

Auctus Investment Group Limited (ASX: AVC)

# FY22 FINANCIAL RESULTS

31 August 2022

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# AGENDA

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## WHO WE ARE

- Auctus Investment Group Limited (ASX: AVC) is an ASX listed private markets asset manager based in Melbourne, Australia
- Currently managing A\$527M as of June 2022 across healthcare technology, travel technology, energy infrastructure, operating real estate & consumer essentials
- Experienced staff of 7 in Melbourne and 15+ joint venture investment professionals located across the United States
- Auctus owns minority interests in other private market asset managers
- Alternative investments are growing rapidly with the asset class forecast to grow to US\$17 trillion globally by 2025 and capture increasingly larger allocations of portfolios<sup>1</sup>

## AUCTUS

- Our core investment thesis is investing in sectors with strong tailwinds, assets with the potential to scale and multiple exit scenarios
- Auctus provides access to these private market investments for HNW, Family Office and wholesale investors

## WHY AUCTUS

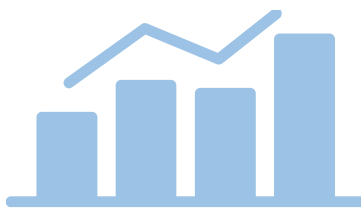
- We have access to unique investment opportunities via our networks and joint venture partners
- We aim to deliver excess returns and portfolio diversification

## WHAT DO WE DELIVER

- Investments where Auctus and co-investors can deploy between \$20M - \$100M
- Private mid-market investment opportunities with strong management, a proven product, recurring customers and revenue streams

1. Preqin, Special Report Future of Alternatives 2025, December 4, 2020. 2020 figure is annualised based on data to October, USD trillions. 2021-2025 are Preqin's forecasted figures. Alternatives AUM includes Private Equity, Private Debt, Hedge Funds, Real Estate, Infrastructure and Natural Resources.

AUCTUS INVESTMENT GROUP LIMITED



AUM GROWTH

Up 51% to \$527M  
FY21 \$349M



CASH RECEIPTS

Up 126% to \$10.91M  
FY21 \$4.82M



ADJUSTED EBITDA

Adjusted EBITDA of \$3.83M<sup>1</sup>



BALANCE SHEET

Net Assets up to \$34.72M  
FY21 \$25.31M



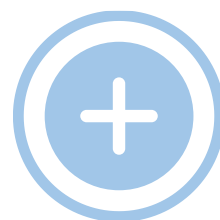
CAPITAL RETURN

5 cents per share (\$3.87M) paid to  
shareholders on 4 August 2022



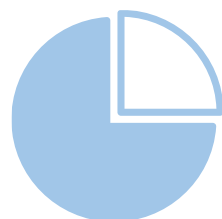
PERPETUAL CAPITAL AUM

\$245M up from zero on PCP



FIRST EXIT ACHIEVED

First realised exit with the sale of esVolta, LP



CURRENT CASH

Ending FY cash balance of \$10.57M

All figures in AUD unless otherwise stated.  
<sup>1</sup> Excludes non-cash expense for share-based payments

## FINANCIAL HIGHLIGHTS

## KEY HIGHLIGHTS AND ACHIEVEMENTS

- Assets Under Management (AUM) **up 51% to \$527M** (PCP \$343 million)
- Cash receipts up **126% to \$10.91M** (PCP \$4.82M)
- **Net cash flow of \$4.05M** up significantly on (PCP -\$0.076M)
- **Adjusted EBITDA of \$3.83M<sup>1</sup>**
- Grew **perpetual capital AUM to \$245M** up from zero on prior year
- Continued to build **annualised recurring revenue (to \$5.60M<sup>2</sup>)**

## PORTFOLIO AND INVESTMENT ACTIVITY

- Launched Luxury Escapes Fund and **successfully closed capital raise of \$95M<sup>3</sup>**
- **Listed US Student Housing REIT (ASX: USQ)** and acquired two assets for a total of US\$42.75M (\$62M)
- **Launched US Opportunities Limited (“USO”)**, a late-stage / pre-IPO private equity vehicle raising \$35M of seed capital
- Completed **first major exit with the sale of 100% of the equity in esVolta, LP** to Generate Capital (process run by Citigroup NY)

