First Mortgage Trust Group Investment Fund

# Financial Statements 2026

For the year ended
31 March 2026

fmt
first mortgage trust

first mortgage managers

Signed for and on behalf of the manager,
First Mortgage Managers Limited:

Chairman
Michael Smith

Director
Simon Cotter

Date: 12 June 2026

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# Directory

**The Manager**

First Mortgage Managers Limited
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**Directors of the Manager**

Michael John Smith (Chairman)
Greig Anthony Allison
Phillip Graeme Bell
Kylie Jane Boyd
Simon Roger Cotter
Craig Norman Haycock
Mark Joseph Synnott

**The Supervisor**

Trustees Executors Limited
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Auckland 1010

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**The Auditors**

KPMG
Level 2
247 Cameron Road
Tauranga

# Chairman’s Report

We are pleased to present the financial statements for the First Mortgage Trust Group Investment Fund for the year ended 31 March 2026.

It has been another year of economic uncertainty in New Zealand and overseas. Despite this, First Mortgage Trust Group Investment Fund, again delivered a strong result for investors, achieving an annualised pre-tax return of 6.11%, after fees and expenses. This reflects the quality of the loan portfolio and our continued focus on consistent returns without compromising discipline.

FMT continued to grow during the year. We passed $2 billion in funds under management, and the loan book increased, supported by strong borrower relationships, careful lending, and a focus on quality first mortgage lending.

That growth has been achieved while maintaining stringent credit quality. Our non-performing loans remain below those of the main banks, reflecting our cautious approach to risk, selective lending, and close portfolio management.

This year also marked 30 years in business for FMT. In that time, we have grown from our Bay of Plenty roots into a nationwide business, while staying true to the principles that shaped us from the start: strong relationships, prudent lending, careful risk management, and a commitment to protecting and growing investor capital.

While these milestones matter, what matters most is the service and value we provide to investors. We remain focused on delivering a consistent investment experience, supported by clear communication, responsive service, and disciplined management of investor funds.

Thank you for your continued support.

Michael Smith
Chairman
First Mortgage Managers Limited

## Statement of comprehensive income

For the year ended 31 March

| | Note | 2026 $000's | 2025 $000's |
|---|---|---|---|
| Interest income - loans to customers | | 144,398 | 139,255 |
| Interest income - bank deposits | | 16,966 | 15,933 |
| Lending fees | | 6,086 | 4,569 |
| **Total interest and fee income** | | **167,450** | **159,757** |
| Management fees | 5 | 33,475 | 26,945 |
| Supervisor fees | 6 | 1,431 | 1,150 |
| Other expenses | 7 | 357 | 402 |
| Increase in impairment allowance | 9b | 374 | 12 |
| Bad debts written off | 9c | 145 | 226 |
| **Total expenses** | | **35,782** | **28,735** |
| **Profit before tax** | | **131,668** | **131,022** |
| Income tax expense | 8 | 1,382 | 1,143 |
| **Profit after tax and total comprehensive income** | | **130,286** | **129,879** |

## Statement of changes in equity

For the year ended 31 March

| | Retained earnings $000's | Investors' funds $000's | Total equity $000's |
|---|---|---|---|
| **Balance at 1 April 2025** | **16,550** | **1,903,250** | **1,919,800** |
| Profit after tax and total comprehensive income | 130,286 | - | 130,286 |
| **Contributions by and distributions to investors** | | | |
| Distributions to investors | (126,891) | - | (126,891) |
| Units issued during the year | - | 726,142 | 726,142 |
| Units redeemed during the year | - | (313,643) | (313,643) |
| Total contributions by and distributions to investors | (126,891) | 412,499 | 285,608 |
| **Balance at 31 March 2026** | **19,945** | **2,315,749** | **2,335,694** |
| **Balance at 1 April 2024** | **13,481** | **1,673,868** | **1,687,349** |
| Profit after tax and total comprehensive income | 129,879 | - | 129,879 |
| **Contributions by and distributions to investors** | | | |
| Distributions to investors | (126,810) | - | (126,810) |
| Units issued during the year | - | 533,893 | 533,893 |
| Units redeemed during the year | - | (304,511) | (304,511) |
| Total contributions by and distributions to investors | (126,810) | 229,382 | 102,572 |
| **Balance at 31 March 2025** | **16,550** | **1,903,250** | **1,919,800** |



The accompanying basis of preparation and notes form part of these financial statements.

## Statement of financial position

As at 31 March

| | Note | 2026<br>$000's | 2025<br>$000's |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 10a | 366,826 | 199,328 |
| Term deposits | 10b | 177,000 | 97,000 |
| Interest and fees receivable | 14b | 10,143 | 12,024 |
| Prepayments | | 52 | 59 |
| Loans to customers | 9a | 1,217,801 | 1,290,338 |
| **Total current assets** | | **1,771,822** | **1,598,749** |
| | | | |
| Term deposits | 10b | 20,000 | 15,000 |
| Loans to customers | 9a | 577,992 | 313,490 |
| **Total non-current assets** | | **597,992** | **328,490** |
| | | | |
| **Total assets** | | **2,369,814** | **1,927,239** |
| | | | |
| **Liabilities** | | | |
| Trade and other payables | 11 | 7,121 | 6,948 |
| Distribution payable | | 26,692 | - |
| Taxation payable | | 307 | 491 |
| **Total current liabilities** | | **34,120** | **7,439** |
| | | | |
| **Net assets** | | **2,335,694** | **1,919,800** |
| | | | |
| **Equity** | | | |
| Investors' funds | 12 | 2,315,749 | 1,903,250 |
| Retained earnings | 13 | 19,945 | 16,550 |
| **Total investors' equity** | | **2,335,694** | **1,919,800** |

## Statement of cash flows

For the year ended 31 March

| | Note | 2026<br>$000's | 2025<br>$000's |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Interest and fees received | | 98,559 | 98,476 |
| Cash paid to suppliers | | (34,629) | (27,891) |
| Income taxes paid | | (1,566) | (950) |
| **Net cash from operating activities** | **15** | **62,364** | **69,635** |
| | | | |
| **Cash flows from investing activities** | | | |
| Repayment of loans by customers | | 996,509 | 903,468 |
| Advances of loans to customers | | (1,118,220) | (1,000,073) |
| Increase in term deposits | | (85,000) | (58,000) |
| **Net cash from investing activities** | | **(206,711)** | **(154,605)** |
| | | | |
| **Cash flows from financing activities**[(1)] | | | |
| Proceeds from issue of units | | 664,332 | 416,133 |
| Distributions to investors | | (78,928) | (109,413) |
| Redemption of units | | (273,559) | (217,729) |
| **Net cash from financing activities** | | **311,845** | **88,991** |
| | | | |
| Net increase in cash and cash equivalents | | 167,498 | 4,021 |
| Cash and cash equivalents at beginning of year | | 199,328 | 195,307 |
| **Cash and cash equivalents at end of year** | **10a** | **366,826** | **199,328** |

[(1)] Cash flows from financing activities exclude non-cash transfers between investor accounts and funds.



The accompanying basis of preparation and notes form part of these financial statements.

# Notes to the financial statements

For the year ended 31 March 2026

## 1. REPORTING ENTITY

First Mortgage Trust Group Investment Fund ("FMT GIF") is an unlisted open end Group Investment Fund domiciled in New Zealand.

First Mortgage Managers Limited (the "Manager") in its capacity as the manager of FMT GIF is a Financial Market Conduct (FMC) reporting entity under the Financial Markets Conduct Act 2013.

Trustees Executors Limited (the "Supervisor") is the trustee and supervisor of FMT GIF.

FMT GIF was established on 20 February 2001, pursuant to a trust deed between the Supervisor and the Manager as varied by deed dated 13 August 2003, a deed of amendment and restatement dated 14 September 2015, a deed of amendment and restatement dated 25 October 2019, and a deed of amendment and restatement dated 21 December 2021 ("Trust Deed").

The financial statements of FMT GIF have been prepared by the Manager for the year ended 31 March 2026 in accordance with the Financial Reporting Act 2013, the Financial Markets Conduct Act 2013 and the provisions of the Trust Deed.

FMT GIF is primarily involved in facilitating the collective investment in loans secured by first ranking mortgages over land and buildings.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS Accounting Standards"), and other applicable Financial Reporting Standards as appropriate for tier 1 profit-oriented entities. The financial statements also comply with the requirements of International Financial Reporting Standards ("IFRS Accounting Standards").

### (b) Basis of preparation

The measurement base adopted is that of historical cost, unless otherwise stated in specific accounting policies. The going concern basis and the accrual basis of accounting have been adopted.

The methods used to measure fair values for disclosure purposes are discussed further in note 4.

### (c) Functional and presentation currency

FMT GIF only holds investments in New Zealand which are denominated in New Zealand dollars.

These financial statements are presented in New Zealand dollars which is FMT GIF's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand, except as otherwise stated.

### (d) Use of estimates and judgements

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements made by management in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 9 (b) and 14 (b) and relates to the measurement of loans to customers. Readers should carefully consider these disclosures considering the inherent uncertainty described below.

Economic forecasts remain subject to a high degree of uncertainty. Risks to the economic outlook include the impact of interest rates and inflation, unemployment peaking, natural hazards, climate change, and increased geopolitical tensions around the world.

