



QUARRY CAPITAL

ARTEMIS PROPERTY SCHEME

Quarterly Report – June 2021

HIGHLIGHTS FOR THE QUARTER

Financial Statements and Tax Certificates

The audited financial statements for the year ended 31 March 2021 and the annual tax certificates were distributed by post at the end of June 2021. If you did not receive them, we may need to check that we have your correct postal address.

Annual General Meeting (AGM)

The AGM will be held in Christchurch at the George Hotel, 50 Park Terrace, at 5pm on Tuesday 24th August 2021. Light refreshments will be served after the meeting.

Please let Jacque Musson know if you plan to attend and haven't already done so.

New Opportunities

We have been looking to build on the success of this property scheme for some time by seeking high value properties to add to the portfolio. Such opportunities are rare, although one opportunity involving three Christchurch CBD childcare centres has arisen which we are pursuing with real interest. If we are successful, it is likely that we will recommend the existing structure is changed to enable and encourage new investment while ensuring that it benefits existing investors. We may need to call an Extraordinary General Meeting (EGM) prior to the AGM to seek investor approval for the restructure.

Interest Rates

With the major banks signalling an end to the downward trending interest rates due to inflationary pressure, our floating interest rates will increase marginally too. We are fortunate that Artemis has a favourable LVR position, and the impact of this rates increase will not impact distributions under either the current or potential new structure.

Syndex

We have recently partnered with Syndex, an online investment intermediary platform by adopting their full suite of products and services. The Syndex platform enables us to issue, manage and trade our syndicate opportunities more effectively and efficiently. We have been thrilled with the relationship so far. We will soon invite you to subscribe to Syndex's 'Investor Portal' via an email link which will allow you to view key documents for your Quarry Capital investments, view communications, and discover other investment opportunities via the digital platform. This will be optional; you will not be disadvantaged by not subscribing.

Ongoing Customer Due Diligence

As part of our requirements under the AML/CFT Act we continue to conduct Ongoing Customer Due Diligence on all Investors. You may receive a request from us asking for you to update the information we currently hold on file.

THE SYNDICATE

Structure:	Proportionate Ownership Scheme
Scheme type:	Wholesale
Commencement:	17 September 2015
No. of interests:	217
Issue price:	180 @ \$50,000 37 @ \$60,000
Distribution rate:	9.0% p.a.
No. of investors:	33

THE PROPERTIES

Number of properties:	11
Locations:	Masterton, Porirua Tawa, Blenheim, Nelson Richmond, Westport Christchurch (2), Rolleston Invercargill
Use:	Early childcare centres
Tenants:	Evolve Group (8) Provincial Education Group (2) Best Start Group (1)
WALT:	9.5 years

THE NUMBERS

Valuation:	\$34.07m
Lender:	ASB Bank
Bank debt:	\$13.32m
LVR:	39.1%
Interest rates:	2.37% – 2.66% p.a.
Repayments:	1x loan with principal reduction of \$100,000 p.a.; 3x loans are interest only

THE PEOPLE

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