



Annualised pre-tax return for the quarter ending 30 June 2025

6.76% p.a. Group Investment Fund and PIE Fund

Past returns are not a reliable indicator of future performance.

We're pleased to share that our latest annualised pre-tax return is 6.76%. This is a strong result and is 279 basis points above the average one-year term deposit rate offered by major banks, which currently sits at an average of 3.97%. In a time when interest rates are easing, our result stands out, and it reflects the strength and consistency of our lending portfolio.

When we look back at the year so far, the global environment has experienced a high degree of uncertainty. Falling interest rates, inflationary pressures, and geopolitical tensions have created ongoing turbulence in investment markets.

While New Zealand is not immune to global economic trends, our economy and property market have historically demonstrated resilience.

At FMT, we embrace our conservative stance. Our loan portfolio is built on first mortgages secured by New Zealand property - real, tangible assets backed by quality security. This approach helps provide a buffer against global volatility, helping support both capital preservation and income generation.

We know peace of mind is important for our investors. That's why we focus on what we do best: lending conservatively, protecting investor capital, and delivering reliable returns with great service.

\$2 Billion in Funds Under Management

Our long-term, disciplined approach continues to resonate with more and more Kiwis. We're proud to have over 7,000 investors nationwide and to announce that we've just surpassed \$2 billion in funds under management.

This is a significant milestone for us. While we've experienced considerable growth, we've stayed true to our core values and maintained the personal approach that defines FMT - something that will never change.

Even through challenging times like the Global Financial Crisis and COVID-19, we've never lost a cent of investor capital. A track record we're proud of and one we're committed to upholding.

We know that capital preservation is at the heart of why so many of you choose to invest with FMT.

Market Update – Lending Activity

We're seeing increased lending activity in the main cities as banks adjust pricing. While our liquidity levels are slightly above our ideal range, we maintain a strong pipeline of high-quality, well-secured lending opportunities.

Our loan book continues to perform exceptionally well, with non-performing loans at the lower end of the range seen across the banking sector. This is a strong endorsement of the quality of our borrowers and a testament to the diligence and expertise of our lending team.

We're also proud to share that FMT has been named 'Non-Bank Lender of the Year' at the NZ Mortgage Awards. This is a significant achievement for our team, and it inspires us to keep listening, keep improving, and continue putting people at the heart of every decision.

Tauranga Office Is Moving

After more than twenty years in our First Avenue office, we've outgrown the space. Today's workplace standards also call for a modern environment that meets updated health and safety requirements.

Our new office will offer improved facilities for our team, more offices to meet with our investors, and dedicated customer parking, creating a space that better supports future growth. We look forward to welcoming you there soon.

Investor Meetings 2025

We're pleased to share the dates and locations for our 2025 Investor Meetings. This year, we've added more events to meet growing demand. In 2024, over 1,000 of you joined us and the team and I really value these opportunities to connect in person, hear your feedback and share our progress directly. Further details are included later in this newsletter.

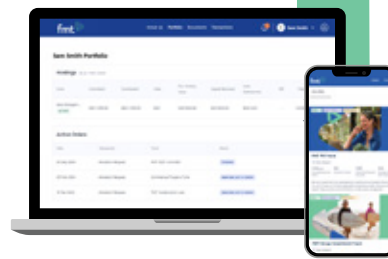
As always, thank you for the trust and confidence you continue to place in us.

Paul Bendall, CEO



FMT Investor Portal

At FMT, we're focused on giving you a secure, reliable, and easy investment experience. To make things even better, we're launching the new Investor Portal shortly, to help you manage your investments more easily.



What You'll Get with the FMT Investor Portal:

- 24/7 access to your investment details
- Access to statements and documents
- Request allocations and redemptions
- The ability to update your personal details - like tax information

If you prefer using our current process, that's absolutely fine. You can keep doing things the way you always have. The portal just gives you more choice.

When and How You'll Get Access

We're rolling out the portal in stages starting in July. If we have your email address, we'll send you an invitation when it's your turn. If you don't get our emails but want to use the portal, please contact us on invest@fmt.co.nz so we can update your details.