The FMT GIF has developed various accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions as of 31 March 2026 about future events that are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of FMT GIF. Accordingly, actual economic conditions and outcomes could be different from those forecasts, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses and recoverable amount assessments relating to financial assets.

### (e) New standards and interpretations

***New and amended accounting standards***

No new or amended standards and interpretations that became effective for the year ended 31 March 2026 have impacted these financial statements.

## 2. BASIS OF PREPARATION (continued)

### (e) New standards and interpretations (continued)

***Accounting standards issued but not yet effective***

NZ IFRS 18 *Presentation and Disclosure in Financial Statements* replaces NZ IAS 1 *Presentation of Financial Statements* and introduces new requirements for the presentation and disclosure of information in financial statements. The new standard introduces revised profit or loss presentation requirements, including the introduction of new subtotals and the classification of income and expenses into operating, investing, and financing categories.

The standard becomes effective for annual reporting periods beginning on or after 1 January 2027 and will apply to comparative information. The Manager is currently assessing the impact of the new standard, and the assessment is yet to be completed.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### (a) Financial assets and liabilities

*i. Recognition and initial measurement*

Non-derivative financial instruments comprise of loans to customers, interest receivables, cash and cash equivalents, short-term deposits and other payables.

A financial instrument is recognised if FMT GIF becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if FMT GIF's contractual rights to the cash flows from the financial asset expires or if FMT GIF transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at settlement date. Financial liabilities are derecognised if FMT GIF's obligations specified in the contract expire or are discharged or cancelled.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

*ii. Classification and subsequent measurement*

▶ *Financial assets*

On initial recognition, a financial asset is classified as measured at either amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, FMT GIF may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost, at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

▶ *Financial assets – Business model assessment*

FMT GIF assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to FMT GIF's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with FMT GIF's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

▶ *Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Financial assets and liabilities (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, FMT GIF considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, FMT GIF considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit FMT GIF's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

*ii. Classification and subsequent measurement (continued)*

▶ *Financial assets – Subsequent measurement and gains and losses*

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

▶ *Financial liabilities – Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

*iii. Derecognition of Financial Instruments*

▶ *Financial assets*

Financial assets are derecognised when the contractual rights to receive the cash flows from the financial assets have expired. Derecognition also occurs when the FMT GIF transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which FMT GIF neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When FMT GIF enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

▶ *Financial liabilities*

Financial liabilities are derecognised when the contractual obligations are discharged or cancelled or expire. FMT GIF also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

*iv. Offsetting Financial Instruments*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when FMT GIF currently has a legally enforceable right to set off the amounts and there is an intention and ability to either settle them on a net basis or to realise the asset and settle the liability simultaneously.

### (b) Investors' Funds

FMT GIF classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

FMT GIF units are puttable instruments and meet the criteria required under NZ IAS 32 *Financial Instruments* to be classified as equity.

A puttable financial instrument that includes a contractual obligation for FMT GIF to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- it entitles the holder to a pro rata share of FMT GIF's net assets in the event of FMT GIF's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for FMT GIF to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of FMT GIF over the life of the instrument.

# Notes to the financial statements

For the year ended 31 March 2026

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) Impairment

*i. Financial instruments*

FMT GIF recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

FMT GIF measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, FMT GIF considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on FMT GIF's historical experience and informed credit assessment and including forward-looking information.

FMT GIF assumes the credit risk on a financial asset has increased significantly if it is more than 30 days past due, which is used as an indicator and considered alongside other reasonable and supportable quantitative and qualitative information.

FMT GIF considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to FMT GIF in full, without recourse by FMT GIF to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due; or
- the borrower is in default.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which FMT GIF is exposed to credit risk.

ECLs are discounted at the effective interest rate of the financial asset.

*ii. Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that FMT GIF expects to receive).

*iii. Credit-impaired financial assets*

At each reporting date, FMT GIF assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the FMT GIF on terms that the FMT GIF would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

*iv. Presentation of allowance for ECL in the Statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

*v. Write-off*

The gross carrying amount of a financial asset is written off when FMT GIF has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. FMT GIF individually assesses the financial assets, with respect to the timing and amount of write-off, based on whether there is a reasonable expectation of recovery. FMT GIF expects no significant recovery from the amount written off, however, financial assets that are written off could still be subject to enforcement activities in order to comply with FMT GIF's procedures for recovery of amounts due.

### (d) Interest income

Interest income comprises interest on funds invested in bank deposits or loaned to customers. Interest income is recognised as it accrues, using the effective interest method.

### (e) Income tax expense

This is a Category B Group Investment Fund; therefore, no taxation is payable by FMT GIF on amounts distributed to investors within 6 months of balance date. The income distributed to investors is liable for tax in the hands of the investor, unless the investor is exempt from tax.

FMT GIF is liable to pay tax on any undistributed surplus.

# Notes to the financial statements

For the year ended 31 March 2026

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Income tax expense (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 4. DETERMINATION OF FAIR VALUES

Several of FMT GIF's policies and disclosures require the determination of fair value, for both financial assets and liabilities. Fair values have been determined for disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### (a) Loans to customers and other receivables

The fair value of loans to customers and other receivables determined for disclosure purposes is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

### (b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

## 5. MANAGEMENT FEES

| | Year ended 31 March 2026 $000's | Year ended 31 March 2025 $000's |
|---|---|---|
| Average daily balance of FMT GIF | 2,132,582 | 1,747,011 |
| | | |
| Management fees | 32,469 | 26,542 |
| Additional costs | 1,006 | 403 |
| **Total management fees** | **33,475** | **26,945** |

The Manager of FMT GIF is entitled to a management fee of 1.5% plus GST (if any) per annum calculated on the average daily balance of FMT GIF. The Manager charged the full management fee during the year ended 31 March 2026. To reimburse the Manager for expenses incurred in collecting overdue mortgages, the Manager may charge an amount equal to half of the penalty interest (if any) received on those loans.

During the year ended 31 March 2026, penalty interest of $1,716,822 was charged by FMT GIF (2025: $568,146), of which $871,287 (2025: $281,163) was remitted to the Manager, with the remaining $845,535 retained within FMT GIF (2025: $282,765). In addition, the Manager is permitted to be reimbursed out of FMT GIF for all costs, expenses and liabilities incurred whilst acting for FMT GIF.

## 6. SUPERVISOR FEES

| | Year ended 31 March 2026 $000's | Year ended 31 March 2025 $000's |
|---|---|---|
| Average daily balance of FMT GIF | 2,132,582 | 1,747,011 |
| | | |
| Supervisor fees | 1,096 | 917 |
| Additional costs | 335 | 233 |
| **Total supervisor fees** | **1,431** | **1,150** |

The Supervisor receives an amount not greater than 0.1% plus GST (if any) per annum calculated on the average daily balance of FMT GIF. In addition, the Supervisor is permitted to be reimbursed out of FMT GIF for all costs, expenses and liabilities incurred whilst acting for FMT GIF.

# Notes to the financial statements

For the year ended 31 March 2026

## 7. OTHER EXPENSES

| | Year ended 31 March 2026 $000's | Year ended 31 March 2025 $000's |
|---|---|---|
| Administration expenses | 199 | 236 |
| | | |
| *Auditor's remuneration to KPMG comprises:* | | |
| - Audit of the annual financial statements | 153 | 144 |
| - Review of the interim financial statements | - | 17 |
| - Audit-related services: audit of the share register | 5 | 5 |
| **Total other expenses** | **357** | **402** |

## 8. INCOME TAX EXPENSE IN THE STATEMENT OF COMPREHENSIVE INCOME

| | Year ended 31 March 2026 $000's | Year ended 31 March 2025 $000's |
|---|---|---|
| **Current tax expense** | | |
| Current year | 1,382 | 1,143 |
| **Total income tax expense** | **1,382** | **1,143** |
| | | |
| **Reconciliation of effective tax rate:** | | |
| Profit before tax | 131,668 | 131,022 |
| Beneficiary income | (126,731) | (126,941) |
| **Total** | **4,937** | **4,081** |
| | | |
| Income tax using FMT GIF's domestic tax rate of 28% | 1,382 | 1,143 |
| **Total** | **1,382** | **1,143** |

## 9. LOANS TO CUSTOMERS, IMPAIRMENT ALLOWANCE AND BAD DEBTS WRITTEN OFF

### (a) Loans to customers

| | 31 March 2026 $000's | 31 March 2025 $000's |
|---|---|---|
| Gross loans to customers | 1,799,868 | 1,607,716 |
| Impairment allowance | (2,375) | (2,360) |
| Specific allowance | (1,700) | (1,528) |
| **Total loans to customers** | **1,795,793** | **1,603,828** |
| | | |
| Current portion | 1,217,801 | 1,290,338 |
| Non-current portion | 577,992 | 313,490 |
| **Total loans to customers** | **1,795,793** | **1,603,828** |

Loans to customers have stated interest rates ranging between 6.10% and 9.85% (2025: 7.50% and 10.00%). Up to 7% per annum interest, in addition to the stated interest rate, may be charged in instances where a loan is in default.