## CAPITAL MANAGEMENT INITIATIVES

- Announced and paid **\$0.05 (5 cents) per share capital return** to shareholders on 4 August 2022
- Commenced **on-market share buy-back** of up to 6.14M shares

All figures in AUD unless otherwise stated

<sup>1</sup> Excludes non-cash expense for share-based payments of \$5.92M

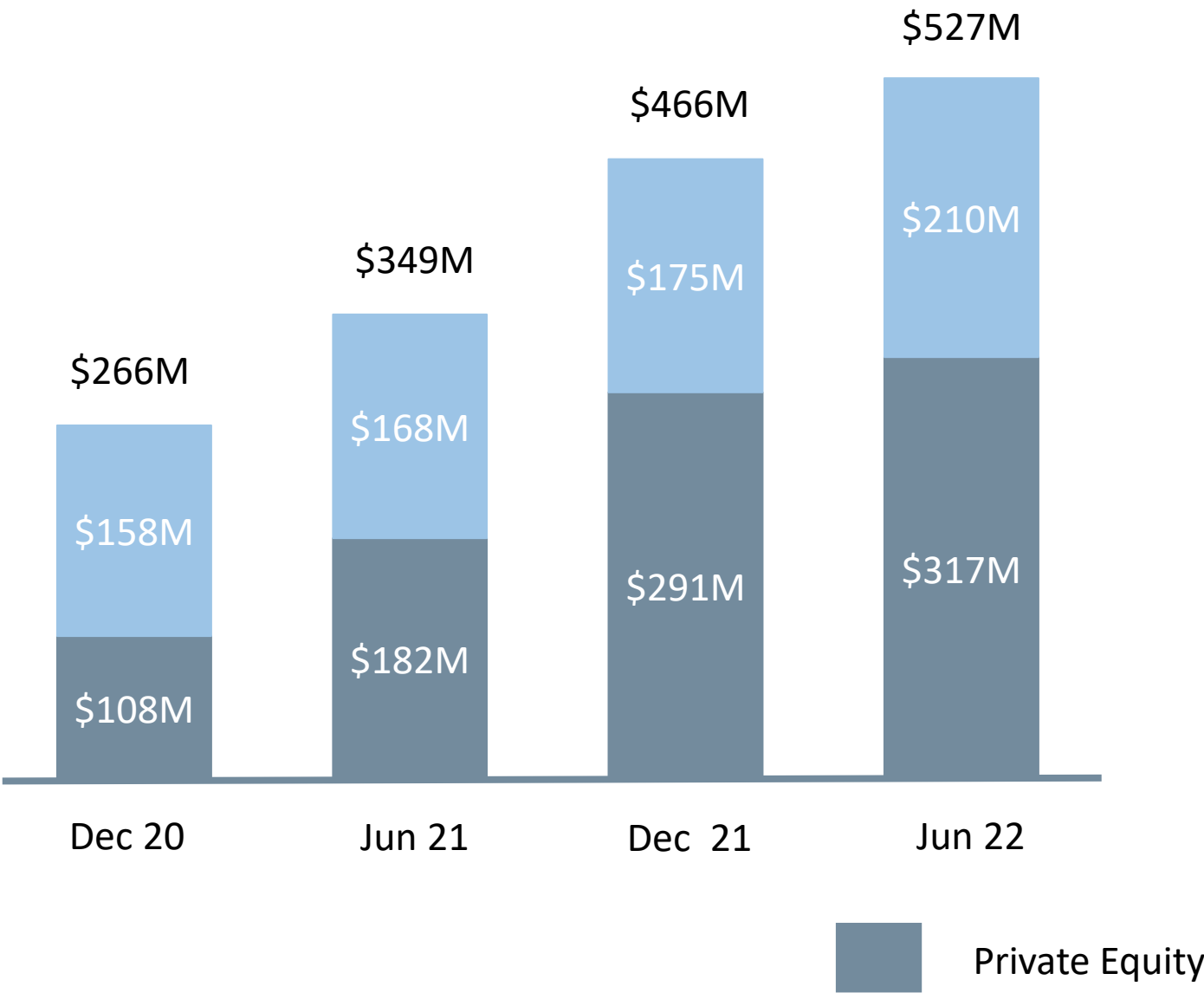
<sup>2</sup> Annualised recurring revenue at 30.06.22

<sup>3</sup> \$90M reflected in the 30 June 2022 AUM numbers with the remaining \$5M closed during Q1 FY23

