

18 January 2022
ASX Announcement

December 2021 Quarter in Review – Appendix 4C

Key Points

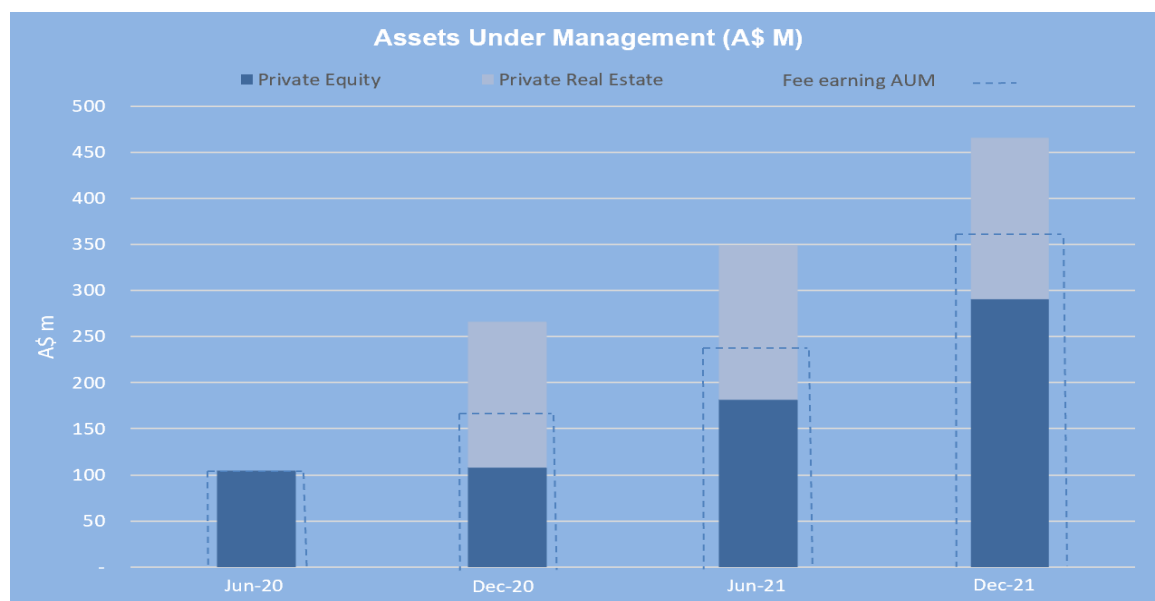
- **Assets Under Management (“AUM”) increased 16.5% from A\$400M to A\$466M during the quarter**
- **Record Cash receipts for the quarter of \$3.53M**
- **Positive Cash from Operations for the quarter of \$2.09M**
- **Cash balance at the end of December was \$13.4M**

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 2021.

Auctus Asset Management Pty Ltd (Auctus AM)

Auctus Asset Management (‘Auctus AM’) increased AUM from A\$400M at the end of September 2021 to A\$466M at the end of December 2021. The current AUM figure is post two successful property exits in the US student housing portfolio totalling A\$34.35M (further information below). Importantly, fee earning AUM has increased over 45% since the end of the June 2021 financial year to \$360M.

The December 2021 quarter was focussed on the “Luxury Escapes Fund”. The Fund launched in mid-September and received significant interest. As announced in late December the fund closed its initial raise in-excess of \$70M.



Cash Flow from Operations and Cash Position

Auctus generated \$3.53M in cash receipts from customers for the December Quarter, leading to a record positive cash from operations of \$2.09M.

The majority of the revenue for the quarter came from our Luxury Escapes Fund. Auctus continues to increase recurring revenue with over \$800,000 of this quarter's revenue being recurring in nature.

The only investment made during the Quarter was a short-term working capital loan to esVolta. As updated to the market on 7 December 2021 this loan is for US\$2.5M and is expected to be repaid towards the end of Q1 2022. esVolta appointed Citigroup (Citi) New York to run a broadly marketed process which will potentially lead to a near term full (or partial) exit, to be completed during the first quarter of 2022.

A cash inflow from issuance of securities of \$4.2M was driven by option holders exercising and becoming shareholders in Auctus.

This meant the Company ended December 2021 with just over \$13.4M in cash.

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, including payment of invoices and amounts due from prior periods.

Updates

US Student Housing REIT (ASX: USQ)

During the quarter Auctus settled an additional asset at Clemson University for US\$25.5M (A\$35.40M) and successfully disposed of two properties in the existing jointly managed portfolio with Student Quarters ('SQ'). The sale of the two properties, for a combined total of approximately US\$34.35M (A\$47.70M) delivered investors Internal Rates of Return of >15% p.a. over the investment period demonstrating SQ's ability to execute on acquisition, operational management and divestment.

On 16 December 2021, Auctus was pleased to announce that US Student Housing REIT (ASX: USQ) ('USQ' or 'the REIT') had lodged a Product Disclosure Statement (PDS) with the Australian Securities Investments Commission for its proposed listing on the Australian Stock Exchange (ASX). The REIT is seeking to raise A\$45M and has a proposed listing date of 16 February 2022. www.usq-reit.com.

Auctus is the appointed Investment Manager of the REIT and will receive a management fee of 0.60% p.a. of Gross Asset Value (GAV) upon listing. The REIT will consist of 11 properties, with a fair value of US\$189M (GAV). The REIT brings together an existing portfolio of assets under the joint venture along with new assets to be settled during February.

Auctus are extremely pleased with the progress of its joint venture with SQ and both look forward to growing USQ over the coming years.

US Opportunities Limited (“USO”):

USO deployed a further US\$7.865M (~A\$11M) into leading US healthcare technology company, Unite Us, taking total deployed capital of USO to US\$23.74M (~A\$33M) across 3 transactions. The investment in Unite Us fits with USO’s strategy to invest in hard to access, US later stage private equity and pre-IPO investment opportunities.

USO raised A\$35M of seed capital during H1 FY22 with Auctus being the appointed Investment Manager. Auctus will look to scale up USO during H2 FY22 as a key pillar to the Company and to diversify the portfolio into new investments during 2022.

- **Ends**

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

For all shareholder enquiries please contact:

Campbell McComb
Managing Director

enquiries@auctusinvest.com

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 2021

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	3,530	4,676
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(67)	(199)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(682)	(1,323)
(f) administration and corporate costs	(690)	(1,083)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	2,091	2,071
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	(4,508)
(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	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(3,453)	(3,720)
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(3,453)	(8,228)

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	4,215	5,008
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(21)	(31)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	4,194	4,977

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,733	14,536
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,091	2,071
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,453)	(8,228)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,194	4,977
4.5	Effect of movement in exchange rates on cash held	(88)	121
4.6	Cash and cash equivalents at end of period	13,477	13,477

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	13,477	10,733
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)	13,477	10,733

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	138
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)	2,091
8.2	Cash and cash equivalents at quarter end (item 4.6)	13,477
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	13,477
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 2022

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.