The following movements in loans to customers occurred during the year:

| | 31 March 2026 $000's | 31 March 2025 $000's |
|---|---|---|
| Opening balance | 1,603,828 | 1,450,122 |
| New loans advanced | 1,112,177 | 995,551 |
| Capitalised interest and lending fees | 70,585 | 57,154 |
| Expenses and fees charged to customers | 6,043 | 4,522 |
| Repayment of existing loans | (996,653) | (903,694) |
| Change in impairment allowance | (187) | 173 |
| **Total loans to customers** | **1,795,793** | **1,603,828** |

## 9. LOANS TO CUSTOMERS, IMPAIRMENT ALLOWANCE AND BAD DEBTS WRITTEN OFF (continued)

### (b) Impairment allowance

*(i) Expected Credit Losses*

The table below presents a breakdown of gross financial assets where there has been a change in impairment allowance with stage allocation by asset classification, including off balance sheet exposures.

| | Gross exposure | | | | Impairment allowance | | | |
|---|---|---|---|---|---|---|---|---|
| As at 31 March 2026 | Stage 1 $000's | Stage 2 $000's | Stage 3 $000's | Total $000's | Stage 1 $000's | Stage 2 $000's | Stage 3 $000's | Total $000's |
| Loans to customers at amortised cost | 1,624,671 | 160,291 | 14,906 | 1,799,868 | 1,744 | 245 | 1,936 | 3,925 |
| Off balance sheet loan commitments | 332,179 | 19,892 | - | 352,071 | 142 | 8 | 0 | 150 |
| **Total** | **1,956,850** | **180,183** | **14,906** | **2,151,939** | **1,886** | **253** | **1,936** | **4,075** |

| | Net exposure | | | |
|---|---|---|---|---|
| As at 31 March 2026 | Stage 1 $000's | Stage 2 $000's | Stage 3 $000's | Total $000's |
| Loans to customers at amortised cost | 1,622,927 | 160,046 | 12,970 | 1,795,943 |
| Off balance sheet loan commitments | 332,037 | 19,884 | - | 351,921 |
| **Total net exposure** | **1,954,964** | **179,930** | **12,970** | **2,147,864** |

- Stage 1: 90.9% of gross exposure is in Stage 1 and has not experienced a significant increase in credit risk since origination (2025: 94.8%).
- Stage 2: 8.4% of gross exposure is in Stage 2 and has seen an increase in credit risk since origination (2025: 3.8%).
- Stage 3: 0.7% of gross exposure is in Stage 3 which is credit impaired including defaulted assets (2025: 1.4%).

| | Gross exposure | | | | Impairment allowance | | | |
|---|---|---|---|---|---|---|---|---|
| As at 31 March 2025 | Stage 1 $000's | Stage 2 $000's | Stage 3 $000's | Total $000's | Stage 1 $000's | Stage 2 $000's | Stage 3 $000's | Total $000's |
| Loans to customers at amortised cost | 1,513,415 | 68,695 | 25,606 | 1,607,716 | 1,878 | 158 | 1,690 | 3,726 |
| Off balance sheet loan commitments | 214,700 | 602 | 179 | 215,481 | 157 | 1 | 4 | 162 |
| **Total** | **1,728,115** | **69,297** | **25,785** | **1,823,197** | **2,035** | **159** | **1,694** | **3,888** |

| | Net exposure | | | |
|---|---|---|---|---|
| As at 31 March 2025 | Stage 1 $000's | Stage 2 $000's | Stage 3 $000's | Total $000's |
| Loans to customers at amortised cost | 1,511,537 | 68,537 | 23,916 | 1,603,990 |
| Off balance sheet loan commitments | 214,543 | 601 | 175 | 215,319 |
| **Total net exposure** | **1,726,080** | **69,138** | **24,091** | **1,819,309** |

*(ii) Analysis of loans to customers at amortised cost*

The table below presents Gross exposure, Impairment allowance and Coverage ratio by stage allocation and business segment. The net exposure is provided in order to reconcile to the balance sheet.

| | Gross exposure | | | | Impairment allowance | | | | Coverage ratio (Impairment allowance / Gross exposure) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| As at 31 March 2026 | Stage 1 $000's | Stage 2 $000's | Stage 3 $000's | Total $000's | Stage 1 $000's | Stage 2 $000's | Stage 3 $000's | Total $000's | Stage 1 % | Stage 2 % | Stage 3 % | Total % |
| Residential home | 223,232 | 5,121 | 2,614 | 230,967 | 50 | 2 | 1,700 | 1,752 | 0.02 | 0.04 | 65.03 | 0.76 |
| Residential rental/apartments | 248,527 | 25,395 | - | 273,922 | 299 | 52 | - | 351 | 0.12 | 0.20 | - | 0.13 |
| Residential development | 527,861 | 83,650 | 3,454 | 614,965 | 94 | 25 | 8 | 127 | 0.02 | 0.03 | 0.24 | 0.02 |
| Commercial loans | 615,965 | 45,139 | 8,191 | 669,295 | 1,282 | 162 | 211 | 1,655 | 0.21 | 0.36 | 2.58 | 0.25 |
| Rural loans | 9,086 | 986 | 647 | 10,719 | 19 | 4 | 17 | 40 | 0.21 | 0.41 | 2.63 | 0.37 |
| **Total loans to customers at amortised cost** | **1,624,671** | **160,291** | **14,906** | **1,799,868** | **1,744** | **245** | **1,936** | **3,925** | **0.11** | **0.15** | **12.99** | **0.22** |
| Impairment allowance on loans to customers | | | | 3,925 | | | | | | | | |
| Impairment allowance from off balance sheet loan commitments | | | | 150 | | | | | | | | |
| **Less: Impairment allowance on principal** | | | | **4,075** | | | | | | | | |
| **Total net exposure** | | | | **1,795,793** | | | | | | | | |

## 9. LOANS TO CUSTOMERS, IMPAIRMENT ALLOWANCE AND BAD DEBTS WRITTEN OFF (continued)

### (b) Impairment allowance (continued)

*(ii) Analysis of loans to customers at amortised cost (continued)*

- Stage 1 assets: impairment is calculated based on a 12-month expected loss. Coverage for these performing non-deteriorated assets is 0.11% (2025: 0.12%).
- Stage 2 assets: have seen a significant increase in credit risk but are not defaulted and are largely performing. Under IFRS 9, these assets require a lifetime expected loss to be held. Coverage for stage 2 assets is 0.15% (2025: 0.23%).
- Stage 3 assets: coverage ratio increases to 12.10% (2025: 6.60%). Stage 3 includes defaulted. Some of these assets remain subject to collections activities and this, along with collateral holdings, reduces expected loss levels for these assets.

| | Gross exposure | | | | Impairment allowance | | | | Coverage ratio (Impairment allowance / Gross exposure) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 March 2025** | **Stage 1 $000's** | **Stage 2 $000's** | **Stage 3 $000's** | **Total $000's** | **Stage 1 $000's** | **Stage 2 $000's** | **Stage 3 $000's** | **Total $000's** | **Stage 1 %** | **Stage 2 %** | **Stage 3 %** | **Total %** |
| Residential home | 151,376 | 8,782 | 16,619 | 176,777 | 37 | 3 | 1,562 | 1,602 | 0.02 | 0.03 | 9.39 | 0.91 |
| Residential rental/apartments | 318,878 | 30,778 | - | 349,656 | 524 | 77 | - | 601 | 0.16 | 0.25 | - | 0.17 |
| Residential development | 521,542 | 7,840 | 3,544 | 532,926 | 105 | 2 | 7 | 114 | 0.02 | 0.03 | 0.20 | 0.02 |
| Commercial loans | 511,673 | 20,330 | 4,828 | 536,831 | 1,189 | 73 | 107 | 1,369 | 0.23 | 0.35 | 2.24 | 0.25 |
| Rural loans | 9,946 | 965 | 615 | 11,526 | 23 | 3 | 14 | 40 | 0.23 | 0.31 | 2.27 | 0.35 |
| **Total loans to customers at amortised cost** | **1,513,415** | **68,695** | **25,606** | **1,607,716** | **1,878** | **158** | **1,690** | **3,726** | **0.12** | **0.23** | **6.60** | **0.23** |
| Impairment allowance on loans to customers | | | | 3,726 | | | | | | | | |
| Impairment allowance from off balance sheet loan commitments | | | | 162 | | | | | | | | |
| **Less: Impairment allowance on principal** | | | | **3,888** | | | | | | | | |
| **Total net exposure** | | | | **1,603,828** | | | | | | | | |

The following movements in impairment allowance covering both principal and interest arrears occurred during the period:

| | **31 March 2026 $000's** | **31 March 2025 $000's** |
|---|---|---|
| Opening balance | 4,685 | 4,673 |
| Allowances made during the year | 374 | 12 |
| **Total impairment allowance (including principal and interest)** | **5,059** | **4,685** |

Total movement in impairment allowance and bad debt expense for the period was:

| | **Note** | **Year ended 31 March 2026 $000's** | **Year ended 31 March 2025 $000's** |
|---|---|---|---|
| *Charged to profit or loss:* | | | |
| Increase / (decrease) in impairment allowance - principal | | 187 | (173) |
| Increase in specific impairment allowance - interest | | 187 | 185 |
| Bad debts written off - principal | 9c | 145 | 226 |
| **Total impairment allowance and bad debts expense** | | **519** | **238** |

Impairment allowances are regularly assessed by management. If the estimated value of the security is reassessed as being greater than the outstanding balance of the loan the impairment allowance is reversed.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial period are different from management's assumptions which could require a material adjustment to the carrying amount of loans to customers.

