



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

5.22 % p.a. Group Investment Fund and PIE Fund

Past returns are not a reliable indicator of future performance.

Our latest annualised pre-tax return for the quarter ending 30 June is 5.22%.

Despite the impact of offshore volatility on New Zealand, we are seeing clear signs of our lending strategy coming to fruition, with lending volumes growing consistently.

In the last quarterly newsletter, we noted an increase in our lending pipeline, which we have successfully converted into new lending. Encouragingly, the pipeline continues to grow, providing a strong foundation to support returns over time.

Not only have we increased the size of our loan book, but we have also continued to grow the number of loans, highlighting the increased diversification we have been targeting. As always, we remain selective and focused on originating the right loans, with the right borrowers, backed by appropriate security.

As noted in our previous newsletter, we have been monitoring our loan book closely for signs of stress. Non-performing loans were 0.78% as at 31 May 2026, down from 1.49% at 31 December 2025. This is in line with the main banks and represents a strong result given recent market volatility.

These results reflect the care our team has taken across credit assessment, portfolio management and borrower engagement. This ratio is a strong indicator of a resilient loan book and reflects our focus on protecting investor capital while supporting consistent returns.

For our investors, this means steady progress, careful lending, and the same disciplined approach they have trusted for 30 years.

30 years of FMT

In May, we celebrated 30 years of FMT with a team event in Tauranga. It was an opportunity to bring our wider team together, reflect on how far we have come, acknowledge the legacy we have built, and look ahead to the future.

Today, more than 80 people are part of the FMT team. Thirty years ago, FMT started with just two.

We are proud of that growth, and equally proud that the values we started with remain just as relevant today: Teamwork, Integrity and Achievement.

FMT is a New Zealand business built on relationships, trust and a genuine people-first approach. That same mindset continues to guide how we grow the business and support our investors.

Strengthening lending activity

As noted earlier, the increase in lending activity is beginning to flow through to our results. Over recent months, we have seen stronger borrower enquiry and a lending pipeline that continues to build. During the quarter, the pipeline strengthened materially compared with the previous quarter.

These are encouraging signs, and we are well positioned to respond to quality opportunities. We will continue to lend carefully and selectively, focusing where the balance of risk and return is appropriate.

Control, discipline and perspective

At the same time, we remain mindful of the global environment and the volatility it can create. While we continue to monitor conditions closely, our focus remains on the fundamentals that matter most: sound lending decisions, active portfolio management and maintaining strong liquidity.

These principles have guided FMT through many market cycles and remain central to how we operate today.

Markets change, but our approach does not. We remain focused on disciplined lending, careful risk management, protecting investor capital and delivering consistent returns.

Thank you for the trust you continue to place in FMT. We value that support and remain focused on delivering for our investors.

Paul Bendall, CEO



Project Spotlight - Auckland Equity Release

At FMT, we know that every borrower's situation is unique. This Auckland equity release case is a clear example of how a pragmatic, people-first approach can unlock funding that mainstream lenders simply won't provide.

The borrower was self-employed with a complex income structure that fell outside standard bank servicing criteria. Funding was needed to complete the build and enable a sale, but the rigid policy requirements of a main bank made that impossible through conventional channels.

Rather than applying a one-size-fits-all credit assessment, FMT took a holistic view of the borrower's overall financial position, using verified savings to support servicing and looking beyond the income structure that had caused the bank decline. The result was a \$1.05m loan at 70% LVR, with fast approval that kept the project on track.



"We've helped thousands of customers find a non-bank solution with a practical approach that keeps things simple," says Jonathan (Jono) Singh, BDM at FMT.

Deals like this one reflect the kind of lending that has underpinned FMT's track record for over 30 years. By taking the time to properly understand a borrower's position, we are able to put good loans on the book that work for everyone involved, delivering consistent returns for our investors while helping New Zealanders move forward with their property goals.



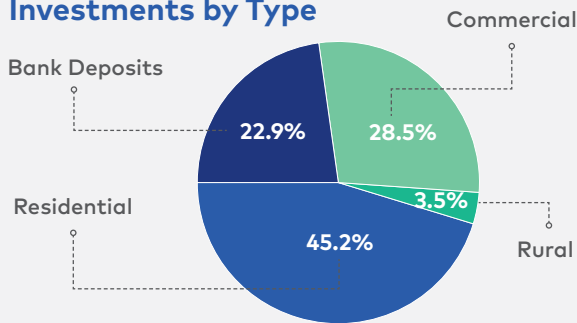
First Mortgage Trust Loan Book - key facts

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.

