%.
3. Net return (after management fees and performance fees) is calculated based on the private management fee and performance fee rates.
4. Monthly distributions commenced from October 2024.

Portfolio Exposure[5]

- 69% Residential
- 9% Retail
- 8% Industrial
- 7% Mixed-Use
- 3% Office
- 3% Medical and Life Sciences
- 2% Hotel



- 39% NSW
- 27% VIC
- 23% QLD
- 8% NZ
- 3% WA

- 63% Construction
- 23% Site Acquisition
- 12% Investment
- 2% Residual Stock

5 Exposures are based on the outstanding balances as at the reporting date.

Portfolio Health

Performance indicator (% of Net Asset Value)

- 93.7% Performing
- 6.0% Enhanced Monitoring
- 0.3% 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.

Loan Provisioning

PROVISION	%
% of Loans Under Review – No Provision	1.5%
% of Loans Under Review – Provision	4.8%
Total Provision as % of GAV	0.6%

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

Portfolio Composition

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] (%)	LTC[2] (%)	FUND CURRENT EXPOSURE ($m)	FUND CURRENT EXPOSURE (%)
Loan 1	QLD	30	Junior	Construction	Residential	76%	90%	16.8	4.7%
Loan 2	QLD	26	Junior	Construction	Residential	79%	95%	14.6	4.1%
Loan 3	NSW	12	Junior	Investment	Retail	73%	-	13.9	3.9%
Loan 4	NSW	37	Senior	Construction	Residential	70%	88%	11.8	3.3%
Loan 5	NSW	9	Junior	Site Acquisition	Mixed-Use	75%	-	11.0	3.1%
Loan 6	QLD	36	Junior	Construction	Residential	76%	95%	10.7	3.0%
Loan 7	NSW	25	Senior	Construction	Residential	70%	85%	10.3	2.9%
Loan 8	VIC	42	Senior	Investment	Med. & Science	65%	-	10.0	2.8%
Loan 9	NSW	27	Junior	Construction	Residential	75%	93%	9.6	2.7%
Loan 10	VIC	18	Junior	Construction	Industrial	77%	-	8.4	2.4%
Loan 11	NZ	27	Junior	Construction	Residential	70%	81%	8.2	2.3%
Loan 12	NSW	29	Senior	Construction	Residential	70%	87%	7.8	2.2%
Loan 13	VIC	27	Senior	Site Acquisition	Residential	65%	-	7.3	2.1%
Loan 14	NSW	18	Senior	Site Acquisition	Mixed-Use	65%	-	7.0	2.0%
Loan 15	VIC	14	Junior	Construction	Residential	80%	93%	6.9	2.0%

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

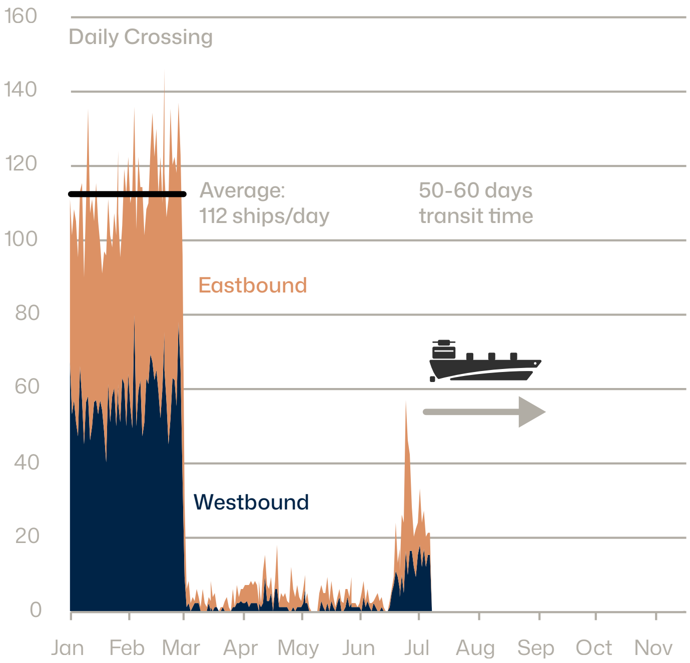
Economic and Market Update

The conflict across the Middle East continues to weigh on the global and local economic outlook.

