

18 January 2023

ASX Announcement

December 2022 Quarter in Review – Appendix 4C

Key Points

- **Strong cash receipts for December 2022 quarter of \$3.22M**
- **Strong net cash flow for the quarter of \$1.24M**
- **Cash on hand at the end of the quarter of \$7.11M**
- **Assets Under Management (“AUM”) \$484M at 31 December 2022**
- **Auctus’ Pet Fund to sell stake in transaction to Woolworths Group (ASX: WOW)**
- **Auctus is expected to receive a performance fee in excess of \$6M on close**

Auctus Investment Group Limited (‘AVC’, ‘Auctus’ or ‘the Company’) is pleased to provide the following update in relation to activities for the December quarter of 2022.

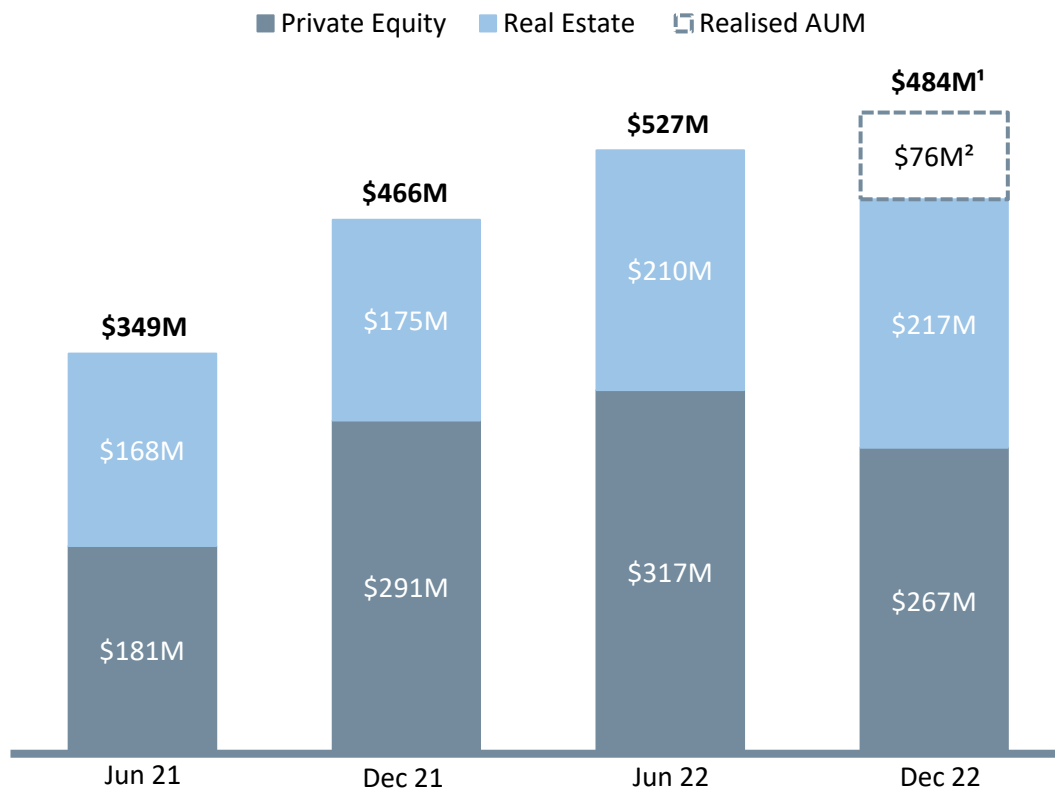
Auctus Asset Management Pty Ltd

Auctus Asset Management (‘Auctus AM’) finished the December 2022 quarter with AUM of \$484M (net of the initial investment of \$76M returned on sale of esVolta, LP).

During the December 2022 quarter, Auctus advised that Woolworths Group (ASX: WOW) announced the acquisition of a 55% equity interest in Petspiration Group (‘Petspiration’), for a cash consideration of \$586M. Assuming completion of the transaction, Auctus will sell the Fund’s entire stake of 10.22% in Petspiration, which is expected to generate a gross IRR of approximately 30% p.a. and money multiple of 1.8x for Pet Fund Investors. Subject to customary closing conditions including ACCC and NZCC approvals, at close Auctus is expected to receive a cash performance fee in excess of \$6M.

Approximately \$272M or 56% of the Company’s total AUM is perpetual capital underpinning recurring revenue.

ASSETS UNDER MANAGEMENT (A\$ M)



AUD: USD exchange rate of 0.68 ¹ Net of esVolta, LP as previously announced. Current AUM is \$484m. ² Return of investors original capital in esVolta (excludes return on invested capital).

Cash Flow from Operations and Cash Position

Auctus generated \$3.22M in cash receipts from customers for the December 2022 Quarter with the majority of revenue from recurring management fees and the second tranche performance fee from the sale of esVolta, LP. Overall, Auctus generated a positive cash from operations of \$1.24M for the quarter. This is the Company's **fifth consecutive quarter of positive cash flow from operations** as we continue to see the benefits of scale and strong asset performance.

All payments noted in Section 6 of the accompanying Appendix 4C for related party payments during the quarter relate to settlement of directors' fees and salaries.