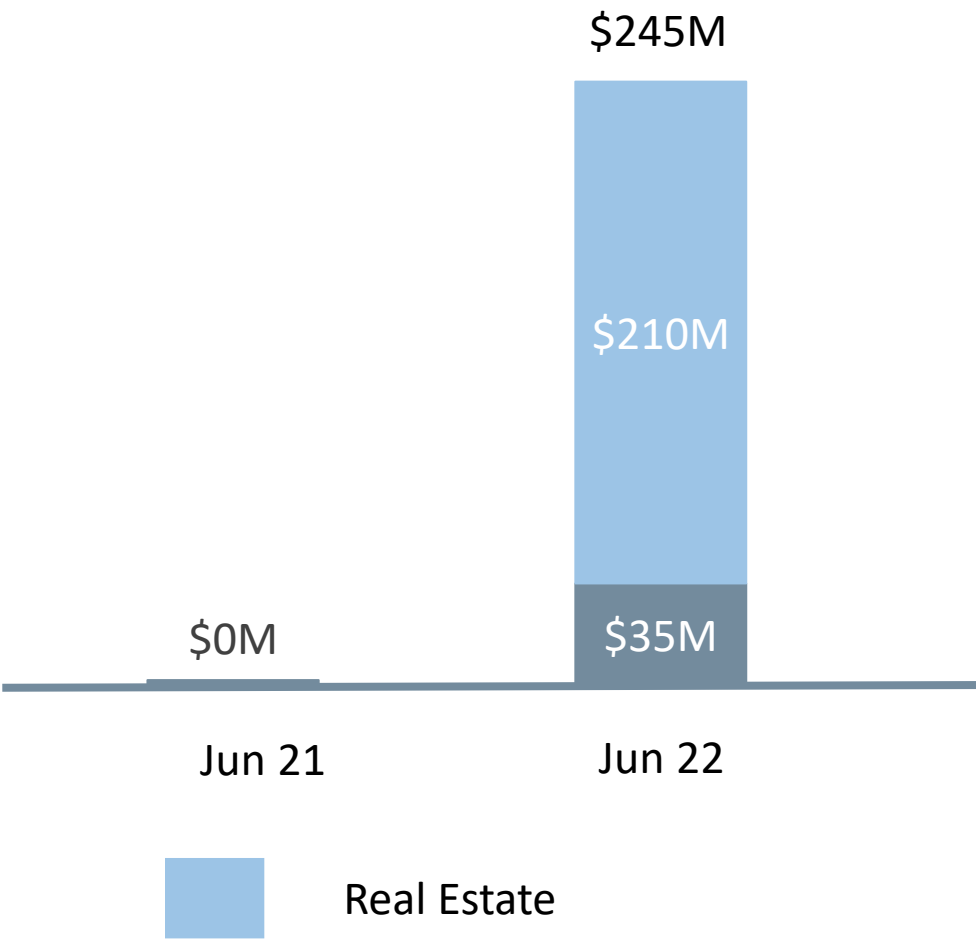
# ASSETS UNDER MANAGEMENT

- Total AUM increased to \$527M, up **\$178M or 51% year-over-year** (as announced on 29 April, all AUM is now fee earning)
- Importantly, the company grew its **perpetual capital AUM to \$245M** with the listing of USQ and launch of USO
- **AUM diversified** across asset classes, funds (7<sup>1</sup>) and sectors