New Words to Know

We've updated a few terms to reflect standard investing terms to make things clearer:

Investing Entity - The name your investment is under, for example a joint or individual account.

Allocation - This is when you are issued units in a fund (previously called a deposit).

Redemption - This is when you withdraw units from a fund.

Need Help?

We'll share helpful guides on our website and send more info by email. And if you have questions, our team is always here to help by phone or email.

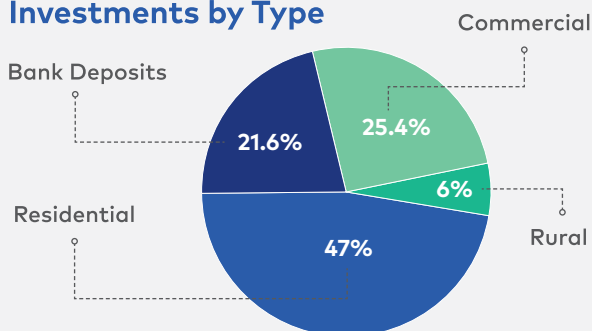
First Mortgage Trust Loan Book - key facts

Our loan book is diversified across property type and location. As an active fund manager we continually review the quality of our loans and ensure we adhere to our relatively conservative investment strategy.

This is demonstrated by our investment portfolio loan to value ratio (LVR) being approximately 47.5%.

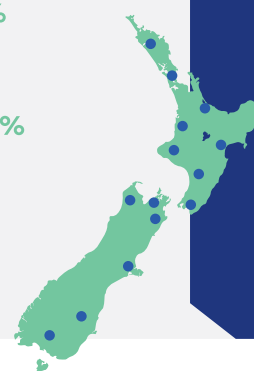
The following information provides details of our loans by region and investments by type as at 6 June 2025, demonstrating our diversity.

Investments by Type



Loans by Region

Northland	0.2%
Auckland	59.3%
Bay of Plenty	6.4%
Waikato	4.7%
Taranaki	0.2%
Hawkes Bay	0.4%
Manawatu-Wanganui	0.2%
Wellington	13.4%
Nelson	0.8%
Tasman	0.0%
Marlborough	0.0%
Canterbury	9.7%
Otago	4.5%
Southland	0.2%



Loan Summary

Number of loans
591

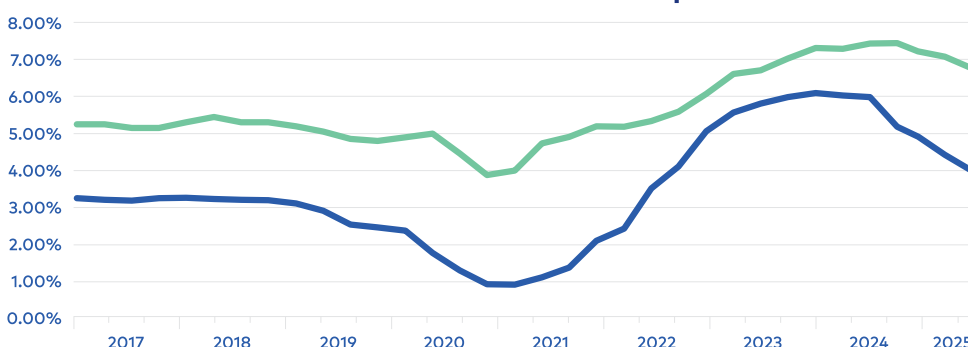
Loans secured over
1,400+ properties

Average loan size
\$2.69m

Average LVR
49.2%

Loan origination in last 12 months
\$1.05b

FMT Returns vs Bank Term Deposits



— FMT Quarterly Returns
— 12-month Deposit Rate

This graph shows the historical annualised pre-tax (after fees & expenses) quarterly distribution rates for the FMT GIF vs the average 12-month bank term deposit rate since 2017.

