



ARTEMIS PROPERTY SCHEME

Quarterly Report – March 2022

HIGHLIGHTS FOR THE QUARTER

Scheme Performance

The scheme continues to operate profitably following the purchase of the three Christchurch centres in October last year. These three new centres were recently valued at \$15.5m, up 7.5% from the purchase price, taking the total portfolio value to \$53.68m.

Distributions

From 5 October 2021, the distribution rate paid on the interests issued was set at 7% p.a. following the restructure of the existing investors capital and an additional \$6.8m of new capital.

Unaudited results for the year ended 31 March 2022

Profitability	Actual	Forecast	Variance
Rent and Interest income	2,431,901	2,479,551	(47,650)
Property and Scheme costs	(349,046)	(327,572)	(21,474)
Interest paid	(526,718)	(481,843)	(44,875)
Property acquisition costs	(94,857)	(110,000)	15,143
Net Operating Income	1,461,280	1,560,136	(98,856)
Increase in property valuation	5,186,857		
Net Profit for the Year	\$ 6,648,137		

Annualised Yield	9.36%	9.97%
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Statement of Financial Position

Assets	This Year	Last Year
Cash and Receivables	484,481	502,449
Investment Properties	53,680,000	34,070,000
Total Assets	54,164,481	34,572,449
Liabilities		
Payables and Accruals	395,781	242,045
Bank debt	21,742,334	13,642,334
Total Liabilities	22,138,115	13,884,379
Net Assets	\$ 32,026,366	\$ 20,688,070
Investors Funds	\$ 32,026,366	\$ 20,688,070

The variance between forecast and actual rental income primarily relates to Covid rent rebates. The increase in property and scheme costs primarily relates to additional one-off property works, as well as integrating the new custodial services provider Syndex.

The audited financial statements and annual tax certificates will be distributed at the end of June. The Annual General Meeting will be convened in August.

THE SYNDICATE

Structure:	Proportionate Ownership Scheme
Scheme Type:	Wholesale
Commencement:	17 September 2015
Capital Structure:	
No. of interests:	2,633
Issue Price:	\$10,000 each
Investor Capital:	\$26,330,000
Distribution Rate:	7.0% p.a.
No. of Investors:	64

THE PROPERTIES

Number of properties:	14
Locations:	Masterton, Porirua, Tawa, Blenheim, Richmond, Nelson, Westport Christchurch (5), Rolleston, Invercargill
Tenants:	Evolve Group (8) Provincial Education Group (2) Best Start Group (1), Grow Canterbury (3)
Use:	Early childcare centres
WALT:	8.9 years

THE NUMBERS

Property value:	\$53.68 m
Bank Debt:	\$21.74 m
Lender:	ASB Bank
LVR:	40.5%
Interest rates:	3.57% - 3.60% p.a.
Repayments:	4x loans Interest only, 1 loan repaying principal of \$100,000 p.a. Rates on floating with 3 month reviews

THE PEOPLE

David Kitson (Managing Director)	021 722 231
Michael Kohing (Chief Financial Officer)	021 532628
Jacque Musson (Investor Liaison Manager)	03 345 8842
Sam Kitson (Marketing & Distribution Manager)	021 066 9206





QUARRY CAPITAL

The manager continues to hold cash reserves of at least 1.5 times the monthly bank repayments, distributions and scheme costs.

Interest rates

In this rising interest rate environment, we are constantly assessing the impact it is having on your pre-tax cash distributions. We anticipate that if rates continue to rise as they are forecast to, it will be necessary to reduce the distribution rate at some stage within the next 12 months.



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