- Five months on from the closure of the Strait the political environment remains unstable. Although diplomatic deals and peace talks are progressing, the end of the war is still elusive. Shipping through the passage partially resumed in late June, however well below pre-war levels with more recent escalations causing another down tick in traffic.
- Although fuel reserves have been broadly stable, supported by political efforts to secure oil supplies, they remain at historically low levels, warranting a cautious outlook. Attention is now shifting to the government's temporary fuel excise cut – partially extended to August – which is easing petrol prices by 16 cents per litre. In other words, there are still inflationary risks to the outlook.

Diplomatic efforts to reopen the Strait of Hormuz have been unsuccessful.

Strait of Hormuz: Shipping Traffic



Source: Bloomberg, MaxCap Group (July 2026)

- The ongoing conflict and geopolitical unrest continue to weigh on the global economy, with growth forecasts softening across economies exposed to the disruption in energy supply. Meanwhile, this prolonged supply shock is adding to price pressures around the world, likely driving rate hiking cycles in response to elevated energy prices.
- Price pressures and a more restrictive rate environment are likely to weigh on the growth outlook for Australia and New Zealand throughout 2026–27. Q1 2026 GDP figures showed that the economy has lost the momentum that was seen in Q4 2025.

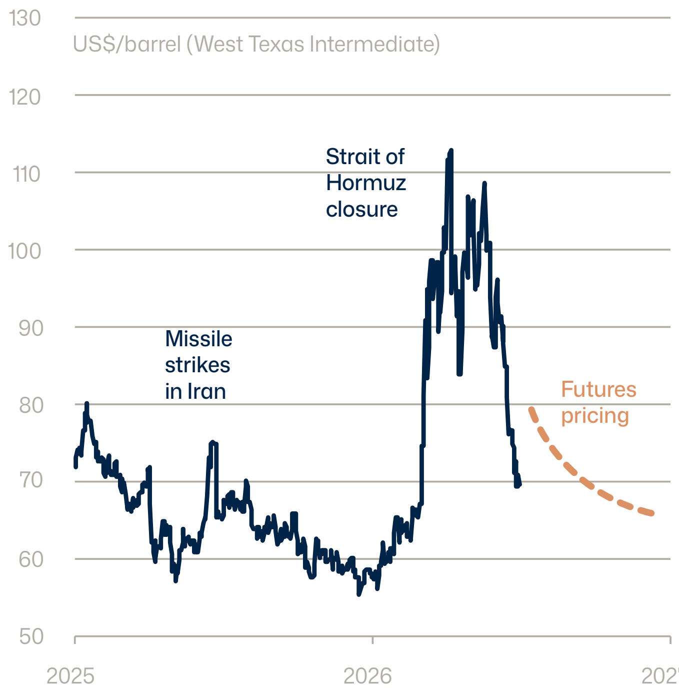
The March GDP data reported the Australian economy growing at 0.3% QoQ, mainly driven by business investment in data centre equipment and machinery as household consumption remained stable.

Crude oil prices have moderated to pre-war levels as markets react to peace talks.

- Although prices have recently returned to more sustainable levels, the inflation impacts are expected to be prolonged due to the lag of price rises being passed to consumers and the delay in economic data releases. Oil prices have dropped, but the underlying inflation pressure is real, with numbers expected to peak in coming months and remain elevated throughout the rest of the year.

Energy prices remain volatile, but futures point to a fairly benign outlook.

Crude Oil Spot Price



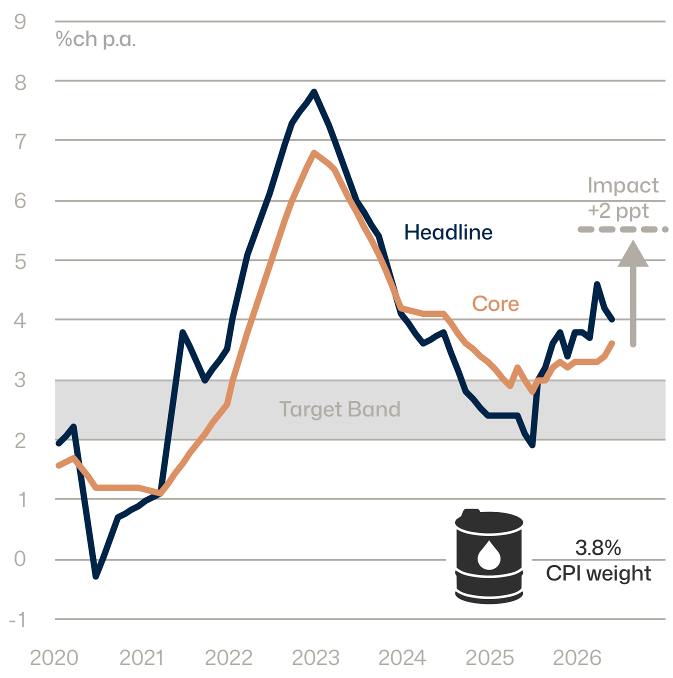
Source: Bloomberg, MaxCap Group (July 2026)