**Changes in ECL model assumptions and inputs**

The modelled provision for ECL is an estimate of forward-looking losses based on FMT GIF's view of three different economic scenarios. FMT GIF's assumptions around the macroeconomic factors used within each scenario and the weighting applied to each scenario are key judgements applied to the ECL models. The macroeconomic variables used in the ECL model are based on current economic forecasts. The weightings assigned to each scenario reflect the uncertainty and higher potential upside and downside risks for the domestic economy.

## 9. LOANS TO CUSTOMERS, IMPAIRMENT ALLOWANCE AND BAD DEBTS WRITTEN OFF (continued)

### (b) Impairment allowance (continued)

*(ii) Analysis of loans to customers at amortised cost (continued)*

The variables and weighting used of 31 March 2026 are presented below.

**Scenario variables**

FMT GIF's three macroeconomic scenarios have been created during the year ended 31 March 2026 as follows:

- Base case scenario (50.0%): This represents FMT GIF's base scenario and assumes a continuation of recent macroeconomic trends. Under this scenario, unemployment is projected to decrease from 5.3% in 2026 to 5.1% in 2027 and 4.8% in 2028. Population growth is expected to remain stable at 0.6% in both 2026 and 2027, before increasing to 1.2% in 2028. The 90-day bank bill rate is assumed to decrease from 3.3% in 2026 to 2.5% in 2027, before increasing to 3.6% in 2028.
- Best case scenario (3.0%): This scenario reflects more favourable macroeconomic conditions relative to the base scenario, resulting in lower-than-expected credit losses. Under this scenario, unemployment is assumed to decrease to 4.8% in 2027 and 4.4% in 2028. Population growth is expected to remain stable at 0.6% in both 2026 and 2027, before increasing to 1.2% in 2028. The 90-day bank bill rate is assumed to decrease further to 2.4% in 2027, before increasing to 3.3% in 2028.
- Worst case scenario (47.0%): This scenario reflects less favourable macroeconomic conditions relative to the base scenario, resulting in higher-than-expected credit losses. Under this scenario, unemployment is assumed to increase to 5.4% in both 2027 and 2028. Population growth is expected to remain stable at 0.6% in both 2026 and 2027, before increasing to 1.2% in 2028. The 90-day bank bill rate is assumed to decrease to 2.6% in 2027, before increasing to 4.1% in 2028.

**Scenario weightings**

The weightings applied to the scenarios in the calculation of ECL are outlined below.

| Scenario weighting applied | 31 March 2026 | 31 March 2025 |
|---|---|---|
| Base case | 50.0% | 52.5% |
| Best case | 3.0% | 5.0% |
| Worst case | 47.0% | 42.5% |

During the year ended 31 March 2026, macroeconomic scenarios were reviewed for current economic conditions. Economic forecasts remain subject to a high degree of uncertainty, with ongoing global market volatility driven by geopolitical developments, including the escalation of conflict in the Middle East and persistent global tensions. These conditions have increased uncertainty around inflation, monetary policy settings, and economic growth, with flow-on impacts to the New Zealand economy. While some domestic indicators have shown signs of stabilisation, heightened global risk has increased downside risks to the economic outlook. Accordingly, the weighting applied to the worst case scenario has been increased, with corresponding reductions to the base and best case scenario weightings.

**Sensitivity of the impairment provision ECL**

As noted in the accounting policy (note 3(c)) the critical accounting assumptions in determining the impairment allowance relating to ECL are the determination whether there has been a significant increase in credit risk and the use of probability weighted forward looking macroeconomic scenarios.

To provide a better understanding on the sensitivity of the credit impairment calculation based on the assumptions made, FMT GIF performed sensitivity analysis on the ECL. The sensitivity reflects the impact on the ECL:

| | Base | % Change | Increase $000's | Decrease $000's |
|---|---|---|---|---|
| Unemployment | As high as 5.6% | +/- 0.5% | 420 | (420) |
| Population Growth | As high as 1.7% | +/- 0.5% | (186) | 186 |
| 90-Day Bank Bill | As high as 4.6% | +/- 1.0% | 162 | (162) |

### (c) Bad debts written off

When a bad debt is written off, the portion of expected credit losses relating to the debt (if any) is reversed.

| | Year ended 31 March 2026 $000's | Year ended 31 March 2025 $000's |
|---|---|---|
| Bad debts written off – principal | 145 | 226 |
| **Total bad debts written off** | **145** | **226** |

# Notes to the financial statements

For the year ended 31 March 2026

## 10. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

### (a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, and short-term deposits with a remaining term to maturity of three months or less.

| | 31 March 2026 $000's | 31 March 2025 $000's |
|---|---|---|
| ANZ Bank New Zealand | 323,661 | 157,323 |
| Bank of New Zealand | 21,579 | 21,018 |
| ASB | 21,586 | 20,987 |
| **Total cash and cash equivalents** | **366,826** | **199,328** |

### (b) Term deposits

**Term deposits - current portion**

Comprise deposits with a remaining term to maturity of greater than three months but less than twelve months.

| | 31 March 2026 $000's | 31 March 2025 $000's |
|---|---|---|
| ANZ Bank New Zealand | 92,000 | 97,000 |
| ASB | 85,000 | - |
| **Total term deposits - current portion** | **177,000** | **97,000** |

**Term deposits - non-current portion**

Comprise deposits with a remaining term to maturity of greater than twelve months but less than twenty-four months.

| | 31 March 2026 $000's | 31 March 2025 $000's |
|---|---|---|
| ANZ Bank New Zealand | 5,000 | 5,000 |
| ASB | 15,000 | 10,000 |
| **Total term deposits - non-current portion** | **20,000** | **15,000** |

| | 31 March 2026 $000's | 31 March 2025 $000's |
|---|---|---|
| Total term deposits - current portion | 177,000 | 97,000 |
| Total term deposits - non-current portion | 20,000 | 15,000 |
| **Total term deposits** | **197,000** | **112,000** |

The effective interest rates on deposits held with financial institutions as at year end were as follows:

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| Call deposits | 2.48% | 4.14% |
| Term deposits - current portion | 3.19% | 4.84% |
| Term deposits - non-current portion | 3.58% | 4.38% |

Cash and cash equivalents and term deposits are held with bank and financial institution counterparties, which are all rated A+, based on Fitch Ratings Inc.

## 11. TRADE AND OTHER PAYABLES

| | Note | 31 March 2026 $000's | 31 March 2025 $000's |
|---|---|---|---|
| Trade payables | | 3,375 | 3,845 |
| Management fees payable | 16b | 3,052 | 2,541 |
| Supervisor fees payable | 16b | 126 | 101 |
| Accrued expenses | | 104 | 148 |
| Loan fees payable | 16b | 464 | 313 |
| **Total trade and other payables** | | **7,121** | **6,948** |


The accompanying basis of preparation and notes form part of these financial statements.

# Notes to the financial statements

For the year ended 31 March 2026

## 12. INVESTORS' FUNDS

| | Year ended 31 March 2026 Number of Units / $000's | Year ended 31 March 2025 Number of Units / $000's |
|---|---|---|
| On issue at beginning of year | 1,903,250 | 1,673,868 |
| Units issued during the year | 726,142 | 533,893 |
| Units redeemed during the year | (313,643) | (304,511) |
| **On issue at end of year** | **2,315,749** | **1,903,250** |

The investors receive quarterly distributions within three working days of being declared. Distributions of $126,890,949 were declared by FMT GIF for the year ended 31 March 2026 (2025: $126,809,579).

The following table shows the number of investments in FMT GIF, First Mortgage Trust Wholesale Fund (FMT WF)(1) and First Mortgage PIE Trust (FM PIE)(1) in various investment dollar bands to show funding exposure risk:

| | 31 March 2026 Number of Investments | 31 March 2025 Number of Investments |
|---|---|---|
| Does not exceed $100,000 | 3,492 | 3,252 |
| Exceeds $100,000 and not $250,000 | 1,921 | 1,677 |
| Exceeds $250,000 and not $500,000 | 1,181 | 999 |
| Exceeds $500,000 and not $1,000,000 | 808 | 624 |
| Exceeds $1,000,000 and not $2,500,000 | 337 | 283 |
| Exceeds $2,500,000 and not $5,000,000 | 67 | 52 |
| Exceeds $5,000,000 and not $7,500,000 | 7 | 7 |
| Exceeds $7,500,000 and not $10,000,000 | 5 | 2 |
| Exceeds $10,000,000 and not $12,500,000 | 4 | 4 |
| Exceeds $12,500,000 | - | - |
| **Total number of investors** | **7,822** | **6,900** |

(1) FMT WF and FM PIE are managed by the Manager and invest solely in FMT GIF.

## 13. RETAINED EARNINGS

| | Year ended 31 March 2026 $000's | Year ended 31 March 2025 $000's |
|---|---|---|
| Balance at beginning of year | 16,550 | 13,481 |
| Profit for the year | 130,286 | 129,879 |
| Distributions to investors | (126,891) | (126,810) |
| **Balance at end of year** | **19,945** | **16,550** |

Retained earnings represent the net proceeds from FMT GIF's investment activities which the Manager, in consultation with the Supervisor, and in accordance with the Trust Deed have not yet distributed or credited to investors. Retained earnings includes interest in relation to some loans with interest payments in arrears that is not distributed until such time as it is received.