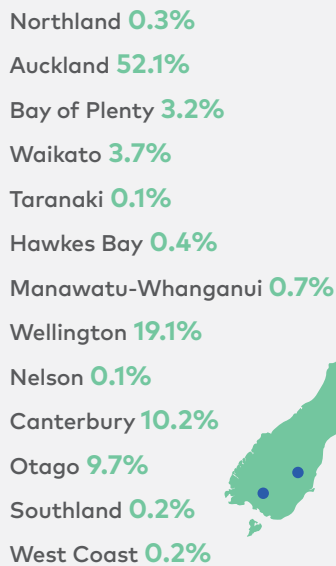
This is demonstrated by our investment portfolio loan to value ratio (LVR) being approximately 51.25%.

The following information provides details of our loans by region and investments by type as at 8 June 2026, demonstrating our diversity.

Investments by Type



Loans by Region



Loan Summary

Number of loans
517

Loans secured over
1,084 properties

Average loan size
\$3.62m

Average LVR
51.25%

Loan origination in last 12 months
\$1.187b



FMT Partners with the Hurricanes

We are proud to announce our sponsorship of the Hurricanes, one of New Zealand's premier rugby franchises. Although our partnership began later in the 2026 season, it was fantastic to see the team cap off an outstanding year by winning the Super Rugby Pacific championship.

This sponsorship is an exciting step for FMT as we continue to grow our brand nationwide. With the recent opening of our Wellington office, partnering with the Hurricanes helps increase our presence and connect with communities across New Zealand.

The Hurricanes reflect many of the values we admire - hard work, resilience, teamwork, and a commitment to excellence. We are proud to support the club and congratulate the players, coaches, and supporters on an incredible championship-winning season.

All sponsorship costs are the expense of the manager and do not impact investor returns.



Forecasting Rates in an Uncertain World - Where Will Interest Rates Go?

Forecasting where interest rates on the likes of mortgages and investments would go used to be a relatively straightforward exercise many years ago. One would take a view on where the economic cycle was headed, consider the starting point for inflation, then predict what the central bank would do.

Nowadays the exercise is so fraught with uncertainties that all predictions for where rates will go need to be treated with caution.

For one thing, the predictions we economists make tend not to be able to factor in structural shifts brought about by such things as the role of the internet, spreading use of AI, changes in international trade rules etc. The old relationships between a change in the pace of economic growth and a change in inflation don't necessarily operate the same way these days.

Then there are the shocks to consider. Maybe it's a global pandemic, maybe a central bank realising it has eased too much or too little, or maybe it is the biggest shock to global oil supplies ever seen.

All of these things mean that while interest rates will still tend to follow the economic cycle, the speed and magnitude of changes can often surprise us.

At the moment in New Zealand we have an upturn in the economy underway which was already causing interest rates to rise from late-October last year. The Middle East war from February 28 added extra upward impetus to these rate rises but with restraint also from the denting of the pace of economic growth this year.

Now, with oil prices substantially lower than where they have been for the past three and a half months, the outlook for our economy has improved once more. That means although inflation risks have eased, the direction of change for NZ interest rates is still going to be upward.

How high might interest rates go? Before answering that question, it is best to remind oneself of this. At the start of the last monetary policy tightening cycle late in 2021 the Reserve Bank predicted that its official cash rate would rise from 0.25% and peak at about 2.5%.

The peak instead was 5.5%.

At the moment there is quite a spread of views on where the current 2.25% cash rate will go to. The common view is somewhere between 3% and 4% with the Reserve Bank pencilling in 3.25% come late-2028.

For borrowers it means some further increases in mortgage rates lie ahead but probably not taking rates back to where they were in 2024. That means for investors the interest rates able to be earned probably will not go back to the levels achieved back then.

What about the timing of interest rates rising by another 1% or so from current levels? There is a good chance that when the Reserve Bank next reviews its cash rate on July 8 they will raise it to 2.5%. However, our central bank has an established record of raising interest rates too slowly then raising them too much, then cutting them too slowly and ultimately by too much.

It is too early to say whether this pattern of behaviour will change under the new Governor and there is a clear risk that the Reserve Bank takes some heart from the recent falls in energy prices and decides to hold fire to see how things pan out. That means the first rate rise might be delayed until September 2 if not potentially the end of October.

Regardless, putting issues of highly uncertain timing to the side, the direction of change for interest rates in New Zealand looks like being upward for the next couple of years, but not at the pace seen following the end of the pandemic.