First Half FY23 Highlights

The Company has achieved some significant milestones during the first half of the 2023 financial year, some highlights include:

- Achieved first realised exit and performance fee after generating an initial 50% return on equity and 18% p.a. IRR from the sale of esVolta, LP (Energy Storage Fund)
- Announced sale of stake in Petspiration Group (Petstock) which is expected to generate a gross IRR of approximately 30% p.a. and money multiple of 1.8x for Pet Fund Investors
- As a result of these two initial exits, the Company anticipates cash performance fees in excess of \$7.5M during FY23
- Continued to build recurring revenue leading to five consecutive positive cashflow quarters with \$272M of current AUM perpetual capital
- Grew US Opportunities Limited to in excess of \$50M with further fund inflows expected through CY23
- Paid \$3.78M (5c per share) capital return to shareholders
- Continued on-market share buy-back
- Settled US\$10M investment in ID.me within US Opportunities Limited (further detail below)
- Built a strong pipeline of new opportunities both domestically and offshore

We look forward to providing a more detailed update with our half year results.

Share Buy Back

The Company continued the **on-market share buy-back**, with \$0.543M of shares purchased during the December quarter. Since its commencement, Auctus has purchased approximately \$1.98M worth of shares. Further purchases will be conditional based on market conditions and balance sheet management.

The on-market share buy-back is currently suspended until the first half FY 23 results are released in late February 2023.

Fund Updates

US Opportunities Limited ('USO')

During the quarter, Auctus settled an investment of US\$10M in ID.me further diversifying the USO portfolio. ID.me is the next-generation digital identity platform that enables trusted and convenient interactions between individuals and organizations and has now signed multiple \$1BN+ contracts including US Internal Revenue Service (IRS).

USO provides investors with an exposure to short duration (late-stage and pre-IPO) private equity opportunities all exclusively sourced from the Company's strong relationships with its US based partners. The Company initially raised \$35M of seed capital during H1 FY22 with investors receiving 1 for 1 option with a total exercised value of a further \$35M. Options can be exercised up until 31 January 2023.

Auctus is currently undertaking an additional \$30M capital raise, that together with the seed capital and options, has the potential to make USO a ~\$100M investment vehicle by February of 2023. As the appointed investment manager for USO, Auctus will have a significant level of undeployed capital (“dry powder”) to take advantage of current market conditions.

US Student Housing REIT (ASX: USQ)

All assets in the USQ portfolio have been independently valued by CBRE for 31 December 2022. The resulting **Gross Asset Valuation ('GAV')** of the total portfolio of 9 properties **has increased to US\$147.7M (~A\$217M¹), up from US\$144.6 million (for the 6 month period to 31 December 2022).**

Despite a dramatic increase in interest rates and the corresponding expansion of cap rates, performance at the property level is still creating value for the portfolio. As previously advised, this is largely due to the unprecedented occupancy levels and rent increases which are expected to continue through the 2023-2024 academic year.

As at Friday 13 January 2023, portfolio occupancy is strong at 96.6%, with pre-leasing for the 2023-2024 academic year sitting at 55.7% which is nearly 11% ahead of where it was at this point last year.

Student Quarters has forecasted rental increases for the portfolio of 10.7% for the 2023-2024 academic year after achieving 8% rental increases for the current 2022-2023 academic year. Current pre-leasing is sitting at 55.7% which is nearly 11% ahead of where it was last year.

- ENDS

This announcement has been authorised for release by the Board of AVC

For all shareholder enquiries please contact:

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About Auctus

Auctus Investment Group Limited ('Auctus') is an ASX listed private markets asset manager with in-excess of A\$484M Assets Under Management (AUM), focusing on opportunities across private equity, infrastructure and operating real estate. Our core investment thesis is investing in sectors with strong tailwinds and potential to scale. Auctus provides wholesale, Family Office and sophisticated investors with access to a highly curated selection of private market investment opportunities.

¹ Assuming an AUD: USD exchange rate of 0.6815 as at 31 December 2022

AUCTUS INVESTMENT GROUP LIMITED (ASX: AVC)

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

AUCTUS INVESTMENT GROUP LIMITED (ASX: AVC)

ABN

76 149 278 759

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,220	5,635
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(427)	(737)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(763)	(1,652)
(f) administration and corporate costs	(763)	(1,524)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(25)	(25)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,243	1,700

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(18)	(254)
(d) investments	(120)	(217)
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	119	119
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	724
2.4	Dividends received (see note 3)	53	120
2.5	Other – payments for security deposits	-	(359)
2.6	Net cash from / (used in) investing activities	34	133

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings / payments for lease liabilities	(175)	(267)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid / Capital return	-	(3,775)
3.9	Other (On-market Share buy-back)	(543)	(1,189)
3.10	Net cash from / (used in) financing activities	(718)	(5,231)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,749	10,568
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,243	1,700

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	33	133
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(718)	(5,231)
4.5	Effect of movement in exchange rates on cash held	(192)	(55)
4.6	Cash and cash equivalents at end of period	7,115	7,115

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	7,115	6,749
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,115	6,749

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	170
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,243
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,115
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	7,115
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If Item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 18 January 2023

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.