- It is important to note that even before the war and subsequent disruption to energy prices, Australia was already in a high inflation environment with underlying inflation above the Reserve Bank of Australia's target band since mid-2025. The latest April inflation data presented mixed signals and has left the door open for a further rate hike in 2026. The government's fuel excise relief of assisted headline inflation to ease to 4.0%, however, core inflation continued to rise further to 3.6%.
- Similar price pressures are expected to be seen in New Zealand; however, the impacts will be seen later in the year due to the quarterly release of CPI figures.

Early signs of this are seen in the March quarter headline inflation, which increased to 4.2% – above the RBNZ target of 1–3% – while not yet capturing the full impacts of the war.

Australian consumer inflation has lifted well beyond its official target band.

Consumer Price Index: Australia



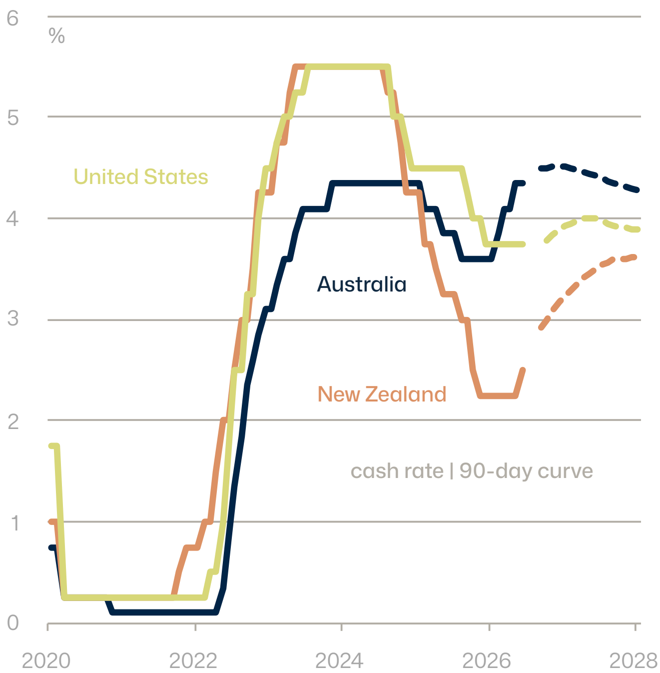
Source: Bloomberg, MaxCap Group (July 2026)

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

- Central banks around the world are now expected to raise interest rates further in 2026 to curb inflation expectations. Australia is the most progressed in the rate hiking cycle recording three hikes in 2026 and markets pricing in one further hike in the August meeting. New Zealand's central banks also started its monetary policy tightening cycle in July 2026, with more to come into 2027.

Central bankers are expected to raise rates further in 2026 to curb inflation pressure.

Interest Rates



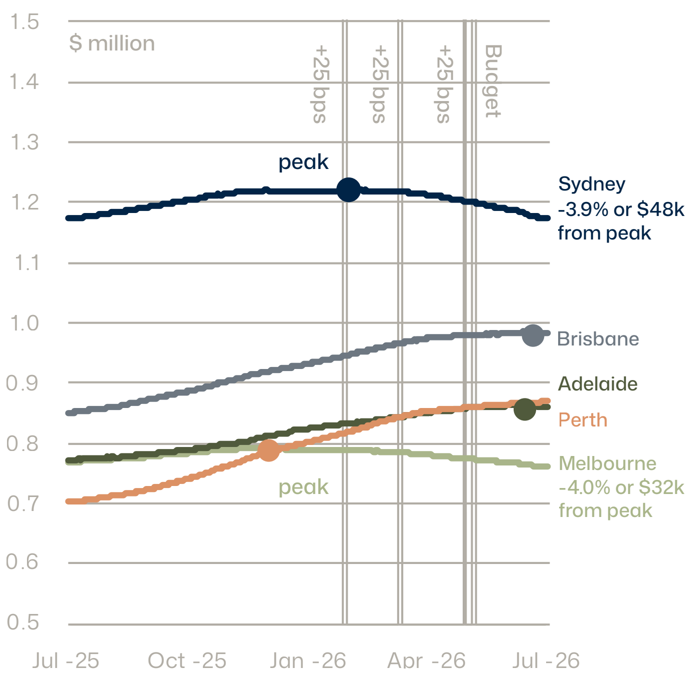
Source: Bloomberg, MaxCap Group (July 2026)

Growth in residential markets is dampening with higher mortgage interest rates and tax reforms.