Data as at June 2025. Term Deposit data from the Reserve Bank of New Zealand. Past performance is not a reliable indicator of future performance. Returns are subject to change and are not guaranteed.

Cyber Security: Be Aware of Rising Scam Activity

As online threats continue to evolve, scammers are becoming increasingly sophisticated in their efforts to target individuals and organisations. At FMT, we have seen a noticeable rise in fraudulent activity and want to ensure you, our valued investors, are informed, protected, and prepared.

Below, we've outlined several common scams currently circulating, along with practical steps to help you safeguard your personal information and financial security.

Common Scam Types to Watch Out For

1. Impersonation Scams – Email

Fraudsters may send emails that appear to be from FMT, often using convincing branding and language to gain your trust.

2. Impersonation Scams – Phone Calls

Scammers may call claiming to represent our team or offer unsolicited investment opportunities. Treat these with caution.

3. Phishing Scams – Texts and Emails

Messages containing links that ask for login credentials or personal information, often disguised as urgent or time-sensitive requests.

4. Scams via Video Platforms

Fake investment webinars or online meetings where scammers pose as trusted financial professionals.

How to Stay Safe Online

Use strong, unique passwords

Combine uppercase and lowercase letters, numbers, and special characters. Avoid reusing passwords. Consider using a secure password manager.

Never share your passwords

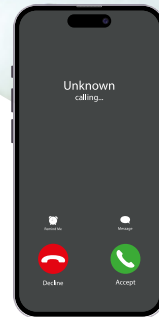
FMT will never ask for your password via phone, email, or text. If you receive such a request, ignore it and contact us immediately.

Enable Two-Factor Authentication (2FA)

Add a second layer of security by requiring a code sent to your phone or device when logging in.

Keep your devices up to date

Install updates for your operating system, apps, and antivirus software regularly. Enable automatic updates where possible.



Stay Vigilant and Reach Out

If you receive any suspicious messages or calls, or suspect someone is pretending to represent FMT, please get in touch with us immediately. Protecting your information and investment is our top priority.

You can also contact these trusted organisations for support:

- CERT NZ – Assists individuals and organisations affected by cyber incidents (www.cert.govt.nz)
- Netsafe – New Zealand's independent online safety organisation, offering free advice and resources (www.netsafe.org.nz)

Final Thoughts

Online safety is a shared responsibility. By staying alert and following these steps, you reduce the risk of being targeted by cybercriminals. We encourage all our investors to remain vigilant and reach out if you ever feel uncertain.

Name the Kiwi: Winning Name Announced

To mark the 100th edition of our investor newsletter, we invited you to take part in a special initiative: helping us name a kiwi chick through our partnership with Save the Kiwi.

The Winning Name: Matahiapo

We received many thoughtful and creative suggestions. After sharing the shortlist with the team at Save the Kiwi, one name stood out: Matahiapo. This beautiful Maori word means precious, and it reflects the care and respect we have for this special species. The name was submitted by one of our investors, Shirley. Congratulations, Shirley. We loved your suggestion and are proud to carry it forward.

What Happens Next

The team at the Gallagher Kiwi Burrow will officially name a kiwi chick Matahiapo once the eggs begin arriving in the next breeding season. While we still have a few months to wait, we are excited to follow the chick's journey. We will share photos and updates with you as soon as the chick arrives.

Thank You for Your Support

Thank you to everyone who submitted a name and took part in this campaign. We also thank the dedicated team at Save the Kiwi for their ongoing work to protect and grow kiwi populations across Aotearoa. We are proud to support this important cause alongside you.



**Save
the kiwi**

Backing Quality: Northcote Project Delivers for Investors

At FMT, we're proud to help Kiwi Businesses bring their projects to life, and this story is a great example of a recent project we've done on the lending side.

FMT recently funded the construction of Arahia Townhouses, a boutique residential development in Northcote, Auckland. The project comprised of five architecturally designed townhouses by award-winning architect Monk Mackenzie. Construction is now complete, and the loan was fully repaid earlier this year.

