



Annualised pre-tax return for the quarter ending 30 September 2026

5.13
% p.a.

Group
Investment
Fund and
PIE Fund

Past returns are not a reliable indicator of future performance.

Our latest annualised pre-tax return is 5.13%.

While the return remains above our target benchmark of 1% above the major banks' average 12-month term deposit rates, it is slightly below the level we had targeted to achieve. This reflects continued volatility and uncertainty in the market, which has affected lending activity.

Subdued market conditions have slowed the deployment of available capital and, as a result, the fund has continued to hold a higher cash position, which has softened returns. However, this liquidity also positions the fund to take advantage of attractive lending opportunities as market conditions improve.

The return was also modestly affected by a small number of non-performing loans that we have chosen not to distribute income on.

Active management is key

Managing non-performing loans is part of overseeing any lending portfolio, particularly during more challenging economic conditions.

Importantly, our experienced team is actively managing these loans through the recovery process, with a focus on achieving the best outcomes for the fund and investors.

Of the extensive well-diversified portfolio, only 2% are classed as being non-performing. This is a small proportion of the overall portfolio and remains low by industry standards.

We have recently completed a comprehensive review of our loan portfolio that has highlighted the strong position of the overall loan book.

We also hold a reserve fund which provides an additional layer of investor protection against potential loan losses.

The wider lending portfolio remains strong

The fund's scale and lending diversity mean its overall performance is not dependent on any one loan, borrower or property.

In addition to the reserve fund, the portfolio has an average loan-to-value ratio of around 51%. Investor capital is supported by approximately \$4 billion in property secured by

first mortgages assets, personal guarantees from borrowers and significant cash holdings in the fund.

Open and transparent reporting

Transparency and integrity are fundamental to how we manage the fund.

We believe investors are best served by transparent reporting, sound lending decisions and proactive portfolio management. That means recognising issues when they arise, managing them actively and communicating openly.

Investor meetings

I am looking forward to catching up with many of you at our upcoming investor meetings and having the opportunity to connect in person.

In an increasingly digital world, face-to-face connection remains valuable. These meetings are an opportunity to update you on FMT's performance, share what we are seeing across the market and provide further insight into how we are managing the fund. They also give you the chance to ask questions, share your views and speak directly with members of our team. We value these conversations and the feedback they provide.

Thank you for sharing your feedback

Finally, I would like to thank everyone who completed our recent investor survey.

Your feedback helps us understand what matters most to you and where we can improve. Our Senior Leadership Team will review the findings and use them to help shape future decisions and enhance the investor experience.

Thank you for the trust you continue to place in us. We do not take that trust for granted. We remain focused on managing the fund carefully, communicating openly and protecting your interests, while continuing to make prudent decisions that support the fund's long-term strength and performance.

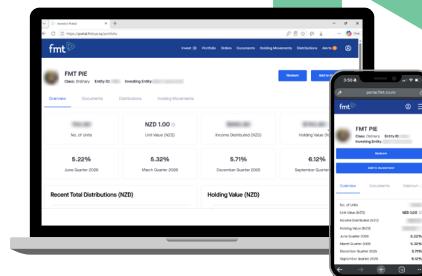
Paul Bendall, CEO



Making things easier

Your feedback shapes what we do. The message has been consistent: keep the personal service but make the everyday things simpler. These recent changes are a direct result of that.

We'll always work with you the way you prefer, so think of these as optional extras if you find them more convenient.



More from your portfolio page

We've enhanced the investor portal. From the Portfolio page you can now see all your holdings across our funds in one place, including those held under multiple investing entities. No more switching between entities.

Click on a holding to view its details, including your balance, holding movements, income distributed and recent quarterly returns. From that same screen you can request to add to your investment or redeem funds.

A simpler way to sign

When you request a redemption, we now send you a pre-filled Notice of Redemption through DocuSign. There's no need to print, sign by hand, then scan or photograph the form to send it back. You can review and sign it on your computer, tablet or mobile phone, wherever you happen to be.

If you're new to electronic signing, the first time can feel unfamiliar. That's completely normal, and most investors find it quick and straightforward once they've been through the process once. If you'd rather not do it alone, give us a call and we'll walk you through it. The paper form also remains available.