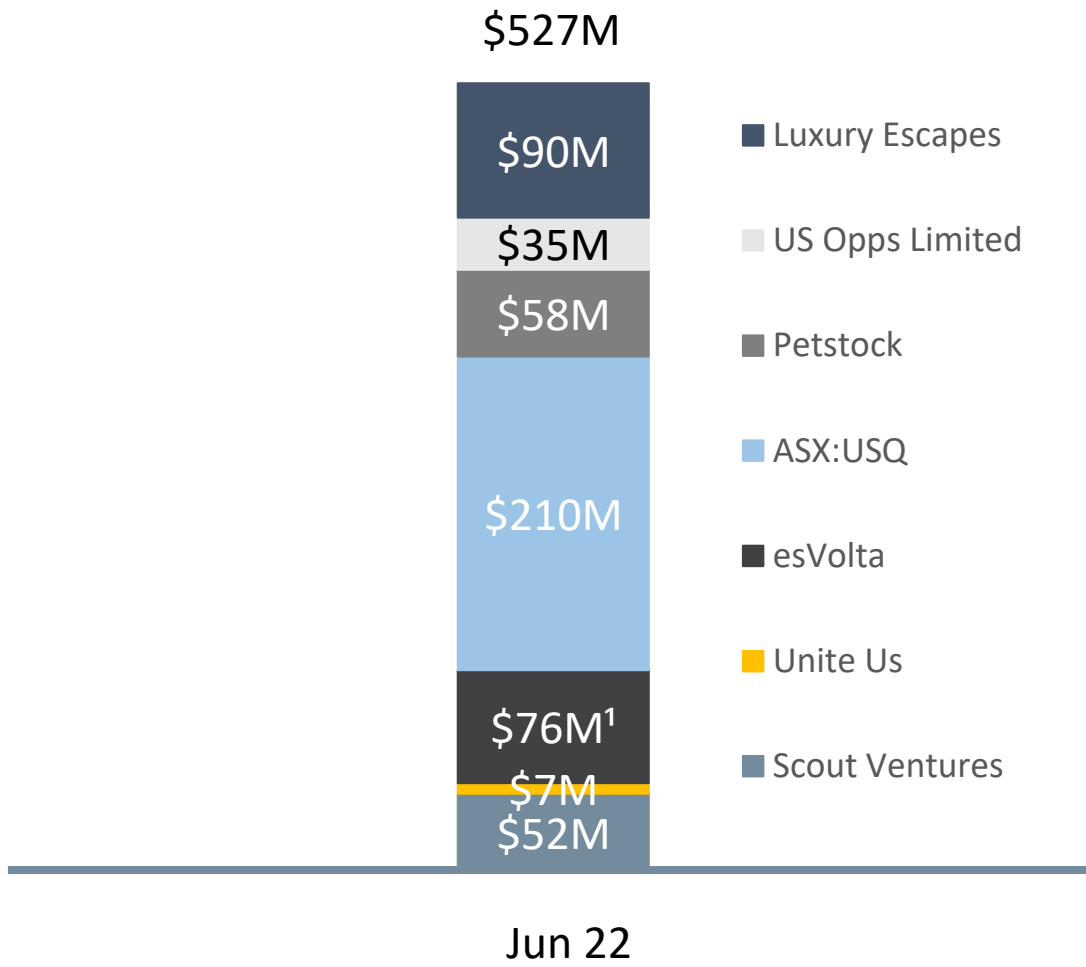
TOTAL AUM



PERPETUAL CAPITAL AUM



AUM DIVERSIFIED BY FUND



All figures in AUD unless otherwise stated. AUM to 30 June 2022: AUD:USD = 0.69  
<sup>1</sup> As announced on 25 July 2022 esVolta \$76M will come off AUM during the September quarter, however as majority of revenue was upfront there is little to no impact on recurring revenue

FINANCIAL SUMMARY

	FY22	FY21	MOVEMENT
Total Revenue	\$11.53M	\$8.16M	Up 44%
Expenses (excl. share-based payments) <sup>1</sup>	(\$7.90M)	(\$4.93M)	Up 60%
Adjusted EBITDA <sup>1</sup>	\$3.83M	\$3.23M	Up 19%
Cash Flow From Operations	\$4.05M	(\$0.07M)	N/A

NOTES

- **Net cash flow of \$4.05M up significantly** on the prior year as the Company starts to benefit from scale
- **Annualised recurring revenue** has increased substantially to **\$5.6M** as of 30 June 2022
- Transaction and performance fee revenue important, but the key focus is **recurring revenue and positive cash flow**
- As part of the Executive LTI share based payments increased during FY22 with options being issued (out of the money) at \$1.70 per share or higher
  - Executive LTI in place to attract and retain key staff / non-executive directors and to align with shareholders
- Significant one-off expenses incurred due to the IPO of the US Student Housing REIT (legal, corporate and advisory fees)

REVENUE BREAKDOWN

	FY22	FY21
Cash Receipts	\$10.91M	\$4.82M
Management Fees	\$3.98M	\$1.10M
Transaction Revenue	\$6.78M	\$3.01M
Accrued Performance Fees <sup>2</sup>	\$0.77M	\$4.05M
Annual Recurring Revenue <sup>3</sup>	\$5.60M	\$2.10M

Recurring revenue growth coincides with increase in AUM over the period.