- A combination of consecutive cash rate hikes, cost of living pressures, and tax reforms is converging and dampening the housing market across Australia. Growth is slower across the board, with some markets moving into a correction. There is a clear two-speed market taking hold.
- Sydney and Melbourne seem to have reached their peak prices in late 2025, with softer market conditions pushing the cities 3.8% below their peak values in late 2025. Brisbane, Perth and Adelaide have been more resilient, although price growth has also slowed in the first half of 2026.
- Looking ahead, we expect prices to moderate further across the board as rate hikes, tax reforms and stubborn inflation take momentum out of the housing market. At a national level, we are anticipating modest declines in values throughout the rest of 2026, before returning to softer growth levels in 2027–28.
- National residential vacancy remains low at 1.2% in May 2026 – with Perth and Adelaide remaining at historically low rates of 0.7%, putting significant pressure on rents, which climbed 8% and 9% respectively.

Although momentum has come out of the housing market, previous years of strong growth are supporting significant cumulative gains.

Housing Prices



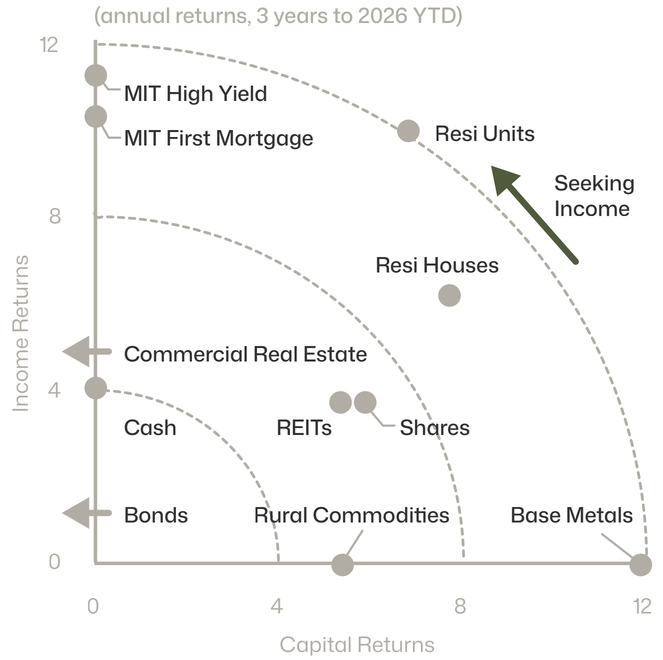
Source: Proptrack, MaxCap Group (June 2026)

Tax and lending reforms are shifting momentum and strategies.

- We saw sweeping changes to Australia's residential property tax landscape in Q2 2026, with significant reforms handed down to previously untouched segments – negative gearing and capital gains. Over time, these changes will structurally shift investor strategies and demand for housing.
- Negative gearing – or tax loss deductions – will be restricted to new residential properties in the future. Importantly, negative gearing is preserved for existing landlords. We expect to see investors shift from old to new residential properties and reallocate capital towards institutional managers, where investment trusts still retain negative gearing benefits.
- The 50% capital gains tax discount will be replaced with an indexed cost base, and a 30% minimum rate will apply for most taxpayers. We anticipate these changes will drive capital towards income strategies and away from investments reliant on capital gains.

Increased taxes on capital gains are likely to tilt the table in favour of pure income return strategies.