Delivering Confidence Through Experience

While this was FMT's first time working with the borrower, Contexture, the developers, brought decades of experience in construction management, development, and property law. A well-regarded building contractor was engaged to deliver the project to a high standard.

"The borrowers are very experienced, were transparent throughout the project and good to work with. It was a high-quality product in a great location - exactly the kind of opportunity we're comfortable backing." Caroline Olagues, FMT Business Development Manager.

The project was conservatively geared and underpinned by two unconditional presales prior to loan approval, a key consideration in managing risk with a development loan.



Caroline Olagues, FMT Business Development Manager.

This is a good example of the kind of opportunity we look for, where strong fundamentals allow us to provide our investors with consistent quarterly income while protecting their capital.

Architectural Recognition and Market Appeal

Beyond its financial success, the Arahia Townhouses have also been shortlisted for the 2025 Auckland Architecture Awards, thanks to their thoughtful design and market differentiation.

These elements not only contribute to long-term durability but also help maintain the property's value in the market—supporting our broader commitment to backing well-located, high-quality projects.

While development lending currently makes up just 25% of our overall loan portfolio, it plays a key role in providing diversification and enhancing the strength of the fund.

FMT Youth Sponsorship Grant Update on Gabby Wright

Applications for our 2025 FMT Youth Sponsorship Grant have just closed, and we're pleased to announce a record number of entries, with more than 120 incredible young people applying! The calibre of talent and commitment this year is impressive, and we will have a challenging task selecting the final recipients.

As we look ahead to supporting a new group of inspiring young Kiwis, we also want to celebrate the journey of our 2024 grant recipient, Gabby Wright, and some of her recent achievements.

Gabby's Grand Prix Dream Realised

Gabby, who competes in wheelchair racing, recently represented New Zealand at the World Para Grand Prix in Switzerland.

"Racing here is not just a dream come true. It's a huge opportunity. I'll be competing on the same track as the athletes who first inspired me to chase this path."
- Gabby Wright.

The experience provided Gabby with invaluable international exposure. But she didn't just show up. She smashed it. Gabby broke eight New Zealand records. Her dedication, grit, and years of hard work were on full display throughout the competition.



"You never forget your first European race. Every lap meant something. On those tracks, I left behind doubt and gave it everything." - Gabby Wright.

As Gabby said in her own words, the stopwatch captured the seconds but not the full story. Behind the scenes were years of training, moments of self-doubt, and the unwavering support of her community, including her family, friends, coaches, and sponsors.

"Little me would be so proud." - Gabby Wright.

A Shared Investment in Potential

We're incredibly proud to support young New Zealanders like Gabby through the FMT Youth Sponsorship Grant. This is why we remain committed to investing in the next generation of Kiwi leaders, athletes, artists, and changemakers.

We can't wait to introduce you to our 2025 recipients soon. In the meantime, we'll continue cheering for Gabby as she chases her Paralympic dream - with speed, strength, and no shortage of inspiration.



What's Next for Interest Rates?

Courtesy of the Reserve Bank cutting the official cash rate since August last year, most interest rates for borrowers and lenders in New Zealand have declined by close to 2%. Is it likely that after reducing their official cash rate from 5.5% to 3.25% the Reserve Bank will continue to make cuts? Is it likely for instance that the 2.5% level the cash rate fell to during the Global Financial Crisis will be reached, or the 1% amidst deflation worries in 2019?

Not at all. The key thing to note is that when the official cash rate was taken to those very low levels in the past it was in an environment of fear that inflation would consolidate below the low-point of the 1-3% target range. That is not likely going forward.

First, inflation is at 2.5% which is closer to the upper part of the range rather than the lower. Second, as any consumer or business operator can attest, costs continue to rise. Examples include butter, meat, rates, electricity, and many imported goods.

More importantly, whereas on average since 1992 a net 26% of businesses in the ANZ's monthly survey have said they plan raising their selling prices within a year, the latest reading is 45%. That is quite high still.

This high reading will partly stem from the crunching of business margins underway at the moment, along with the extra crunch expected to come. A net 73% of businesses anticipate that their costs will rise further over the next 12 months.