## 14. FINANCIAL INSTRUMENTS

FMT GIF has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk

This note presents information about FMT GIF's exposure to each of the above risks, FMT GIF's objectives, policies and processes for measuring and managing risk, and FMT GIF's management of capital.

### (a) Risk management framework

FMT GIF's risk management policies are established to identify and analyse the risks faced by FMT GIF, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

### (b) Credit risk

Credit risk is the risk of financial loss to FMT GIF if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from FMT GIF's loans to customers and deposits with banks. For risk management reporting purposes, FMT GIF considers and consolidates all elements of credit risk exposure (such as individual obligor default risk and sector risk) and has a credit policy, which is used to manage the risk.

**Management of credit risk**

As part of this policy the Supervisor has approved the following specific policies:

The policy of the Manager is to establish and maintain a broad range of loan investments secured by first registered mortgage over land and buildings. The skill of the Manager lies in maintaining a loan portfolio with a mix of loan types, interest rates, maturity dates and physical locations of the mortgaged properties.

▶ *Specific Policy Guidelines*

Specific investment policy guidelines are agreed between the Manager and the Supervisor from time to time. These guidelines are as follows:

***(i) Mix of loan types***

The loan portfolio will be spread between residential and commercial (including farming) properties within New Zealand, with an emphasis on properties around the major cities. Lending on residential properties is limited to an asset allocation range of 40-75% of the value of FMT GIF's authorised investments. Lending on commercial properties is limited to an asset allocation range of 15-45%, and lending on rural properties is limited to an asset allocation range of 0-20% of the value of FMT GIF's authorised investments.

***(ii) Lending limits***

There are limits on the maximum size of any loan in relation to both the value of the property provided as security and to the value of FMT GIF's authorised investments at the time the loan is advanced. The limits are:

- **Residential:** 75% of an independent valuation for residential land and buildings in fee simple or cross lease, 70% on developed residential sections, 60% of the lessee's interest in approved leasehold land and buildings, and 50% for vacant undeveloped residential land, or the amount of the valuer's recommendation;
- **Rural:** 60% of an independent valuation for rural properties in fee simple, 60% of the lessee's interest in approved leasehold land and buildings, and 50% for vacant rural land or the amount of the valuer's recommendation. However, advances to farming clients operating solely on leasehold land will be exceptions rather than the rule and the mortgagors will need to have substantial financial assets; and
- **Commercial:** 66.7% of an independent valuation for commercial land and buildings in fee simple (including developed commercial sections), 60% of the lessee's interest in approved leasehold land and buildings, and 50% for vacant undeveloped commercial land, or the amount of the valuer's recommendation.

No more than 5% of the value of FMT GIF's authorised investments will be invested in any one mortgage or advanced to any one borrower or related group of borrowers at the time of lending. The total of the six largest loans in FMT GIF may not exceed 25% of the value of FMT GIF's authorised investments.

***(iii) Ranking***

The Manager's policy is to maintain the bulk of investments in loans secured by registered first mortgages. The balance of FMT GIF is held in bank deposits at New Zealand registered banks.

**Exposure to credit risk**

▶ *Collateral*

FMT GIF holds collateral against loans to customers in the form of mortgage interests over property. Estimates of fair value are based on the value of collateral assessed at the time of borrowing or renewal, and generally are not updated except when a loan is individually assessed as impaired.

It is not practicable to establish an estimate of the fair value of collateral held against all other loans. All loan value ratios are written within the parameters of the lending policy at the time a loan is advanced or renewed and the Manager considers that the collateral held is greater than the carrying value of the loans to customers (see note 9a).

## 14. FINANCIAL INSTRUMENTS (continued)

### (b) Credit risk (continued)

**Exposure to credit risk (continued)**

▶ *Collateral (continued)*

| *Past due loans* | Note | 31 March 2026 $000's | 31 March 2025 $000's |
|---|---|---|---|
| **Loans to customers - principal:** | | | |
| Neither past due nor impaired | | 1,776,245 | 1,540,371 |
| | | | |
| Loans with principal past due but loan not impaired: | | | |
| 0-30 days | | 622 | 8,802 |
| 30-60 days | | - | - |
| 60-90 days | | - | 1,081 |
| 90-180 days | | - | 4,021 |
| 180-365 days | | - | 188 |
| 365 days + | | - | 1,561 |
| | | | |
| Loans with interest past due but loan not impaired: | | | |
| 0-30 days | | 8,094 | 17,977 |
| 30-60 days | | - | - |
| 60-90 days | | 213 | - |
| 90-180 days | | - | 3,544 |
| 180-365 days | | 12,364 | 27,895 |
| 365 days + | | - | - |
| Impaired | | 2,330 | 2,276 |
| Specific allowance for impairment | | (1,700) | (1,528) |
| Allowance for ECL under IFRS 9 | | (2,375) | (2,360) |
| **Carrying amount – principal** | **9a** | **1,795,793** | **1,603,828** |

| *Past due interest receivable* | Note | 31 March 2026 $000's | 31 March 2025 $000's |
|---|---|---|---|
| **Interest receivable:** | | | |
| Neither past due nor impaired | | 9,311 | 9,555 |
| Past due but not impaired: | | | - |
| 0-30 days | | 154 | 345 |
| 30-60 days | | 101 | 250 |
| 60-90 days | | 101 | 257 |
| 90-180 days | | 291 | 729 |
| 180-365 days | | 185 | 888 |
| 365 days + | | - | - |
| Impaired | | 985 | 797 |
| Allowance for impairment | | (985) | (797) |
| **Carrying amount** | | **10,413** | **12,024** |
| | | | |
| **Deposits with banks:** | | | |
| Neither past due nor impaired | | 563,826 | 311,328 |
| **Carrying amount** | **10** | **563,826** | **311,328** |

## 14. FINANCIAL INSTRUMENTS (continued)

### (b) Credit risk (continued)

**Exposure to credit risk (continued)**

- *Past due but not impaired loans*

Loans are considered past due but not impaired where contractual interest or principal payments are past due but FMT GIF believes that impairment is not appropriate on the basis of the level of collateral available or the stage of collection of amounts owed to FMT GIF. Included in past due loans are loans where interest payments continue to be made however the original term of the loan has expired, or FMT GIF has paid costs in relation to the loan or security property that the borrower is required to reimburse and therefore the loan meets the definition of a past due asset that is not impaired. In these instances, the property has been sold or refinanced with another lender and is pending completion of the transaction, or the Manager is working with the borrowers to renew the loan where appropriate, realise the security property, reduce the balance of the loan, or provide additional security. As of 31 March 2026, loans with interest in arrears had a principal loan balance of $22,999,700 (2025: $51,691,991). Included in this total are $20,670,085 (2025: $49,416,238) of loans not considered to be impaired which are secured against properties with estimated values of $39,327,522 (2025: $119,755,586).

- *Impaired loans*

Impaired loans are loans for which FMT GIF determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan. An allowance for impairment of $1,699,569 (2025: $1,528,300) has been made in relation to 1 loan with a book value before impairment of $3,314,175 (2025: 1 loan with a value of $3,072,574).

A summary of the movement in allowance for impairment is included in note 9b. The following movements in the balances of loans (including interest receivable) considered individually impaired occurred during the year:

| | Year ended 31 March 2026 $000's | Year ended 31 March 2025 $000's |
|---|---|---|
| Opening balance of impaired loans | 3,073 | 2,836 |
| Additions to loans impaired including accrued interest | 245 | 3,103 |
| Loans repaid or no longer impaired | (4) | (2,640) |
| Amounts written off | - | (226) |
| **Closing balance of impaired loans (principal and interest)** | **3,314** | **3,073** |

- *Allowances for impairment*

FMT GIF establishes an impairment allowance that represents its estimate of losses likely to be incurred in its loan portfolio. The Manager's assessment of the impairment allowance considers registered valuer's assessments of the property held as security in conjunction with other information available regarding the property including offers for sale. The impairment allowance is subject to estimation and uncertainty in relation to the future recoverable amount and the expected repayment date. Impairment allowances are applied against interest receivable in relation to loans identified as specifically impaired in the first instance.

**Concentration of credit risk**

FMT GIF monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

| | Note | 31 March 2026 $000's | 31 March 2025 $000's |
|---|---|---|---|
| Bank and short-term deposits | 10 | 563,826 | 311,328 |
| Loans over commercial property | | 669,296 | 536,831 |
| Loans over residential property | | 1,054,396 | 949,870 |
| Loans over rural property | | 76,176 | 121,015 |
| Allowance for ECL | | (2,375) | (2,360) |
| Allowance for specific impairment | | (1,700) | (1,528) |
| Interest and fees receivable | | 10,143 | 12,024 |
| **Carrying amount** | | **2,369,762** | **1,927,180** |

At the reporting date FMT GIF had aggregate credit exposure to ANZ Bank New Zealand of 18.0% (2025: ANZ Bank New Zealand of 13.5%). There is no other aggregate exposure to individual counterparties which equals or exceeds 10% of FMT GIF's equity at the reporting date.

The concentration of credit risk in counterparty loan holders owing the 3 largest amounts is 10.6% of Investor Funds (2025: 6 loans; 11.0%). The above table represents the maximum exposure to credit risk. At the reporting date there were no loans which exceeded 5% of Investor Funds or were there any loans exceeding 5% of Investor Funds at the preceding reporting periods.