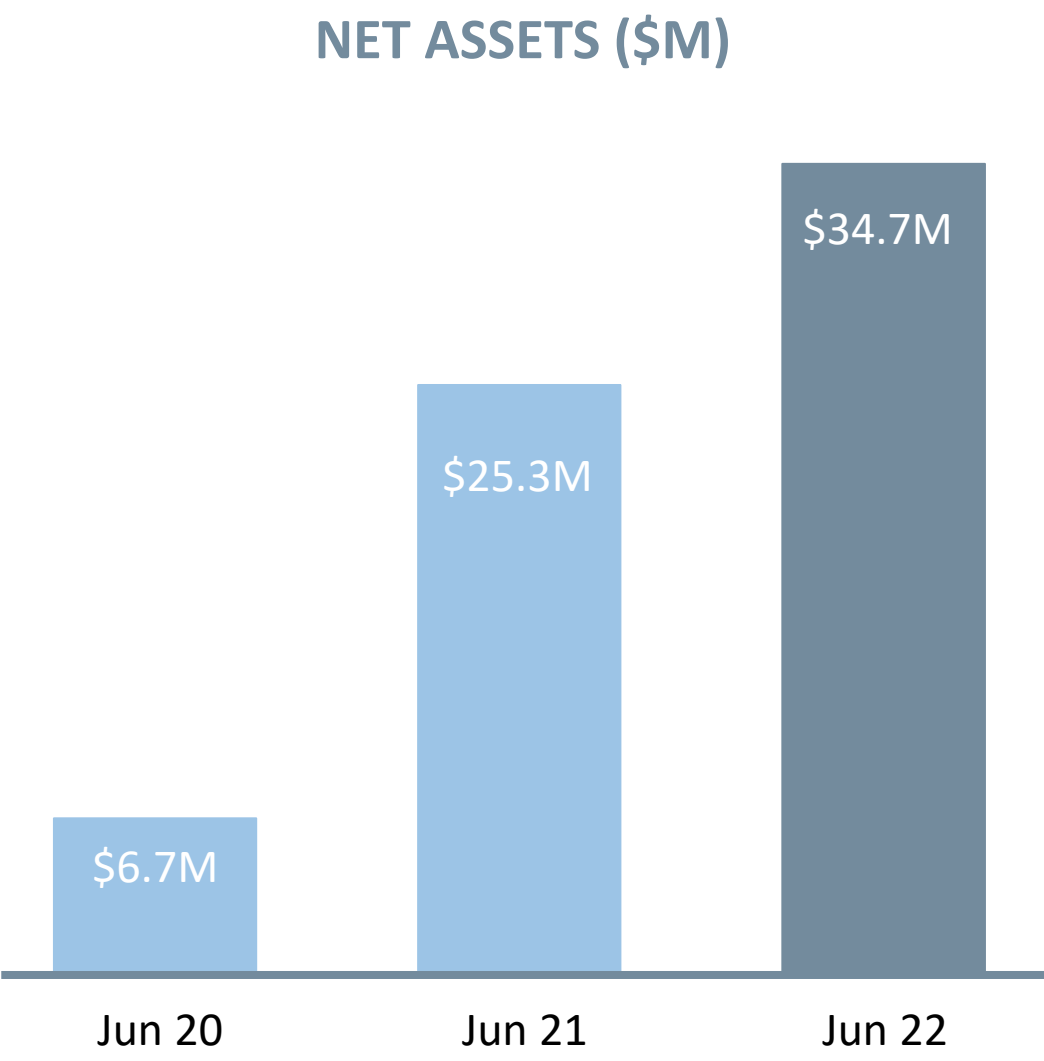
<sup>2</sup> Based on independent valuations of portfolio companies including transactions. Total performance fee receivable of \$5.07M (non-cash and adjusted for FX)