Then there is the absence of a decline in the economy to consider. After shrinking 1.1% in both the June and September quarters last year our economy grew by 0.7% in the December quarter. A similar performance is commonly estimated to have been recorded for the March quarter for which we await official data.

It is also worth noting that the unemployment rate sits at a level which by historical standards is quite low at just 5.1%. The rate was 6.7% in 2012 and over 11% in the early-1990s.

Our economy is growing, not shrinking, underlying inflationary pressures appear unusually strong considering the recent recession, and the uncertain global trading environment and supply chain disruptions could easily add to our local inflation.

Then there is one final factor to consider. The Reserve Bank eased monetary policy too much and kept it accommodative for too long over 2020-22. That meant they had to impose extra high interest rates in order to get back under control the inflation they helped create. They will not want to repeat that embarrassing mistake, especially as their competence has just again been called into question with regard to their misdirection regarding reasons for the sudden departure of the previous Governor.

Lack of credibility naturally tends to enforce conservatism and that means that we cannot rule out the current 3.25% being the low-point for the official cash rate this cycle. It is probably a 50:50 call as to whether the rate gets cut again. But if it does, a reduction below 3% will require some new extra source of concern regarding the state of our economy. It will have to be quite dire to offset the boom in dairy, red meat, and horticultural income currently underway.

For investors it seems safe to say we are close to but perhaps not quite at the low-point for interest rates this cycle.

Tony Alexander is an independent economist and produces a free weekly publication with a housing focus called "Tony's View", available for signup at www.tonyalexander.nz



Article by
Tony Alexander,
Independent
Economist

Strengthening Our Risk Governance

We are pleased to announce the appointment of Sam Johnstone as FMT's inaugural Chief Risk Officer (CRO). This newly created role underscores the seriousness with which we approach risk management on behalf of our investors.

At FMT, preserving investor capital and delivering steady, reliable returns has always been our priority. In today's evolving environment, robust governance and disciplined, proactive risk management are more important than ever. The creation of this role further strengthens our risk oversight and ensures we remain well-positioned to protect the long-term interests of our investors.

Sam brings more than 20 years of experience in banking and risk management and is highly respected for his measured, practical approach. His career spans senior leadership roles across New Zealand and Europe. Most recently, he was Global Head of Risk Change & Implementation at Rabobank's head office in the Netherlands, where he led complex, multi-region initiatives to deliver regulatory change and enhance risk frameworks across wholesale and rural banking operations.

"We're really pleased to welcome Sam to the team," says CEO Paul Bendall. "He brings not only technical expertise but also

a strong understanding of commercial lending. His appointment reflects our unwavering commitment to measured risk principles as our fund continues to grow over \$2 billion in funds under management."

Outside of his professional accomplishments, Sam played professional rugby, representing Marlborough, Wellington, Nelson Bays, Tasman and making an appearance for the Crusaders. "He's no stranger to teamwork and high-performance environments," adds Paul. "That mindset will serve us, and our investors, very well."

As Chief Risk Officer, Sam will play a key role in ensuring the continued strength of FMT's lending, credit and operational risk frameworks, regulatory compliance and related systems. This ensures we maintain the high standards our investors expect while continuing to support well-secured lending opportunities.

"FMT has built a strong reputation for disciplined investing and consistent returns," says Sam. "I'm proud to be joining a business that puts investors first. I look forward to supporting the next phase of growth, grounded in strong governance and prudent decision-making."



Each newsletter, we'll address key questions from our investors, answered by the FMT leadership team.

Whether it's about investment returns, market conditions, or our lending approach, we're here to provide the insights that matter to you.



Thanks to our investor Phil P who submitted this question of our Head of Lending, Phil Bennett.

Have a question for our leadership team?

Send your questions to promotions@fmt.co.nz, and we may feature them in a future newsletter.