We're now looking at other places we can use DocuSign to make things easier for you.

Enhanced account security

Multi-factor authentication adds another layer of protection when accessing the investor portal. Alongside email

verification codes, investors can now choose to generate access codes using Microsoft Authenticator.

This optional feature provides a secure and convenient way to access your account and protect your information.

AML review

We know the information we ask for when you first invest with us and at subsequent deposits can feel like a lot. We ask for this information to meet our regulatory obligations, but we also want to make sure our approach is practical and proportionate. Our AML framework is regularly reviewed as new guidance is issued and regulatory expectations evolve, with an increasing focus on a risk-based approach. This helps ensure we are only asking for the information we need to meet our obligations.

Still here when you need us

These changes give you convenient options, not fewer ways to reach us. If the portal or DocuSign isn't for you, that's absolutely fine, our team will look after you exactly as we always have.

If you have questions, or feedback on what we should improve next, please contact us. We genuinely want to hear it.



Sam Burgess
Chief Investment Officer

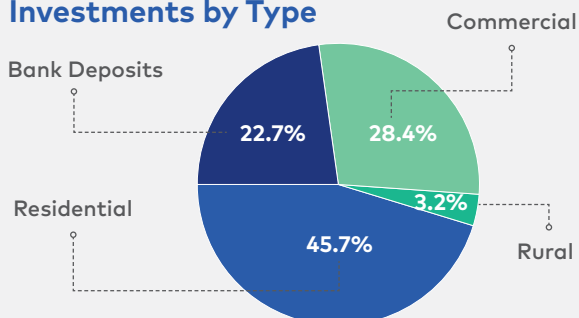
First Mortgage Trust Loan Book - key facts

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 51.44%.

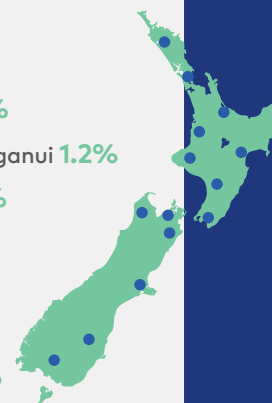
The following information provides details of our loans by region and investments by type as at 17 September 2026, demonstrating our diversity.

Investments by Type



Loans by Region

Northland	0.3%
Auckland	51.1%
Bay of Plenty	3.4%
Waikato	3.2%
Taranaki	0.1%
Hawkes Bay	0.4%
Manawatu-Whanganui	1.2%
Wellington	20.2%
Nelson	0.1%
Canterbury	11%
Otago	8.7%
West Coast	0.2%
Marlborough	0.1%



Loan Summary

Number of loans	512
Loans secured over	1,196 properties
Average loan size	\$3.79m
Average LVR	51.44%
Loan origination in last 12 months	\$1.107b



Article by
Tony Alexander,
Independent
Economist



Interest rates are rising again – what comes next?

In both July and September this year when the Reserve Bank reviewed the state of the economy and monetary policy, they raised the official cash rate by 0.25%. That means it now stands at 2.75% from the 2.25% low it was taken to late last year.

The Reserve Bank is raising interest rates because inflation at 4.1% – even allowing for about 0.8% from higher oil prices – is running above the 1% – 3% target range. But they have also been pressured to raise rates because in hindsight they cut the cash rate by 0.75% too much late last year when the state of the economy did not warrant it.

Our economy grew by 0.9% in the September quarter of 2025 then 0.5% in the December quarter and again 0.9% in the March quarter of this year. But the cash rate was cut 0.75% over October and November in order to stimulate growth.

So far, perhaps because of the long list of uncertain factors making businesses wary of raising prices, the extra stimulus to inflation from the late-2025 rate cuts looks minimal. But we are still left with a situation where growth in the economy is lifting, inflation is above average, and the unemployment rate is set to soon start falling and placing upward pressure on labour costs.

In this environment the Reserve Bank are predicting inflation will fall to 2.1% by the end of 2027. That is a big gamble. In fact, the situation is a bit more challenging than this suggests.