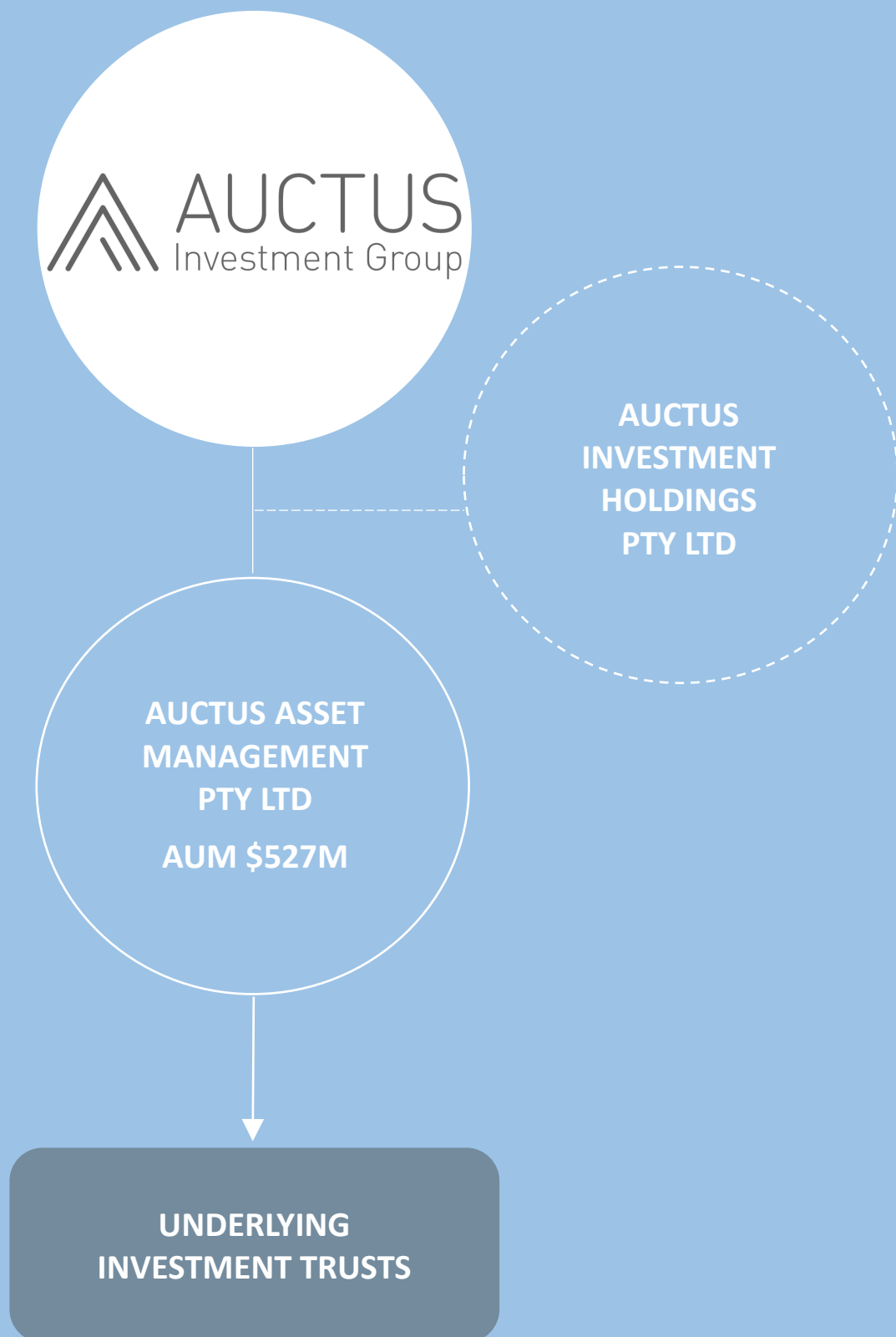
<sup>3</sup> Annualised recurring revenue at 30.06.22 (ongoing management fees)



# BALANCE SHEET

- **Increased net assets by ~37%** (\$9.4M) to \$34.7M
- Strong balance sheet to support future growth
- **No debt**
- End of FY cash balance of \$10.57M (prior to capital return of \$3.87M paid on 4 August 2022)
- **Continued investment** on balance sheet to provide alignment capital with underlying investors and build on our exposure to other private market asset managers
- **Deployed \$11.8M** into new investments:
  - US\$2.5M (\$3.45M) alignment capital into US Opportunities Limited
  - Second tranche investment of \$1.05M into Impact Investment Partners
  - \$1.5M alignment capital into Luxury Escapes Fund
  - \$5.8M alignment capital into US Student Housing REIT (ASX:USQ) or ~7.95% of issued capital
- Other assets of note on balance sheet include Gophr Limited, a UK based last-mile delivery business (currently own 20.8%)