## 14. FINANCIAL INSTRUMENTS (continued)

### (b) Credit risk (continued)

**Concentration of credit risk (continued)**

The following table shows the number of loans held by individual counterparties in various loan dollar bands to show credit exposure risk:

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| <$200,000 | 18 | 25 |
| $200,000 - $500,000 | 59 | 93 |
| $500,001 - $1,000,000 | 81 | 112 |
| $1,000,001 - $2,000,000 | 86 | 100 |
| $2,000,001 - $3,500,000 | 51 | 52 |
| $3,500,001 - $5,000,000 | 30 | 37 |
| $5,000,001 - $7,500,000 | 21 | 21 |
| $7,500,001 - $10,000,000 | 24 | 15 |
| >$10,000,000 | 35 | 34 |
| **Total number of individual counterparties** | **405** | **489** |

The loan portfolio will be spread between properties within New Zealand, but with an emphasis on properties around the major cities.

Geographic exposure is determined based on the location of the underlying secured property.

FMT GIF monitors concentrations of the loan portfolio credit risk by geographic region. An analysis of concentrations of credit risk at the reporting date is shown below:

| | Note | 31 March 2026 $000's | 31 March 2025 $000's |
|---|---|---|---|
| Auckland | | 973,542 | 967,135 |
| Bay of Plenty | | 58,373 | 104,560 |
| Canterbury | | 174,645 | 164,299 |
| Hawke's Bay | | 5,560 | 4,088 |
| Manawatu-Wanganui | | 8,543 | 3,773 |
| Marlborough | | - | 1,766 |
| Nelson | | 6,856 | 13,384 |
| Northland | | 5,293 | 3,606 |
| Otago | | 120,345 | 76,476 |
| Southland | | 2,959 | 2,359 |
| Taranaki | | 1,725 | 2,695 |
| Waikato | | 70,164 | 68,609 |
| Wellington | | 369,263 | 193,438 |
| West Coast | | 900 | - |
| Allowance for ECL | | (2,375) | (2,360) |
| **Carrying amount** | **9a** | **1,795,793** | **1,603,828** |

Loan-to-Value ratios (LVRs) are calculated as the current loan secured by a first mortgage divided by FMT GIF's valuation of the security property at origination of the exposure. FMT GIF monitors concentrations of the loan portfolio credit risk by LVRs. An analysis of concentrations of credit risk at the reporting date by percentage of loans by LVR range is shown below:

| LVR Range | 31 March 2026 Percentage of Loans | 31 March 2025 Percentage of Loans |
|---|---|---|
| Does not exceed 45% | 29.1% | 36.3% |
| Exceeds 45% and not 55% | 23.9% | 22.8% |
| Exceeds 55% and not 65% | 32.2% | 33.8% |
| Exceeds 65% and not 75% | 14.6% | 6.1% |
| Exceeds 75% and not 85% | - | 0.7% |
| Exceeds 85% | 0.2% | 0.3% |

Valuation of the security property at origination is the valuation at the time of loan approval, or the valuation at the time the loan is increased if an increase has occurred which requires a more up-to-date valuation.

 

## 14. FINANCIAL INSTRUMENTS (continued)

### (c) Liquidity risk

Liquidity risk is the risk that FMT GIF will encounter difficulty in meeting obligations associated with its financial liabilities.

**Management of liquidity risk**

FMT GIF's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to FMT GIF's reputation.

The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. FMT GIF takes monies invested by investors and lends to customers for longer periods. If an investor wishes to withdraw from FMT GIF, the Manager has up to 90 business days to repay the investor. The contractual cash flow analysis below sets out the liquidity position of FMT GIF's assets.

- *Cash reserves*

The Manager has agreed with FMT GIF's Supervisor to maintain a portion of FMT GIF in liquid investments to provide for withdrawals and running expenses. This portion of FMT GIF may be partially invested in bank deposits, government securities or other managed funds.

**Exposure to liquidity risk**

The key measure used by FMT GIF for managing liquidity risk is the ratio of net liquid assets to deposits from customers (i.e. investors' funds). For this purpose, net liquid assets are considered as including cash and cash equivalents and debt securities for which there is an active and liquid market less any borrowings and commitments maturing within the next month. A similar, but not identical calculation is used to measure FMT GIF's compliance with the liquidity limit established by FMT GIF's Supervisor.

Details of the reported Fund ratio of net liquid assets to investors' funds at the reporting date and during the reporting year were as follows:

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| As at year end | | |
| Cash and cash equivalents and short-term deposits | 23.8% | 15.2% |
| Average for the year | 23.8% | 17.3% |
| Maximum for the year | 28.0% | 21.9% |
| Minimum for the year | 16.5% | 13.9% |

Cash and cash equivalents comprise cash balances, call deposits, and term deposits with a remaining term to maturity of three months or less.
Term deposits - current portion in the statement of financial position includes term deposits with a maturity of greater than 3 months but less than one year, and term deposits - non-current portion includes term deposits with a maturity of between one and two years.

The following table combines cash and cash equivalents, short term-deposits and term deposits:

| | Note | 31 March 2026 $000's | 31 March 2025 $000's |
|---|---|---|---|
| Cash and cash equivalents | 10a | 366,826 | 199,328 |
| Term deposits - current portion | 10b | 177,000 | 97,000 |
| Term deposits - non-current portion | 10b | 20,000 | 15,000 |
| **Total cash and cash equivalents, and term deposits** | | **563,826** | **311,328** |

**Residual contractual maturities for financial assets and liabilities**

The following table sets out the contractual cash flows for all financial assets and liabilities.

| 31 March 2026 | Carrying value $000's | Contractual cash flows $000's | On demand $000's | 6 months or less $000's | 6-12 months $000's | 1-2 years $000's | 2-5 years $000's | More than 5 years $000's |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Cash and cash equivalents | 366,826 | 367,030 | 316,826 | 50,204 | - | - | - | - |
| Term deposits | 197,000 | 200,666 | - | 93,088 | 86,683 | 20,895 | - | - |
| Loans to customers | 1,795,793 | 1,910,197 | 24,624 | 666,153 | 605,125 | 591,743 | 18,824 | 3,728 |
| Interest and fees receivable | 10,143 | 10,142 | 832 | 7,985 | 967 | 358 | - | - |
| **Total assets** | **2,369,762** | **2,488,035** | **342,282** | **817,430** | **692,775** | **612,996** | **18,824** | **3,728** |
| | | | | | | | | |
| **Liabilities** | | | | | | | | |
| Trade and other payables | 7,121 | 7,121 | - | 7,121 | - | - | - | - |
| Taxation payable | 307 | 307 | - | 307 | - | - | - | - |
| Distribution payable | 26,692 | 26,692 | - | 26,692 | - | - | - | - |
| **Total non-derivative liabilities** | **34,120** | **34,120** | **-** | **34,120** | **-** | **-** | **-** | **-** |
| | | | | | | | | |
| **Net financial assets** | **2,335,642** | **2,453,915** | **342,282** | **783,310** | **692,775** | **612,996** | **18,824** | **3,728** |

# Notes to the financial statements

For the year ended 31 March 2026

## 14. FINANCIAL INSTRUMENTS (continued)

### (c) Liquidity risk (continued)

**Residual contractual maturities for financial assets and liabilities (continued)**

| 31 March 2025 | Carrying value $000's | Contractual cash flows $000's | On demand $000's | 6 months or less $000's | 6-12 months $000's | 1-2 years $000's | 2-5 years $000's | More than 5 years $000's |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Cash and cash equivalents | 199,328 | 199,621 | 159,328 | 40,293 | - | - | - | - |
| Term deposits | 112,000 | 115,329 | - | 35,664 | 63,850 | 15,815 | - | - |
| Loans to customers | 1,603,828 | 1,702,312 | 48,805 | 781,362 | 529,953 | 334,259 | 5,664 | 2,269 |
| Interest and fees receivable | 12,024 | 12,024 | 2,469 | 8,635 | 753 | 167 | - | - |
| **Total assets** | **1,927,180** | **2,029,286** | **210,602** | **865,954** | **594,556** | **350,241** | **5,664** | **2,269** |
| **Liabilities** | | | | | | | | |
| Trade and other payables | 6,948 | 6,948 | - | 6,948 | - | - | - | - |
| Taxation payable | 491 | 491 | - | 491 | - | - | - | - |
| **Total non-derivative liabilities** | **7,439** | **7,439** | **-** | **7,439** | **-** | **-** | **-** | **-** |
| **Net financial assets** | **1,919,741** | **2,021,847** | **210,602** | **858,515** | **594,556** | **350,241** | **5,664** | **2,269** |

Loans to customers are repayable on demand if payments are not made when contractually due. Accordingly amounts in relation to loans to customers where the original term of the loan has expired, including loans that may have interest past due or loans that are impaired, have been included in the on-demand category of the above contractual maturity tables.

The actual repayment of loans to customers may not occur at the contractual maturity date. In the normal course of business loans are advanced for a further period of time, borrowers repay loans early, or borrowers are unable to repay the loan when it falls due. FMT GIF is managed based on contractual maturity of loans to customers and liquidity risk is managed primarily by holding a portion of FMT GIF in bank deposits.