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



30 Years of First Mortgage Trust

A New Zealand success story built on trust

This year marks a significant milestone for FMT: 30 years in business. Since opening in 1996, FMT has grown from a small Tauranga-based operation into a nationwide investment and lending partner, supporting investors and borrowers across New Zealand. It is a story of steady growth, careful decision-making, strong relationships, and trust earned over time.

Over three decades, FMT has changed considerably. We have grown our investor base, expanded our lending capability, strengthened our governance, invested in systems and scale, and built a team with strong experience across property finance and investment management.

While much has changed, the fundamentals remain the same.

FMT was built on a simple principle: putting investors first.

That principle has guided the business through growth, change, regulation, market cycles, the Global Financial Crisis, COVID-19, and the continued changing landscape of New Zealand's property and investment markets.

Thirty years on, we are proud of how far FMT has come. More than that, we are grateful to the investors who have been with us from the beginning, to those who have joined us along the way, and to everyone who continues to place their trust in FMT today.

From local beginnings to a nationwide business

FMT began in 1996 as Bay Mortgage Trust. At the time, many investors held funds through Solicitors Nominee Companies, where investor money was often connected to individual mortgage securities.

While that structure had served a purpose, it also had limitations. If a borrower defaulted, an investor could be directly affected by that one security.

The concept of a mortgage trust offered a different approach. By pooling investor funds across a broader range of mortgage-backed loans, investors could gain greater diversification and avoid being tied to a single borrower or security.

That idea appealed to three Tauranga law firms: Sharp Tudhope, Cooney

Lees Morgan, and Holland Beckett. They joined with Fund Managers Otago Limited to establish Bay Mortgage Trust.

A heads of agreement was signed in July 1996, and the fund began with approximately \$30 million.

From those early beginnings, FMT operated from Tauranga with a small team and a clear focus on serving investors well. The first manager was Jim Strachan. His staff consisted of one person: Jane Swainson.

It was a modest start, but it laid the foundation for something enduring.

A business built steadily

In the years that followed, FMT grew steadily. The fund expanded beyond its original base. The investor community grew. New relationships were formed. The business built momentum through disciplined lending, careful management, and a genuine focus on investors.

By 1998, Edmonds Judd and Edmonds Marshall joined, helping broaden the business beyond its early Tauranga foundations. In 1999, Bay Mortgage Trust became First Mortgage Trust, a name that reflected both the nature of the fund and the wider ambition for the business.

The fund continued to grow, reaching \$200 million in funds under management by 2003.

But growth was never just about size. It was about building a business that could last.

In the mid-2000s, there was discussion within the wider mortgage trust sector about combining regional trusts into one national entity. FMT's board considered the idea carefully but chose a different path. The board wanted to retain clear decision-making, direct oversight, and a close understanding of the lending opportunities being considered.

Growth mattered, but not at the expense of discipline, accountability, or investor confidence.

Tested through the Global Financial Crisis

One of the defining chapters in FMT's history was the Global Financial Crisis (GFC). The GFC was a difficult and uncertain period for investors across New Zealand. Finance companies were failing, confidence was shaken, and many investors were understandably anxious.

FMT was not immune to the pressure of that environment. Liquidity was tight, investor concern was high, and the business had to make careful decisions in real time.

But the response was guided by the same principles that had shaped the business from the beginning: act carefully, communicate openly, and put investors first.