For many items which go into the calculation of our inflation rate there is upward pressure. A big one is the AI boom. This has caused a sharp lift in prices for computer chips and most of the electronic goods we buy these days include chips. Given that falling prices for electronic goods have been a key source of downward pressure on NZ inflation for the past couple of decades there are risks for our cost of living now in play.

The AI boom will also tend to place upward pressure on electricity prices though by how much is impossible to calculate. El Nino weather conditions this year risk production of many of our farm products and that will tend to push food prices higher.

The war between Russia and Ukraine is also tending to push up food prices – including for red meat – especially now that Ukraine is increasingly targeting the grain industry in Russia. Much red meat produced outside New Zealand is grain-fed.

Our local councils are facing a future where their rates rises will largely be capped at 4%. But that rule won't start until 2029 so there is a risk they push through the biggest rates rises they can in the next two years to minimise funding pain down the track.

Climate change is adding to our costs in various ways, and import prices generally are moving upward because of the Kiwi dollar's weakness against the US and Australian currencies.

Finally, there is the big factor I have been highlighting for some time of crunched business margins and evidence from businesses that once customer flows are much stronger, they will raise prices in order to restore profitability. Currently most do not feel in a strong enough position to do so. That will likely change over 2027 and 2028.

At this stage there is little justification for thinking the Reserve Bank will again need to throw the economy into recession in order to control inflation. But upside risks to interest rates exist and while this will not be welcomed by borrowers, for savers and investors the recent period of unusually low interest rates may be coming to an end as we advance through 2027 in particular.

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



Your investment at work: creating quality homes for New Zealanders

Across our lending portfolio, FMT supports a diverse range of property projects across different property types, locations and loan sizes.

By spreading lending across a broad range of quality opportunities throughout New Zealand, we aim to manage concentration risk while giving investors exposure to a well-diversified property lending portfolio.

Eleven Coates is a recent example of this. This boutique residential project created architecturally designed homes, thoughtfully planned for people at different stages of life, from raising a family to enjoying retirement.

The homes combine considered architecture with functionality and long-term liveability. Every detail, from the materials and finishes to the use of space, has been carefully considered to create a high-quality finished product.

"FMT believed in the project. They understood what the end outcome would look like and they were onboard with what we were creating."

For FMT Business Development Manager Anneka Herdson, the quality of both the homes and the team behind them stood out.

"FMT has decades of experience in property finance, so we know what to look for in a quality residential lending opportunity. We could immediately see the thought that had gone into the homes and the experience of the team delivering them. It was a natural fit to bring together our funding expertise with their ability to deliver a high-quality residential product."

Eleven Coates is a tangible example of your investment at work. By investing in the fund, you help provide funding to experienced borrowers delivering quality property projects across New Zealand, including thoughtfully designed homes that meet the needs of New Zealanders.



Anneka Herdson, Business Development Manager

Save
the kiwi



Supporting Save the Kiwi

For more than five years, FMT has proudly supported Save the Kiwi, helping protect and grow New Zealand's kiwi population.

One recent success story is the arrival of a kiwi chick named Caesar, who hatched at the Gallagher Kiwi Burrow in Taupo. Every successful hatch represents an important step in helping secure the future of our national bird.

Without active protection, many kiwi chicks do not survive long enough to reach breeding age. Through predator control, breeding programmes and protected crèches, Save the Kiwi is helping kiwi populations stabilise and even increase in some regions of New Zealand.

We're proud to support an organisation making such a meaningful difference and helping preserve one of New Zealand's most treasured species for future generations.

To learn more about the awesome work Save the Kiwi does, visit savethekiwi.nz

All sponsorship costs are paid by the Manager and do not come out of investor funds.

Youth sponsorship: celebrating success on the world stage

Each year, the FMT Youth Sponsorship Grant provides financial support to talented young people pursuing their goals in sport, education and the arts.

It has been fantastic to see several FMT Youth Sponsorship recipients making their mark internationally, with Olive Pearce, Nick Collier and Yanhao (Dwayne) Li recently representing New Zealand on the world stage.



Olive Pearce | Canoe Sprint

2025 Youth Sponsorship recipient Olive Pearce has achieved one of the major goals she shared with us when receiving her grant last year: selection for the New Zealand Under 23 Canoe Sprint World Championships team.