FMT

YOUR QUESTIONS ANSWERED

Q: I note in the 'loans by region' the fund has ~60% invested in the Auckland Region. I would appreciate comment on comfort exposure level to a totally unexpected natural disaster. Think the Tarawera eruption, the Boxing Day tsunami, or the Christchurch earthquake.

A: Great question. With offices in Auckland, Tauranga, Wellington, and Christchurch, FMT continues to originate loans across New Zealand with the constant goal of providing our investors with a diversified portfolio of loans.

As one of New Zealand's key markets, FMT does hold a higher weighting in the Auckland region.

FMT is comfortable maintaining approximately 60% of its exposure by volume within the greater Auckland region. This exposure is well-diversified across a range of asset types, including residential properties (townhouses and apartments), commercial buildings, active land subdivisions, and pre-development sites.

As an active fund manager, we manage concentration risk as part of our loan assessment process. We carefully consider environmental factors - including flood plains, sea level rise, and other site-specific risks.

In relation to your specific question regarding an unexpected, major natural disaster - such as a volcanic eruption, tsunami, or major earthquake - we acknowledge that while the probability of such events is low, the potential impact could be significant.

To mitigate the risks associated with a major natural disaster:

- All secured properties are required to have insurance for full replacement or sum-insured cover, including natural disasters such as earthquakes.
- We ensure we maintain prudent loan-to-value ratios to help provide a buffer.
- Our loan portfolio is diversified not only by asset type but also by loan size, helping to spread risk even within a geographically concentrated region.
- We also operate a reserve fund to help absorb potential impacts from unforeseen events.

While no portfolio can be completely insulated from major, wide-scale natural disasters, our disciplined lending practices, conservative risk management, and insurance requirements are designed to help manage and mitigate such risks and protect investor capital.

Gift vs Loan: What's the difference and why it matters in Estate Planning

It is common for parents to help children financially - whether it is a deposit for a first home, help with debt, or business support. However, when that money changes hands, it is important to be clear: was it a gift or a loan? This simple distinction can have significant legal and financial consequences, especially when it comes to estate planning.

What is a Gift?

A gift is a transfer of money or property made with no expectation of repayment. In legal terms, once given, the money no longer belongs to the giver.

Key features of a gift:

- It is unconditional.
- There is no written or implied agreement for repayment.
- The recipient is free to use it however they like.
- It can affect future Family Protection or Relationship Property claims.
- It can affect the ability to qualify for residential care subsidy or other Government support.

Family Relationships

Care needs to be taken where you are gifting money to your child and their partner, such as to help them into a property. Should that relationship break down, the partner would not necessarily be required to pay back any portion of the gift, therefore walking away with half of the gifted money.

Dealing with banks

If you are taking out a mortgage or loan with a bank, gifting certificates are often required where a family member is advancing a portion of the purchase price. This is so the bank isn't in competition with anyone to get their money back should the bank loan end up in default. There are ways to record this on terms acceptable to the bank, while also protecting the advance. The document needs to be worded in such a way that doesn't impede on the bank's rights to be "first in line".

Estate implications

If you have made significant gifts during your lifetime, this can reduce the assets available in your estate. If you give more to one child than another, it could cause disputes or be challenged under the Family Protection Act 1955 by children who believe they have not been adequately provided for.

What is a Loan?

A loan, by contrast, is money given with the expectation it will be paid back, either on demand or on agreed terms.

Key features of a loan:

- It may be interest-free or interest-bearing.
- There is usually some record of it (e.g. a loan agreement or promissory note).
- It may be repayable on death or earlier.
- It can be secured (e.g. against property) or unsecured.

Better protection

A loan provides protection in the scenario where you are advancing money to your child and their partner. If this relationship later breaks down, you can "call up" the loan and have this paid back. You can then re-lend the money to your child once the separation is complete for another purchase, if you choose to. However, as noted above, when banks are involved they will usually not allow a loan with interest or a specified repayment date, as this can affect the bank's priority if the loan is defaulted.

Estate implications

A properly documented loan becomes an asset of your estate. Your executors can call the loan in after your death. This is especially useful if you want the amount to be eventually divided fairly among all children but are happy for one child to have the benefit of it in the meantime.