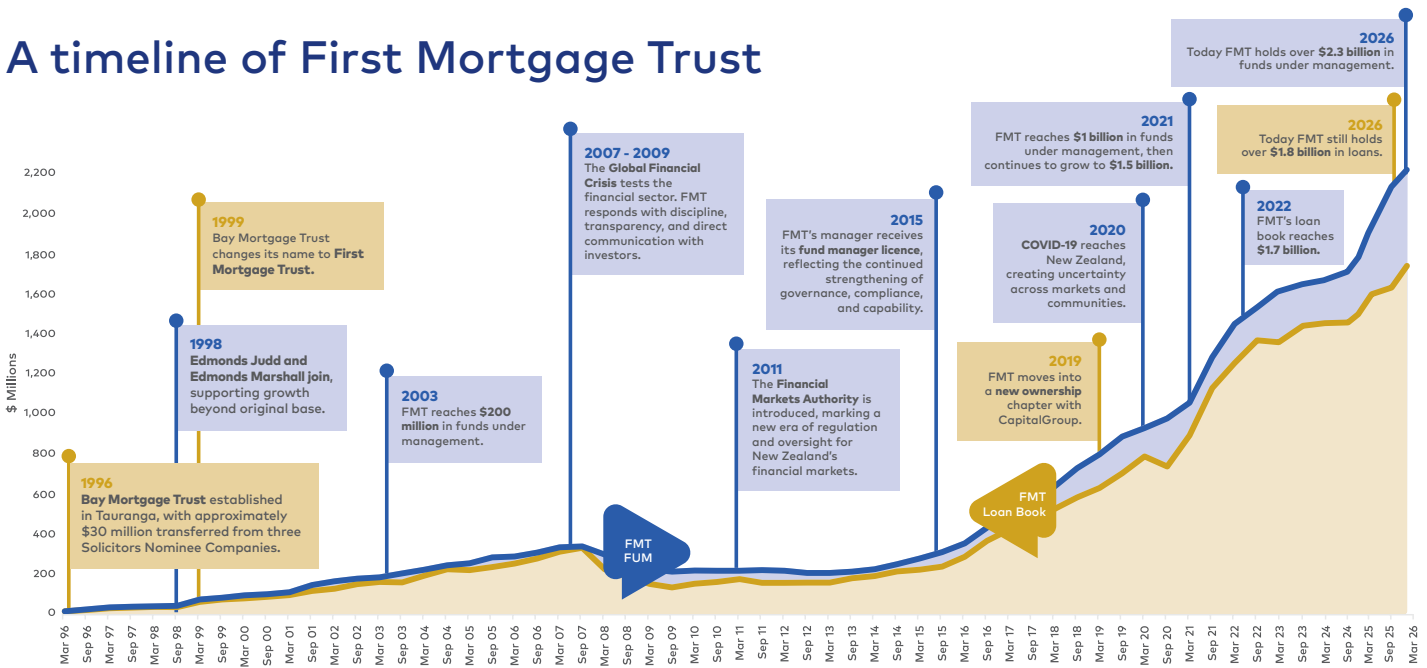
FMT kept investors as informed as possible. Letters were sent. Investor meetings were held. Questions were answered directly by the team.

That transparency mattered. It helped investors understand the difference between FMT's mortgage-backed investment model and the finance company debentures that were causing concern across the market.

Throughout that challenging period, FMT continued to pay investor interest on time and protected investor capital through a period that tested many in the financial sector.

Today, that history remains important. It is a reminder that trust is not built in good times alone. It is built through consistency, transparency, and doing the right thing when it matters most.

A timeline of First Mortgage Trust



FMT today: grown, but still grounded

FMT is significantly larger and more established than in 1996, with a national presence, a stronger team, and expanded capability across lending, investment management, governance, compliance, and investor services.

For investors, FMT offers access to a long-standing, carefully managed fund with a disciplined approach to risk. For borrowers, it provides practical, relationship-led lending solutions backed by experience, property expertise, and flexible decision-making.

That balance remains central to FMT's role in New Zealand - built on local relationships, steady growth, and delivering on commitments.

While FMT has evolved, it remains grounded in the same core principles: disciplined lending, clear communication, strong relationships, and trust earned over time.

Looking ahead

Thirty years is a milestone worth celebrating, but it is also a point of momentum. As we look ahead, our focus is clear: continue to protect investor capital, deliver consistent income, support quality borrowers, communicate openly, and continue to build a business designed to last.

To every investor who has been part of the FMT journey, thank you. Your trust has allowed us to grow, adapt, and continue doing what we set out to do 30 years ago: manage investors' funds with care, discipline, and integrity.

Thirty years on, FMT remains committed to the same principles it was founded on: trust, transparency, the personal approach, and putting investors first.

Celebrating Jane Swainson 30 years with FMT

Alongside the business milestone, we are also recognising a very special individual achievement: **Jane Swainson's 30 years with FMT.**



Jane has been with FMT since day one. She is our longest-serving employee and one of the few people who has been part of every chapter of the business, from the early days through to the nationwide business FMT is today.

For many long-standing investors, Jane will be a familiar name and voice. Over the years, she has spoken with many investors, answered questions, helped them through changes, and provided the kind of personal service that has always been central to FMT.

FMT has grown significantly, but we have never wanted to lose the human approach that investors value. Behind the systems, scale, and national presence, there are still people who know our investors, understand their questions, and take pride in providing thoughtful, reliable service.

Jane represents that. Her 30 years with FMT reflect the care, continuity, and relationship-led service that have helped define the business.

