

25 July 2022

ASX Announcement

June 2022 Quarter in Review & Appendix 4C

Key Points

- Record cash receipts for the June quarter of \$4.18M
- Assets Under Management (“AUM”) increased to \$527M as at 30 June 2022
- Cash on hand at the end of the quarter in-excess of \$10.57M
- Commenced on-market share buy-back of up to 6.14M shares
- Proposed capital return of \$0.05 (5 cents per share) (subject to shareholder approval) in early Q1 FY23

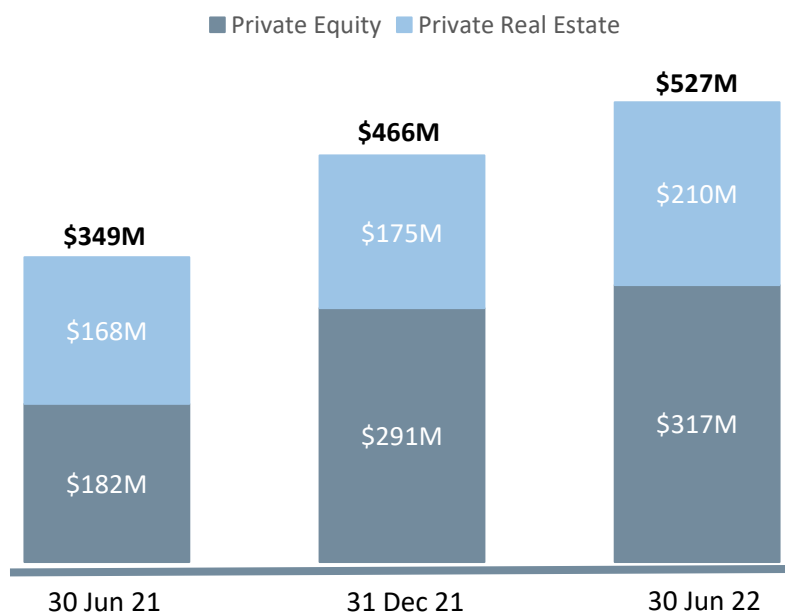
Auctus Investment Group Limited (‘AVC’, ‘Auctus’ or ‘the Company’) is pleased to provide the following update in relation to activities for the June quarter of 2022.

Auctus Asset Management Pty Ltd (Auctus AM)

Auctus Asset Management (‘Auctus AM’) increased AUM from \$479M at the end of March 2022 to \$527M at the end of June 2022. This is an improvement of over 50% in AUM from June 2021.

The key driver behind this quarters growth was the second tranche raise of the Luxury Escapes Fund and an increase in the Gross Asset Value (‘GAV’) of the US Student Housing REIT as a result of independent valuations undertaken by CBRE. As previously reported, all AUM is now fee earning.

ASSETS UNDER MANAGEMENT (A\$M)



AUD: USD exchange rate of 0.69

Cash Flow from Operations and Cash Position

Auctus generated \$4.18M in cash receipts from customers for the June 2022 Quarter. Overall, Auctus generated a positive cash from operations of \$1.63M for the quarter.

Total cash receipts from customers for the 12 months to June 2022 were \$10.91M and positive cash from operations of \$4.05M.

After commencing the on-market buy-back, with approximately \$0.79M shares purchased to 30 June 2022, the Company ended the June 2022 quarter with just over \$10.57M in cash (up from \$6.42M at end of March 2022).

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.

Proposed Capital Return

On the 6 June 2022, the Company was pleased to announce its intention to deliver a \$0.05 (5 cents) per share capital return to shareholders on the register at the record date (7.00pm AEST on 28 July 2022). This capital return (totalling approximately \$3.93M) requires shareholder approval with the Company calling an EGM to be held on Monday, 25 July 2022.

Investment updates

Luxury Escapes Fund

During the quarter, Auctus received strong interest for the second tranche raise of the Luxury Escapes Fund. Once final applications and cash are received the Fund will close oversubscribed at ~\$95M.

The Luxury Escapes business continues to perform ahead of our forecasts with the rebound in travel faster than anticipated.

esVolta, LP

As previously advised, esVolta, LP had signed a binding Purchase & Sale Agreement ('PSA') for 100% of the equity in the business. The transaction was subject to regulatory approval with the US Federal Energy Regulatory Commission ('FERC') approving the acquisition on 24 June 2022 with initial proceeds settling in mid-July. Auctus is currently in the process of returning first tranche payments to investors in the relevant funds. Under confidential terms in the PSA investors receive a positive return on capital upfront along with the ability to participate in future upside of the esVolta business (via milestones and earnouts).

The Company will materialise a small performance fee for the initial tranche of the transaction during the September 2022 quarter, with the ability for this to increase over time under the PSA as future milestones and earnouts are achieved.

During the quarter, esVolta repaid all outstanding loans to the Company (including interest owing) totalling approximately \$4.59M.

The sale of esVolta LP, represents the Company's first realised exit. The Energy Storage Fund closed in June 2020. As a result, AUM will reduce by ~\$73M during the September 2022 quarter (excluding new capital raised). The ~\$73M represents the initial capital raised in esVolta and which is included in current AUM as at 30 June 2022). Given how the transaction was initially structured, the majority of revenue received by Auctus AM was upfront during FY20 and therefore does not greatly impact the Company's recurring revenue.

US Student Housing REIT (ASX: USQ)

US Student Housing REIT provided an update on valuation and pre-leasing across the portfolio for the 2022/2023 academic year (AY). All assets in the USQ portfolio, bar the recently acquired Lofts on 8th (Arizona State University), have been independently valued by CBRE for 30 June 2022.

The resulting GAV of the total portfolio of 9 properties has increased to US\$144.6M (~A\$210M), up from US\$136.9 million. As at end of June 2022, the portfolio is 92.3% pre-leased with rental increases of 8.0% (prior year 4.3%) across the 9 assets owned by the REIT. The current pre-leasing is 16.1% ahead of the prior year.

Odyssey Group Investment

During the June 2022 quarter the Company provided notice to Odyssey Group Limited (Odyssey) of the Company's intention not to proceed with any additional investment into the group. This was a result of the Company's focus on growing its Australian and US investment footprint.

The Company previously made a US\$500k investment to acquire its 9.9% interest in and provided a loan of US\$200k to Odyssey. The Company will work with Odyssey to recoup its investment and loan funds over the coming months as part of the original put agreement.

FY22 Financial Results

In what has been a milestone year, the Company looks forward to releasing its full FY22 results at the end of August 2022.

- ENDS

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

For all shareholder enquiries please contact:

Campbell McComb
Managing Director

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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")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,179	10,910
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(902)	(1,529)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(909)	(2,925)
(f) administration and corporate costs	(628)	(2,288)
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	(115)	(115)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,625	4,053
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(345)	(345)
(d) investments	(239)	(12,051)
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	3,518	(202)
2.4	Dividends received (see note 3)	23	23
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	2,957	(12,575)

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	-	5,008
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(33)
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 (On-market Share buy-back)	(791)	(791)
3.10	Net cash from / (used in) financing activities	(791)	4,184

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,422	14,536
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,625	4,053
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2,957	(12,575)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(791)	4,184
4.5	Effect of movement in exchange rates on cash held	355	370
4.6	Cash and cash equivalents at end of period	10,568	10,568

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	10,568	6,422
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)	10,568	6,422

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	295
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)	1,625
8.2	Cash and cash equivalents at quarter end (item 4.6)	10,568
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	10,568
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: 25 July 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.