Competing at her first World Championships in Halifax, Canada in July, Olive and her K2 partner qualified for the **U23 Women's K2 500m A Final, finishing an impressive eighth in the world**. Now moving into the Open category, Olive's focus turns to earning future New Zealand Open team selections, with the Los Angeles 2028 Olympic Games firmly in her sights.

"I genuinely would not have been able to achieve this without the support of the FMT Youth Sponsorship Grant. Your support has played an important role in helping me reach this milestone, and I am incredibly grateful."



Nick Collier | Canoe Slalom

2026 recipient Nick Collier represented New Zealand at the ICF Canoe Slalom World Championships in Oklahoma City in July, **placing 38th in the Men's Kayak Cross** while competing against some of the world's leading paddlers.

Competing internationally requires Nick to carefully balance training and recovery with work and the financial demands of elite sport. His FMT grant is helping ease some of that pressure as he continues to pursue his sporting ambitions.

The Championships also provided valuable experience on the Oklahoma City course that will host canoe slalom at the Los Angeles 2028 Olympic Games.



Yanhao (Dwayne) Li | Figure Skater

The international medals continue to come for 2026 recipient Yanhao (Dwayne) Li. After **winning silver at the Junior Grand Prix in Xi'an, China in August**, Dwayne followed it with another **silver at the Junior Grand Prix in Bangkok, Thailand** in September, where he led after the short programme and achieved a new personal-best.

Already a Winter Youth Olympic Games bronze medalist, Dwayne was also the first New Zealand skater to win an ISU Junior Grand Prix event and the first to qualify for the Junior Grand Prix Final.

These achievements are a wonderful reminder of the talent, commitment and determination of the young people we support. We are proud that the FMT Youth Sponsorship Grant can play a part in helping them pursue their goals and represent New Zealand on the international stage. We look forward to sharing more about this year's recipients and their progress on a video which will be shared at our upcoming investor meetings.

Investor Meetings 2026

Our annual Investor Meeting series gets underway this month, and we're looking forward to reconnecting with investors around the country.

These events are an opportunity to hear directly from the FMT team, gain insights into portfolio performance, lending activity and market conditions, and ask questions about your investment.

We're delighted to welcome back respected independent economist **Tony Alexander** as our guest speaker. Tony's engaging, practical insights into the New Zealand economy are always a highlight, and we're pleased to once again give investors the opportunity to hear his latest views and outlook.

- ▶ **Matamata:** Tuesday, 20 October
- ▶ **Katikati:** Wednesday, 21 October - SOLD OUT
- ▶ **Christchurch:** Wednesday, 28 October
- ▶ **Auckland:** Wednesday, 4 November
- ▶ **Auckland:** Thursday, 5 November
- ▶ **Hamilton:** Tuesday, 17 November
- ▶ **Te Awamutu:** Thursday, 19 November
- ▶ **Tauranga:** Tuesday, 24 November
- ▶ **Tauranga:** Wednesday, 25 November - SOLD OUT

The response has been fantastic, with several events already sold out and others nearing capacity.

If you haven't yet registered, we encourage you to do so soon. Places are still available at selected venues, however numbers are limited and registrations are filling quickly. Visit fmt.co.nz/investormeetings for the latest information.

For investors unable to attend in person, we'll film the presentations and make the recordings available once the event series concludes.

We look forward to welcoming many of you over the coming weeks and sharing what's shaping the year ahead for FMT.



FMT

YOUR QUESTIONS ANSWERED

Each newsletter, we'll answer a key question from our investors, drawing on insights from across the FMT team.

This time, we take a closer look at what happens behind the scenes before FMT decides to lend.



We put this question to our **Chief Risk Officer, Sam Johnstone**

Have a question for our leadership team?

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



Q: What happens behind the scenes before FMT decides to lend?

A: Before FMT approves a loan, it must meet the clear guidelines, ranges and limits set out in our Statement of Investment Policies and Objectives (SIPO), the governing document that defines how the fund is managed.

These guidelines determine the types of loans we can make, how much we can lend and how we maintain a diversified portfolio. We regularly review them and monitor the portfolio to ensure it remains aligned with our investment approach and investors' interests.