On behalf of everyone at FMT, thank you, Jane. It is an amazing achievement, and we are very proud to celebrate it with you.



Photos from left to right: Neil Petterson & Jane Swainson (2003), The FMT team (2005), CEO Paul Bendall (2026), our team today (2026).

FMT Youth Sponsorship 2026

At FMT, our Youth Sponsorship programme is about more than funding - it's about backing the next generation of New Zealanders who are striving for excellence.

Behind every recipient is a story of commitment and sacrifice. Many are balancing study, work, and family commitments alongside rigorous training schedules and the high costs of competing at an elite level.

These young people consistently demonstrate discipline, resilience, and a drive to succeed - values that align with our own: **Teamwork, Integrity, and Achievement.**

As part of our 30th anniversary, we expanded the programme to support six outstanding young athletes across two age groups. This year's applicants stood out not only for their talent, but for their determination, strong work ethic, and commitment to doing their best. They also showed genuine appreciation for the families, coaches, and supporters who have helped them get to where they are today.

Meet our 2026 Youth Sponsorship Recipients



Nick Collier (22)
Canoe Slalom

Nick is competing at an international level while balancing the financial realities of training and travel. The grant helps ease that pressure, allowing him to focus on performance as he prepares for the 2026 ICF Canoe Slalom World Championships in Oklahoma.

"This support makes a real difference - it allows me to focus more on training and competing at the level required and has enabled me to attend the 2026 ICF Canoe Slalom World Championship in Oklahoma, USA, in July."



Acima Mabidikama (23)
Powerlifting

A dedicated athlete and coach, Acima is passionate about inspiring others - particularly young women - through strength and sport. The sponsorship supports her ability to compete and continue progressing toward her goal of becoming a world champion.

"This grant has meant I am able to compete, do my absolute best and have a performance I can be proud of. Not only do I get closer to my goal of being a World Champion, I get to be an athlete that would have inspired my younger self."



Havana Hopman (22)
Rhythmic Gymnastics

Havana is preparing to compete at the 2026 World Championships in Frankfurt. The grant supports the significant travel and preparation costs required to compete on the world stage and contribute to growing the sport in New Zealand.

"Being awarded this grant is an incredibly meaningful recognition of my dedication to Rhythmic Gymnastics and the goals I am working toward. This support plays an important role in both my current goals and long-term pathway, while also helping to increase awareness and visibility of Rhythmic Gymnastics in NZ."



Daniella Belford (16)
Adaptive Golf

New Zealand's only world-ranked female adaptive golfer, Daniella is breaking barriers as an autistic athlete and proud Pacific Islander. This grant supports her pathway to the EDGA European Circuit and G4D Open.

"This represents more than support - it shows belief in what people with disabilities can achieve. My autism is not a barrier; it is a part of what makes me the golfer I am today. Fa'afetai tele lava FMT for believing in me and my journey."



Dwayne Li (17)
Figure Skating

Competing in a sport with significant overseas costs, Dwayne is using the grant to continue pursuing his goal of representing New Zealand at the highest level, including the 2030 Winter Olympics.

"Your support allows me to compete free from financial worry and focus fully on my performance and brings me one massive step closer to my dream of representing our country at the 2030 Winter Olympic Games, of which I am incredibly grateful."



Jessica Bray (19)
Running and Triathlon

Coming from a non-traditional sporting background, Jessica has worked tirelessly to fund her training and competition. This sponsorship helps reduce everyday costs and supports her ambition to represent New Zealand internationally.

"FMT's support is enabling me to have less strain on everyday training expenses and getting me to my dream of representing New Zealand overseas later this year. My biggest goal now is to continue pushing my limits and showing others that anyone of any background can reach their goals."

Investing in More Than Sport. These athletes are not only pursuing personal success, but are also role models in their communities - inspiring others and representing New Zealand with pride. We're proud to support their journeys and look forward to sharing their progress throughout the year, including at upcoming investor meetings.

Relationship Property

Separating from a spouse or partner is rarely a simple process, it is often one of the most difficult and unsettling periods in a person's life. What is already a challenging time can become even more difficult to navigate when legal processes and requirements need to be considered in decision making.

What is the Property (Relationships) Act 1976?

The Property (Relationships) Act 1976 (Act) is the New Zealand statute which sets out the law under which property owned by a couple is divided when they separate. The provisions of the Act apply to marriages, civil unions or de facto relationships of three years or more. In limited circumstances, the Act can also apply to relationships of short duration.

What is relationship property?