Beware of time limits under the Limitation Act 2010

If a loan is not properly documented, or if there is no clear date or mechanism for repayment (such as being repayable "on demand"), you run the risk that the loan becomes unenforceable over time. Under the Limitation Act, the right to enforce a debt usually expires six years after the cause of action arises. If the loan is repayable on demand, that six-year period may begin as soon as the money is transferred - unless otherwise specified. To protect your estate, it is important that any loan agreement includes clear repayment terms and triggers for demand, to ensure it remains recoverable.

Why the Difference Matters

Failing to document whether financial support was a gift or a loan can lead to:

- Disputes between siblings over whether the recipient should get more than others.
- Relationship Property claims, especially if a child separates and their partner claims half of what was received.
- Unintended tax or trust consequences, if the money was meant to be protected.
- Expired claims, if the estate cannot legally recover the loan due to limitation periods.

How to Protect Your Intentions

Document it clearly: Use a deed of gift or a formal loan agreement. This helps your family and your executors understand your intentions.

Include repayment terms: Clearly outline when the loan is due, how it can be demanded, and what triggers repayment - this avoids limitation issues.

Consider your Will: Your gifting or lending decisions can affect what is in your estate - make sure your Will aligns.

Talk to a lawyer: A small amount of advice now can save thousands in legal fees (and family stress) later.

Whether you are helping your children financially now or planning for what happens after you are gone, be clear about your intentions. A well-planned estate not only protects your assets but also your family relationships.

If you are unsure whether past financial help was a gift or a loan - or you want to formalise it - talk to the Holland Beckett Succession and Estates team.



HOLLAND BECKETT

▶▶ Article provided by
Rebecca Steens / Associate
Holland Beckett.

Save the Date: Investor Meetings 2025

We are excited to announce the upcoming Investor Meetings for 2025. These events are a great opportunity for you to meet the FMT team, hear from our leadership and directors about the business and future focus areas and ask any questions you may have.

Our first event will be held in Christchurch on 20 August. We're also pleased to confirm that Tony Alexander will be joining us at each of our meetings across the country.

► Christchurch: Wednesday, 20 August	12:30pm
► Hamilton: Wednesday, 3 September	5:30pm
► Te Awamutu: Thursday, 7 November	11:00am
► Auckland: Wednesday, 10 September	12:30pm
► Auckland: Thursday, 11 September	5:30pm
► Katikati: Tuesday, 21 October	9:30am
► Matamata: Wednesday, 22 October	9:30am
► Tauranga: Tuesday, 25 November	9:30am
► Tauranga: Tuesday, 25 November	5:30pm
► Tauranga: Thursday, 27 November	5:30pm

Visit our website for the most up-to-date information. We will also send details closer to the meeting dates in your area by email or post if we don't have your email address.

If you wish to receive email updates and we don't currently have your email address on file, please contact us at invest@fmt.co.nz and include your Investment Entity Name and Investment Number.

Mark your calendars and stay tuned for more details! We look forward to seeing you at our 2025 Investor Meetings.



Relocating, but Staying True to Our Roots

In late September, we will be relocating our head office to Northern Quarter in Tauranga.

As FMT has grown, so has our team - leading us to outgrow our current space. Our existing office no longer meets our needs, and modern workplace standards require us to comply with updated health and safety regulations.

Our new office will offer more meeting rooms for investor appointments, and we will continue to provide dedicated car parking for our visitors, ensuring a seamless and convenient experience when you meet with us in person.

While our address is changing, our commitment to Tauranga and the Bay of Plenty remains as strong as ever. We are proud to have our roots in this region, and our decision to keep our head office here reinforces the importance of the Bay of Plenty to FMT's future.

If you're used to visiting us at our current Tauranga office, we look forward to welcoming you at our new Northern Quarter location - with the same friendly faces.

All office and staff-related costs are covered by the Manager and do not come out of investor returns, ensuring there is no impact on our investors.



Talk to us ►► 0800 321 113
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