## CORPORATE AND INVESTMENT STRUCTURE

### Auctus Asset Management Pty Ltd

- Generates revenue for Auctus Investment Group via ongoing management, transaction and performance fees on investments. These fees are charged as a percentage of AUM
- Our goal is to deliver strong investment performance, translating into strong shareholder returns over time

### Auctus Investment Holdings

- Holds balance sheet co-investments in growth assets on behalf of Auctus Investment Group
- Group Net Asset backing of ~\$34.6M

### Strong Shareholder Base

- Top 20 shareholders = 69%<sup>1</sup> with strong employee representation and alignment (~15%)

## INVESTMENT TIMELINE



- First transaction that raised US\$4.8M to invest in Unite Us a NYC based healthcare technology company
- Invested at US\$210M post-money valuation with the company's latest funding round completed at a post money valuation of US\$2.2BN
- Ranked in the top 5% on @Inc5000's fastest growing private companies in the US in 2022



- Raised US\$10M fund to invest in Scout Ventures Fund III
- Scout Ventures is a US based, early-stage venture capital firm, that is making the world a better, safer place by cultivating standout frontier technologies built by hard-to-access founders



- Raised \$58M fund to invest in Australia & New Zealand's largest private, family owned, omni-channel pet specialty retailer PETstock
- Minority stake to provide growth capital for future acquisitions and continued growth across all markets



- Raised \$95M<sup>1</sup> fund to invest in Lux Group, a leading online travel technology business and the owner of the Luxury Escapes brand
- The funds minority investment into Lux was via a combination of equity and a convertible note to be used to fast-track roll-out in key international markets

MAY 2019

JANUARY 2020

JUNE 2020

OCTOBER 2020

MARCH 2021

JUNE 2021

SEPTEMBER 2021

FEBRUARY 2022



- Raised US\$33.5M for North American utility scale battery storage company
- Currently own a majority stake in esVolta via two SPV's alongside management and Powin Energy Mature developer, owner & operator across multiple US states
- Completed sale of 100% of esVolta equity (process run by Citigroup New York)



- Commenced off-campus US student housing joint venture with Student Quarters, LLC
- JV commenced July 2020 with the plan to grow the portfolio via the establishment of a listed REIT



US OPPORTUNITIES

- Awarded mandate on US Opportunities Limited (USO) in June 2021
- Unlisted public company that invests in late stage, pre-IPO private equity transactions sourced from our trusted partners across the US
- Auctus have raised ~\$35M to date and deployed US\$23.74M across 3 transactions



- Established and listed US Student Housing REIT (ASX: USQ) to grow the off-campus US student housing portfolio in JV with Student Quarters.
- Portfolio consists of 9 properties housing students at six universities across six states, with a fair value of US\$144.6M (\$210M)

All figures in AUD unless otherwise stated.

<sup>1</sup> \$90M reflected in the 30 June 2022 AUM numbers with the remaining \$5M closed during Q1 FY23

## CURRENT PORTFOLIO

## PORTFOLIO &amp; INVESTMENT ACTIVITY

- Current portfolio is well positioned due to its defensive characteristics
- **Petstock** business performing extremely well with strong sector tailwinds and the “pet humanisation” trend continuing to surge globally (recently opened 200<sup>th</sup> store and now employs 3000 staff)
- **Unite Us** ranked in the top 5% on @Inc5000’s fastest growing private companies in the US in 2022
- **Luxury Escapes** performing ahead of investment case with the return to travel post Covid
- Successfully sold 100% equity in **esVolta, LP** (Energy Storage Fund), the Company’s first realised PE exit

## NEW TRANSACTIONS

- Launched Luxury Escapes Fund and **successfully closed capital raise of \$95M<sup>1</sup>**
- Continue to **build on scalable perpetual platforms** (USO & USQ)
- Currently undertaking a \$30M share placement for USO to continue to diversify the portfolio and take advantage of current market conditions

## US OPPORTUNITIES LIMITED (USO)

- **Deployed US\$22.8M (\$33M)** across two late-stage US private equity transactions
- Seed investors received \$1 options exercisable up until 31 January 2023 (representing \$35M of new capital)

CONTINUE TO INVEST IN  
US STUDENT HOUSING

- Listed US Student Housing REIT (ASX: USQ) on the ASX during March 2022
- Settled new assets at Clemson University (US\$25.5M) and Arizona State University (US\$17.25M)
- Successfully disposed of two assets with a total Gross Asset Value of US\$34.6M



## STRONG SECTOR TAILWINDS IN US STUDENT HOUSING

*“Now the sector looks poised to benefit from a number of tailwinds. There is relatively little new student-housing construction, which means that property owners face little new competition. A national shortage is pushing up rents near campus, too, and a return of more international students could boost demand further.”<sup>1</sup>*

THE WALL STREET JOURNAL.