The liquidity table on the previous page does not include investors' funds due to the fact that they are classified as equity in the statement of financial position however they consist of puttable instruments that are, by their nature, capable of being put to FMT GIF within 6 months of the reporting date.

The Manager has calculated expected maturity for loans to customers using estimated repayment dates for loans to customers with a contractual repayment date that is past due and assumed that 36% (2025: 40%) of maturing loans will be renewed for a further term of 12 months on an ongoing basis.

In the normal course of business loans to customers that are not renewed will be repaid earlier or later than the contractual maturity date. In calculating the estimated maturity, it has been assumed that loans that are not renewed are repaid on the contractual maturity date and no adjustment has been made for early or late repayment of those loans.

In the normal course of business loans are advanced for a further period of time. When renewing loans the Manager considers the current and expected liquidity requirements of FMT GIF at the time the decision is made to renew the loan. Accordingly, the expected maturity schedule may change depending on the liquidity requirements of FMT GIF.

Contractual maturity is estimated to be the same as expected maturity for financial assets and liabilities other than loans to customers.

The following table sets out an estimate of expected cash flows for all financial assets and liabilities.

| 31 March 2026 | Carrying value $000's | Expected cash flows $000's | On demand $000's | 6 months or less $000's | 6-12 months $000's | 1-2 years $000's | 2-5 years $000's | More than 5 years $000's |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Cash and cash equivalents | 366,826 | 367,030 | 316,826 | 50,204 | - | - | - | - |
| Term deposits | 197,000 | 200,666 | - | 93,088 | 86,683 | 20,895 | - | - |
| Loans to customers | 1,795,793 | 2,099,424 | 9,294 | 465,062 | 443,663 | 735,205 | 428,031 | 18,169 |
| Interest and fees receivable | 10,143 | 10,142 | - | 8,817 | 967 | 358 | - | - |
| **Total assets** | **2,369,762** | **2,677,262** | **326,120** | **617,171** | **531,313** | **756,458** | **428,031** | **18,169** |
| **Liabilities** | | | | | | | | |
| Trade and other payables | 7,121 | 7,121 | - | 7,121 | - | - | - | - |
| Taxation payable | 307 | 307 | - | 307 | - | - | - | - |
| Distribution payable | 26,692 | 26,692 | - | 26,692 | - | - | - | - |
| **Total non-derivative liabilities** | **34,120** | **34,120** | **-** | **34,120** | **-** | **-** | **-** | **-** |
| **Net financial assets** | **2,335,642** | **2,643,142** | **326,120** | **583,051** | **531,313** | **756,458** | **428,031** | **18,169** |

## 14. FINANCIAL INSTRUMENTS (continued)

### (c) Liquidity risk (continued)

**Residual contractual maturities for financial assets and liabilities (continued)**

| 31 March 2025 | Carrying value $000's | Expected cash flows $000's | On demand $000's | 6 months or less $000's | 6-12 months $000's | 1-2 years $000's | 2-5 years $000's | More than 5 years $000's |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Cash and cash equivalents | 199,328 | 199,621 | 159,328 | 40,293 | - | - | - | - |
| Term deposits | 112,000 | 115,329 | - | 35,664 | 63,850 | 15,815 | - | - |
| Loans to customers | 1,603,828 | 1,891,303 | 4,100 | 536,073 | 368,210 | 581,562 | 379,987 | 21,371 |
| Interest and fees receivable | 12,024 | 12,024 | - | 11,104 | 753 | 167 | - | - |
| **Total assets** | **1,927,180** | **2,218,277** | **163,428** | **623,134** | **432,813** | **597,544** | **379,987** | **21,371** |
| | | | | | | | | |
| **Liabilities** | | | | | | | | |
| Trade and other payables | 6,948 | 6,948 | - | 6,948 | - | - | - | - |
| Taxation payable | 491 | 491 | - | 491 | - | - | - | - |
| **Total non-derivative liabilities** | **7,439** | **7,439** | **-** | **7,439** | **-** | **-** | **-** | **-** |
| | | | | | | | | |
| **Net financial assets** | **1,919,741** | **2,210,838** | **163,428** | **615,695** | **432,813** | **597,544** | **379,987** | **21,371** |

### (d) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect FMT GIF's income or the value of its financial instruments. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters, while optimising the return on risk.

**Management of interest rate risk**

Most investments will be in loans with floating interest rates, but the Manager may maintain some fixed rate loans. The interest rates of the loans are disclosed in note 9a.

A change of 100 basis points in interest rates would have increased or decreased profit by $23,596,000 (2025: $19,152,000). There would be no impact on equity as any increase or decrease in profit would affect distributions to investors by an equal value.

As of 31 March 2026, there were no loans to customers with a fixed interest rate (2025: $nil). All other loans are subject to interest receivable at floating interest rates. Interest rates on loans are continually reviewed by the Manager, and these rates are varied in accordance with movements in the market. Loan agreements provide for adjustments to the interest rate on existing loans by giving 14 days written notice to loan holders.

**Exposure to interest rate risk**

▶ *Interest rate risk – repricing analysis*

| 31 March 2026 | Total $000's | 0-6 months $000's | 6-12 months $000's | 1-2 years $000's | More than 2 years $000's |
|---|---|---|---|---|---|
| *Fixed rate instruments* | | | | | |
| Cash and cash equivalents | 50,000 | 50,000 | - | - | - |
| Term deposits | 197,000 | 92,000 | 85,000 | 20,000 | - |
| **Total fixed rate instruments** | **247,000** | **142,000** | **85,000** | **20,000** | **-** |
| | | | | | |
| *Variable rate instruments* | | | | | |
| Cash and cash equivalents | 316,826 | 316,826 | - | - | - |
| Loans to customers | 1,795,793 | 1,795,793 | - | - | - |
| **Total variable rate instruments** | **2,112,619** | **2,112,619** | **-** | **-** | **-** |
| | | | | | |
| **Total** | **2,359,619** | **2,254,619** | **85,000** | **20,000** | **-** |

## 14. FINANCIAL INSTRUMENTS (continued)

### (d) Interest rate risk (continued)

**Exposure to interest rate risk (continued)**

▶ *Interest rate risk – repricing analysis (continued)*

| 31 March 2025 | Total $000's | 0-6 months $000's | 6-12 months $000's | 1-2 years $000's | More than 2 years $000's |
|---|---|---|---|---|---|
| *Fixed rate instruments* | | | | | |
| Cash and cash equivalents | 40,000 | 40,000 | - | - | - |
| Term deposits | 112,000 | 35,000 | 62,000 | 15,000 | - |
| **Total fixed rate instruments** | **152,000** | **75,000** | **62,000** | **15,000** | **-** |
| | | | | | |
| *Variable rate instruments* | | | | | |
| Cash and cash equivalents | 159,328 | 159,328 | - | - | - |
| Loans to customers | 1,603,828 | 1,603,828 | - | - | - |
| **Total variable rate instruments** | **1,763,156** | **1,763,156** | **-** | **-** | **-** |
| | | | | | |
| **Total** | **1,915,156** | **1,838,156** | **62,000** | **15,000** | **-** |

### (e) Capital management

FMT GIF's capital consists of retained earnings and investors' funds and is not subject to any externally imposed capital requirements. See discussion on liquidity risk in Note 14(c) for capital management techniques for investors' funds.

### (f) Sensitivity analysis

The quarterly interest distribution to investors is the quarterly net profit arising from operations, after allowing for expenses, bad debts, taxes and any other amount the Manager considers prudent to set aside in the reserve fund. If the Manager determines that it is appropriate, interest in relation to some loans with overdue interest payments may not be distributed until such time as it is received.

The key driver of this distribution is interest income from loans to customers. Given the nature of FMT GIF's structure, any increase in interest rates (i.e. income) is materially passed on to investors via the distribution, and thus an increase in one factor is mirrored in the other.

### (g) Classification and estimation of fair values

The methods used in determining the fair values of financial instruments are discussed in note 4. The carrying value of each class of financial instruments has been determined to be representative of the fair value of the respective instruments. The carrying value of loans to customers with variable interest rates is deemed to be equal to their fair value in accordance to note 4(a).

## 15. RECONCILIATION OF THE PROFIT FOR THE YEAR WITH THE NET CASH FROM OPERATING ACTIVITIES

| | Year ended 31 March 2026 $000's | Year ended 31 March 2025 $000's |
|---|---|---|
| **Profit for the year** | 130,286 | 129,879 |
| | | |
| *Adjustments for changes in working capital:* | | |
| Change in interest and fees receivable | 1,881 | (3,942) |
| Change in trade and other payables | 627 | 599 |
| Change in prepayments | 7 | 7 |
| Change in taxation payable | (184) | 193 |
| | | |
| *Adjustments for non-cash items:* | | |
| Non-cash interest adjustments[1] | (70,585) | (57,154) |
| *Adjustments for items impacting investing activities:* | | |
| Bad Debts written off | 145 | 226 |
| Change in impairment allowance | 187 | (173) |
| **Net cash from operating activities** | **62,364** | **69,635** |

[1] Non-cash interest adjustments consists of capitalised interest of $65,652,563 and capitalised lending fees of $4,932,049 (2025: $53,745,649 and $3,408,678).

 The accompanying basis of preparation and notes form part of these financial statements.