Lending is also a people business. While the numbers, property and security matter, we take time to understand the people behind each transaction.

Our Business Development Managers (BDMs) begin by building a clear picture of the borrower, the property and how the loan will be repaid:

- Who are we lending to, and what do they want to achieve?
- What property or properties are involved, and where are they located?
- Has the security been independently valued, and by whom?
- How will the loan be repaid, and when do we expect that to happen?

Once our BDMs understand these key aspects, they consider an appropriate structure alongside our experienced Credit Risk team.

Every application then undergoes a structured credit assessment and approval process. This includes independent review and challenge, inspection of the property or properties being used as security, and final approval from our independent Supervisor.

We also assess how each loan would affect the overall portfolio mix and whether it remains within the SIPO ranges and limits.

Before approving a loan, we must understand the opportunity, be satisfied that key risks have been identified and sufficiently mitigated, and ensure the structure makes sense for both the borrower and FMT. This may require further questions or information.

It is a relationship-led process, not simply a box-ticking exercise, with the people involved developing a thorough understanding of the opportunity and whether we can offer the borrower a suitable solution. That discipline continues after approval. Loan activity, upcoming opportunities and existing loan performance are monitored continuously, with formal monthly oversight from FMT's Assets and Liabilities Committee.

Ultimately, we do not try to fund every opportunity. We focus on loans we believe are appropriate for the fund and its investors, supported by suitable property security and a clear path to repayment. This selective approach and ongoing monitoring are central to how we manage the portfolio.

Throughout the process, our focus remains firmly on protecting investors' capital and supporting their long-term interests.

Enduring Powers of Attorney in New Zealand: Why every adult should have one

Most people understand the importance of having a Will. Far fewer appreciate the importance of having an Enduring Power of Attorney (EPOA), yet an EPOA can be just as important and, in some circumstances, even more urgent.

An EPOA allows someone you trust to make decisions on your behalf if you lose the ability to make those decisions yourself through illness, injury, dementia, stroke or another circumstance affecting your mental capacity. Without an EPOA, your loved ones may face significant delays, costs and stress when trying to manage your affairs, including the need to apply to the Family Court.

Putting EPOAs in place while you are healthy and capable is an important part of estate planning.

What is an Enduring Power of Attorney?

An EPOA is a legal document authorising another person, known as your attorney, to make decisions on your behalf if you become unable to do so yourself.

The word "enduring" is important. Unlike an ordinary power of attorney, which generally stops operating if you lose mental capacity, an EPOA continues to be effective when it is needed most.

In New Zealand, EPOAs are governed by the Protection of Personal and Property Rights Act 1988.

There are two types of EPOA

There are two separate EPOA documents, each covering different decisions.

1 - Property EPOA

A Property EPOA allows someone to manage your financial and property matters. This may include operating bank accounts, paying bills, managing investments, dealing with government agencies, signing documents, managing or selling property, and running a business if necessary.

You can choose whether your attorney may act immediately after the EPOA is signed or only if you become mentally incapable. Immediate use can be helpful during periods of travel, illness or temporary incapacity.

2 - Personal Care and Welfare EPOA

A Personal Care and Welfare EPOA covers decisions about health and wellbeing, including medical treatment, living arrangements, rest home care, rehabilitation and daily welfare matters.

Unlike a Property EPOA, it can only be used if you are no longer capable of making those decisions yourself. You may appoint only one attorney at a time for Personal Care and Welfare decisions, although successor attorneys can be named in case your first choice is unable to act.

What happens if you do not have an EPOA?

Many people assume their spouse, partner or adult children can automatically step in if something happens to them. Unfortunately, this is not always the case.

If you lose mental capacity without an EPOA, your family may need to apply to the Family Court for authority to make decisions on your behalf. This process can be time-consuming, expensive and stressful. It may also involve ongoing reporting requirements and applications to reconfirm a person's suitability as Property Manager every few years.

The process can delay decisions about medical treatment, living arrangements, finances and property. For example, entry into a retirement village is conditional on EPOAs having been completed. A properly prepared EPOA can often avoid the need for the Court process altogether.

Who should you appoint?