The family home and family chattels are always relationship property no matter whose name is on the title and how they were acquired.

Other assets will usually be relationship property if the circumstances in which the asset was bought, used, created, or otherwise intermingled with other relationship property means that both individuals have a common association with the property. That means, in addition to the family home and chattels, relationship property usually includes things like:

- Income earned during the relationship
- Property bought or created by either partner during the relationship
- The value of life insurance policies, KiwiSaver and superannuation which has accrued during the relationship
- Property bought with separate property for the common use or benefit of the partners
- Gifts or inheritance which has been intermingled with relationship property.

What is separate property?

If it is not classified as relationship property under the Act, the property will be considered separate property for the purpose of property division. Ownership of separate property remains with the partner or spouse who owns it, and is not subject to the equal sharing principle applied to relationship property under the Act.

Separate property can include the following:

- Property owned prior to the relationship which is kept separate and not used for family purposes (excluding the family home or family chattels)
- Inheritance, gifts from third parties or as a beneficiary under a Trust
- Gifts from partners - including wedding and engagement rings
- Family heirlooms or taonga

When separate property becomes relationship property

Individuals should be aware that separate property can become relationship property if it gets mixed with relationship property or is used for relationship purposes.

Circumstances where this can occur include when:

- A partner puts their separate property into relationship property - e.g. putting an inheritance into a joint bank account or applying it to a mortgage on the family home.
- The other partner's actions have helped to increase the value or income from the separate property - e.g. one partner uses their professional skills (i.e. builder) to carry out significant work on a separately owned property.
- Relationship property has been applied to separate property - e.g. relationship money is used to renovate a separate or inherited property.

Separation – how is relationship property divided?

When individuals separate, the Act establishes that relationship property is to be divided equally between the partners regardless of who earned or received it during the relationship.

The Act provides exceptions to the equal sharing regime in limited circumstances:

- If the relationship was less than three years - property will be divided based on the contributions each partner made to the relationship.
- Extraordinary circumstances - if equal sharing would be repugnant to justice.
- Economic disparity - if post-separation there is a significant difference between the income and living standards of the parties caused by the division of functions in the relationship.

Protecting Your Assets

Individuals can choose to protect their assets by entering into a "Contracting Out Agreement" or "Pre-nup", where they mutually agree to 'contract out' of the equal division principles of the Act.

An agreement can be tailored to the specific circumstances of the couple and drafted to reflect their intentions. If in doubt, please contact Holland Beckett's family law team to discuss your individual circumstances.



HOLLAND BECKETT

▶▶ Article provided by
Leesa Speed / Partner and
Rebecca Savage / Partner
Holland Beckett.

Save the Date: Investor Meetings 2026

We are pleased to confirm the dates and locations for our 2026 Investor Meetings. Economist Tony Alexander will be joining us once again. Invitations will be sent in September by email, or by post if we do not have an email address on file.

- ▶ **Matamata:** Tuesday, 20 October
- ▶ **Katikati:** Wednesday, 21 October
- ▶ **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

If you would like to receive updates by email, please contact 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 2026 Investor Meetings.



Auckland Office Refurbishment

We recently refurbished our Auckland office in Parnell to better support the continued growth of our team.

Over the past five years, Auckland has grown considerably for FMT, and we had simply outgrown our previous office space. While our address remains the same, we have expanded our footprint to provide more room for our team, along with dedicated meeting rooms.

This means we can now more comfortably welcome investors and borrowers into the office, something we were not previously able to do as easily.

We recently marked the opening of the refurbished space and welcomed the team back into their bigger, brighter and more modern office.

All costs are the expense of the manager and do not impact investor returns.



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

Redemption and Distribution Schedule Update

Redemptions are processed on Mondays, Wednesdays, and Fridays. To ensure your redemption is included in the next scheduled processing date, we must receive your fully completed Notice of Redemption at least two full business days beforehand.

If you have any questions about the redemption process or required timeframes, please contact our Customer Support team.

Quarterly Distribution Dates

Quarterly distributions will be paid within three business days after the end of each quarter.

September 2026 quarter distribution:
→ Friday 2 October 2026

December 2026 quarter distribution:
→ Wednesday 6 January 2027

On the Road in Christchurch

Recently, our team attended the Christchurch Motorhome Expo.

It was a fantastic opportunity to connect with potential new investors and catch up face-to-face with many of our existing investors.

We always value these personal interactions and the chance to share the FMT story with a wider audience.

A big thank you to everyone who stopped by our stand, we enjoyed meeting you and appreciate your support.