Capital vs Income Returns



Source: Proptrack, MaxCap Group (June 2026)

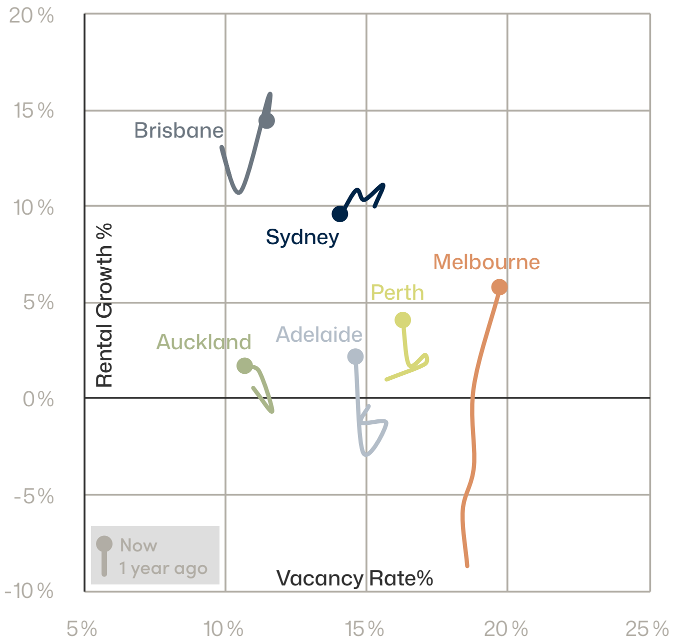
The recovery of commercial markets is looking more subdued.

- Across the board, late 2025 and early 2026 saw commercial markets showing positive signs of price growth as conditions improved. The Middle East war and subsequent inflation shock have delayed the expected recovery, with indicators remaining stable in Q2 2026.
- The office sector is seeing a divergence in performance across grades and locations, with prime assets in core locations recording modest capital gains – driven by tightening incentives and rent growth – despite cap rates remaining stable over the second quarter. Nationally, CBD vacancy remains elevated but is likely to have peaked in most markets, as office markets enter a period of historically low supply while demand remains stable.
- The retail sector continues to perform well, underpinned by Australia's strong population growth, which is helping to offset lower spending per capita under more restrictive interest rate settings. Regional and sub-regional centres remain in strong demand, as the undersupply of these formats tightens investor competition.
- After strong value gains and significant rent growth in the post-COVID industrial boom, conditions have continued to moderate over Q2 2026. Vacancy remains stable at 4% nationally, while rent growth is segmented by market and region, with Adelaide still seeing strong growth of 8% p.a.

Demand is stable across industrial markets, and supply has moderated, with many owners shifting development strategies to pre-lease as opposed to speculative builds, allowing the market to maintain equilibrium-level vacancy.

Improvement in the office market is segmented by market and asset quality.

Office Rent and Vacancy



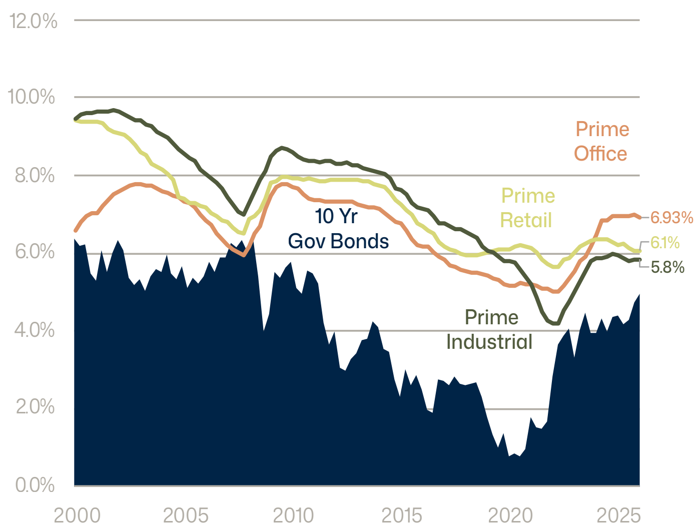
Source: Bloomberg, JLL REIS, MaxCap Group (July 2026)

Commercial values set to stabilise into 2027.

- Higher-for-longer interest rates have curbed expectations for the cap rate compression previously expected in 2026. Considering assets have already undergone significant repricing and cap rate expansion in 2022–25, we do not anticipate this rate hiking cycle will have a material detrimental impact on commercial cap rates. There is potential for slight pricing adjustments and further yield expansion; however, this is expected to be minimal and segmented by location and asset class.
- Equity investors in real estate are still seeing a divergence in performance across sectors and assets, with elevated interest rates weighing on potential returns. The retail and industrial sectors continue to show healthy returns, while investor demand for living sector projects is growing significantly, underpinned by Australia's strong population growth.

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

Commercial property cap rates vs bond yields



Source: JLL REIS, MaxCap Group (July 2026)

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