Choosing an attorney is one of the most important decisions in the EPOA process. They should be someone you trust completely who is reliable, organised, willing to act, capable of making difficult decisions and familiar with your values and wishes.

Common choices include a spouse or partner, adult child, sibling or close friend. You can also appoint successor attorneys in case your first choice becomes unable or unwilling to act.

Before making an appointment, discuss the role with the proposed attorney so they understand what may be required.

Can you give specific instructions?

EPOAs can be tailored to reflect your circumstances and wishes. You may require your attorney to consult with family or friends, specify people who must be kept informed, place restrictions on particular powers,

or provide guidance about healthcare and living arrangements.

The appropriate instructions will depend on your personal circumstances.

When does mental incapacity occur?

Mental incapacity does not arise simply because someone is elderly or needs help with everyday tasks. Generally, a person is considered mentally incapable when they cannot understand the nature and consequences of decisions relating to their personal care, welfare or property.

Loss of mental capacity must be assessed by a qualified medical professional. Once incapacity is confirmed, a certificate is completed to activate an EPOA. In rare cases, capacity may later be regained.

When should you sign an EPOA?

The best time is while you are healthy and able to make informed decisions. Illness or injury can occur at any age, and once mental capacity has been lost, it is too late to create an EPOA. They are therefore commonly prepared alongside a Will.

A Will only takes effect after death, and a spouse or partner may not automatically have authority to manage your affairs during your lifetime. An EPOA ensures someone you trust can act when needed and that your wishes continue to be respected.

HOLLAND BECKETT

► Article provided by
Rebecca Steens / Partner
Holland Beckett.



This article is intended as general information only and should not be relied upon as legal advice. Specific legal advice should be obtained for your individual circumstances.

Get your FMT 2027 Calendar

To request a 2027 calendar, let us know by 31 October as stock is limited.

You can choose to have your calendar posted to you or collect at one of our upcoming Investor Meetings.

Postal deliveries will commence in November.



If you want a calendar

Visit fmt.co.nz/calendar/ and fill out the form - we'll do the rest.

If you are unable to order via the website, give our team a call on **0800 321 113**, and they will be happy to add you to the list.

There are limited numbers of calendars so please let us know ASAP if you would like one.

Christmas & New Year hours

While Christmas is still a little way off, we'd like to give investors advance notice of our annual Christmas and New Year closedown period.

Our offices will close for the holiday break on **Thursday 24 December 2026**, and will reopen on **Tuesday 5 January 2027**.

Quarterly Distribution Dates

December 2026 quarter distribution:

→ Wednesday 6 January 2027

March 2027 quarter distribution:

→ Thursday 1 April 2027



Talk to us ►► 0800 321 113
invest@fmt.co.nz | fmt.co.nz



Think before you click: staying safe from online scams

Scams are becoming more sophisticated, with emails and messages often designed to look as though they have come from a bank, investment provider or another trusted organisation.

With more of our everyday activity taking place online, a few simple checks can help protect your personal and financial information.

Pause if something feels unusual.

Take extra care when a message:

- Arrives unexpectedly and asks you to follow a link or share personal information
- Creates pressure to act quickly, make a payment or confirm account details
- Includes an unfamiliar attachment, unusual link or spelling and formatting errors
- Asks you to change bank account information, passwords or login details

If you are unsure, do not use the contact details or links in the message. Instead, contact the organisation directly using a phone number or website you already know and trust.

Everyday habits that help

- Choose a different, strong password for each important account
- Turn on two-factor authentication wherever it is offered
- Avoid opening unexpected attachments or following links in unsolicited messages
- Download apps only from official app stores and review the permissions they request
- Keep your phone, computer and apps up to date, ideally using automatic updates
- If a genuine-looking email raises concern, contact the organisation by phone, text or another trusted channel rather than replying to the message

Checking a message from FMT

Genuine emails from FMT will come from an address ending in **fmt.co.nz**.

Please be cautious if a message claiming to be from us comes from another domain or asks you to take an unexpected action.

If anything relating to your investment seems out of the ordinary, contact the FMT team before responding, clicking a link or sharing information.

If in doubt, stop and do nothing until you have checked it is genuine.