# Notes to the financial statements

For the year ended 31 March 2026

## 16. RELATED PARTIES

### (a) Nature of relationship

FMT GIF is managed by the Manager as outlined in the product disclosure statement. The Manager makes all decisions relating to administration, investment management, investment applications, loan applications and the management of FMT GIF's mortgage portfolio. The Manager's responsibilities are set out in detail in the registered Trust Deed between the Manager and the Supervisor. The Manager does not hold or own any of the assets of FMT GIF. The Manager does not guarantee the return of principal or income to investors.

The ultimate shareholder of the Manager is CapitalGroup (FMT) Limited Partnership, the General Partner of this entity is CapitalGroup (FMT) General Partner Limited (CapitalGroup). There are common directors in the Manager and CapitalGroup.

In the normal course of business, subsidiaries of CapitalGroup, may provide loans to FMT GIF's borrowers with a second ranking mortgage as security (where FMT GIF has provided a first ranking mortgage). In each circumstance, FMT GIF will enter a Deed of Priority and Subordination with the CapitalGroup subsidiary. The terms of each Deed of Priority and Subordination restrict the rights of CapitalGroup's subsidiary, to take enforcement action and to receive loan repayments and interest from the borrower until FMT GIF has received full repayment of its loan, interest and other amounts due to it.

As of 31 March 2026, the loans to customers where a second mortgage is held by a CapitalGroup subsidiary, have a carrying value of $56,075,205 in the Statement of Financial Position (2025: $51,817,461).

In the normal course of business, FMT may ask a CapitalGroup subsidiary to participate in a loan to a borrower. In this circumstance, CapitalGroup's subsidiary agrees that it has no right to take enforcement action or to receive loan repayments or interest from the borrower until FMT GIF has received full repayment of its loan, interest and other amounts due to it. This operates in the same way as if a Deed of Priority and Subordination was entered into.

As of 31 March 2026, the blended loans to customers where a subsidiary of CapitalGroup is a subordinated investor, have a carrying value of $51,785,448 in the Statement of Financial Position (2025: $4,637,369).

The trustee and supervisor's role are performed by the Supervisor. The role of the Supervisor is to hold all the assets of FMT GIF on behalf of investors and to monitor compliance by the Manager with the requirements of the Trust Deed. The Supervisor's responsibilities are set out in detail in the Trust Deed. The Supervisor is required to exercise reasonable diligence to ascertain whether or not a breach of the terms of the Trust Deed or the offer of units has occurred.

The Supervisor and Manager are entitled to be indemnified against any expense or liability which may be incurred by them in relation to FMT GIF, with the exception of fraud, wilful breach of trust or dishonesty or breach of trust by the Supervisor or Manager. The Supervisor and Manager are entitled to be reimbursed by FMT GIF for all expenses, costs or liabilities incurred by them acting as Supervisor or Manager.

FMT WF and FM PIE are managed by the Manager and invest in FMT GIF.

Directors and key management personnel of the Manager are also considered related parties of FMT GIF.

### (b) Transactions and balances

As of 31 March 2026, directors and key management personnel of the Manager, either individually or through related interests, held units to the value of $3,288,847 in FMT GIF or FM PIE which invests in FMT GIF and received $107,160 distributions during the year (2025: $1,782,524 units held and $127,393 of distributions received for the year).

Management fees paid to the Manager are detailed in note 5. Within trade and other payables in the statement of financial position is an amount owing to the Manager of $3,051,784 (31 March 2025: $2,541,027).

In addition, during the year borrowers of FMT GIF have paid loan processing fees directly to the Manager of $29,038,997 (31 March 2025: $26,102,146). At balance date $464,200 remains payable to the Manager (2025: $312,717). The fees are loan establishment fees which are generally paid by FMT GIF across to the Manager from loan advances made to the borrower.

Supervisor fees paid to the Supervisor are detailed in note 6. Within trade and other payables in the statement of financial position is an amount owing to the Supervisor of $126,399 (31 March 2025: $100,991)

As of 31 March 2026 FMT WF held units to the value of $98,845,640 (31 March 2025: $32,752,237) in FMT GIF and received $3,902,851 of distributions during the year (2025: $822,693). The value of units issued by FMT GIF to FMT WF during the year was $72,942,342 (2025: $32,752,237) and the value of the units redeemed by FMT GIF to FMT WF during the year was $6,994,045 (2025: Nil).

As of 31 March 2026 FM PIE held units to the value of $1,024,357,192 (31 March 2025: $805,714,890) in FMT GIF and received $55,504,593 of distributions during the year (2025: $52,060,760). The value of units issued by FMT GIF to FM PIE during the year was $363,576,721 (2025: $283,695,551) and the value of the units redeemed by FMT GIF to FM PIE during the year was $144,934,428 (2025: $143,394,689).

## 17. SUBSEQUENT EVENTS

There have been no material events subsequent to the reporting date that require disclosure in these financial statements.

# Independent Auditor's Report

To the Investors of First Mortgage Trust Group Investment Fund

**Report on the audit of the financial statements**

## Opinion

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2026;
- the statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements of First Mortgage Trust Group Investment Fund (the **Fund**) on pages 4 to 25 present fairly in all material respects the Fund's financial position as at 31 March 2026 and its financial performance and cash flows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of First Mortgage Trust Group Investment Fund in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with Professional and Ethical Standards 1 and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

Our firm has provided other services to the Fund in relation to investor register assurance. Subject to certain restrictions, partners and employees of our firm may also deal with the Fund on normal terms within the ordinary course of trading activities of the business of the Fund. These matters have not impaired our independence as auditor of the Fund. The firm has no other relationship with, or interest in, the Fund.

KPMG

# Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at $11,000,000 determined with reference to a benchmark of the Fund's Total Assets. We chose the benchmark because, in our view, this is a key measure of the Fund's performance.

# Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the Investors as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements.

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| **Expected credit loss** | |
| Refer to notes 3c and 9b in the financial statements.<br><br>The allowance for expected credit losses (the 'allowance') is a key audit matter due the financial significance of loans to customers and the high degree of complexity and judgement applied by management in estimating the individual and collective allowance. The estimate uses statistical analysis based on the entity's historical loss experience per stage allocation, business segment and macroeconomic considerations.<br><br>In addition, Specific allowances made where required and are measured as the present value of all cash shortfalls from the exposure (i.e. the difference between the cashflows due to the Fund in accordance with the contract and the cashflows | Our audit procedures included:<br><br>— Assessing the Fund's methodology used in the expected credit loss (ECL) model to calculate the allowance against the requirements of NZ IFRS 9: Financial Instruments ("NZ IFRS 9").<br><br>— Benchmarking of the ECL against publicly available data for comparable lenders and the industry.<br><br>— Testing key controls over loan data inputs and the identification of loans to customers where there has been a 'significant change in credit risk' of the loan.<br><br>— Performing retrospective review of significant assumptions<br><br>— Verifying loan details by agreeing non-financial data such as interest rates, maturity dates and valuations to loan agreements and loan valuations respectively.<br><br>— For loans that have been extended beyond their initial term selecting a sample and review managements assessment as to why a SICR has not occurred.<br><br>— Obtaining and reviewing managements accounting papers, supporting the validity of the expected credit loss model, including why an overlay has or has not been applied.<br><br>— For loans identified as having a 'significant increase in credit risk' and being 'credit impaired', evaluating the basis, and adequacy, of the allowance. This included inspecting externally obtained valuation reports |

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| that the Fund expects to receive<br><br>The inherent subjectivity in determining the allowance requires us to assess and challenge the appropriateness of management's assumptions.<br><br>There is heightened uncertainty around forward-looking assumptions due to the current economic environment<br><br>These factors resulted in significant audit effort being undertaken to address the risks around the recoverability of loans to customers, the determination of the related allowance for impairment and disclosure in the financial statements. | that support the entity's security and assessing the cash flow relating to the loans.<br><br>— Assessing whether there were any additional loans that ought to be included in management's individual provision through portfolio analytics (including monthly arrears analysis), inspection of Loan Committee reporting, and the related credit watchlist and board meeting minutes.<br><br>— Stressing test ECL by elevating all loans to stage 2 and consider the impact of a drop in security values on loan LVR's.<br><br>— Challenging management's assessment of matured loans that were not identified as having a significant increase in credit risk.<br><br>— Assessing the Fund's significant accounting policies and disclosures in the financial statements against the requirements of NZ IFRS 9.<br><br>The judgements and assumptions made in estimating the allowance for expected credit losses are reasonable. We did not identify any material issues or exceptions from our procedures. |

## Other information

The Directors of the Manager, on behalf of the Fund, are responsible for the other information. The other information comprises information included in the Directory and Chairman's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated.

If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Use of this independent auditor's report

This independent auditor's report is made solely to the Investors. Our audit work has been undertaken so that we might state to the Investors those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the Investors for our audit work, this independent auditor's report, or any of the opinions we have formed.

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## Responsibilities of Directors of the Manager for the financial statements

The Directors of the Manager, on behalf of the Fund, are responsible for:

— the preparation and fair presentation of the financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board;

— implementing the necessary internal control to enable the preparation of a set of financial statements that is free from material misstatement, whether due to fraud or error; and

— assessing the ability of the Fund to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objective is:

— to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and

— to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-2/

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is John Kensington.

For and on behalf of:

KPMG
Tauranga
12 June 2026

## Notes

## Notes

# Notes

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