- US Student Housing REIT (ASX:USQ) listed on the ASX on the 8<sup>th</sup> of March 2022
- Portfolio consists of 1,239 beds across 9 properties at 6 universities in 5 states
- 30 June 2022 independent valuation review completed by CBRE resulting in a 5.6% increase in Gross Asset Value to US\$144.6M (\$210M)
- Paid maiden quarterly distribution of US\$0.41 (0.59) cents per unit (pro-rata) and announced June quarter distribution of US\$1.05 (1.51) cents per unit to be paid on 30 August 2022

### Pre-leasing for 22/23 academic year strongest on record

- Portfolio is currently 96.7% pre-leased for the upcoming 22/23 academic year with an annual rental increase of 8% (prior year 4.3%) across the 9 assets
- 7 of 9 properties 100% pre-leased

### Sector interest increasing amongst institutional investors

- Largest and remaining listed player in the US student housing sector, American Campus Communities (NYSE: ACC) was acquired by Blackstone Inc (NYSE: BX) on 9 August 2022
- The transaction valued ACC at US\$12.8BN which was a 14% premium to their prior close (and assumed a <3% yield based on the prior year's dividend)



District at Clemson | Clemson, SC



Lofts on 8<sup>th</sup> | Tempe, AZ



West 100 | Oxford, MS



Balcony MSU | Starkville, MS



200 Edgewood | Atlanta, GA



DEAL ORIGINATION

## STRATEGIC FOCUS

- Auctus has a track record of delivering **unique offshore and onshore investment opportunities** (e.g., *esVolta*, *LP* and *Unite Us* in the United States and **strong brand names** in *Petstock* and *Luxury Escapes* in Australia)
- We will **continue to identify high quality, niche opportunities** for wholesale, family office and sophisticated investors

GROW RECURRING REVENUE

- **Annual recurring revenue currently at \$5.60M<sup>1</sup> up 167% on PCP**
- **Building on our two scalable perpetual platforms** (USO & USQ) and delivering returns to investors and therefore shareholders is our highest priority
- By February 2023, **we anticipate USO being a \$100M** (currently \$35M) evergreen vehicle investing in US, late-stage private equity/pre-IPO opportunities sourced through our trusted US partners, Scout Ventures and Cross Creek
- **Strategically look at accretive acquisition opportunities** that will scale the US student housing portfolio and improve liquidity on market

GROW INVESTOR BASE

- **Grow investor channels in the US** whilst continuing to broaden our presence in Australia

FIND ACCRETIVE  
BALANCE SHEET OPPORTUNITIES

- **Continue buy-back** and look at **new asset management opportunities** in which balance sheet capital can be deployed

## OUR PARTNERS

Our asset management partnerships provide proprietary deal flow typically unavailable to Australian investors



Scout Ventures is based in Austin, Texas, and invest in standout, frontier technologies built by hard-to-access founders that are making the world a better, safer place. Partnership with Scout has generated proprietary opportunities including Unite Us & Voyager Space Holdings.

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### CROSS CREEK

Cross Creek is a US venture capital investor based in Salt Lake City, Utah, with deep networks and an extensive track record of successful venture investments and exits including Docusign and Bill.com. USO has invested in Cross Creek Capital III Fund with late-stage opportunities out of Cross Creek's stable under due diligence.



Student Quarters (SQ) is an Atlanta, Georgia based specialist student housing asset manager with a demonstrated track record of value generation and execution. Joint venture agreement announced in July 2020. SQ has \$1.2bn in gross assets under management, 36 properties, > 12,400 beds across 24 campuses and a realised net IRR of 23%<sup>1</sup>.



Impact Investment Partners (IIP) is an Australian based investment manager focussed on identifying and building essential infrastructure and social infrastructure assets in and for Australia's Indigenous communities through their Indigenous Infrastructure Investment Fund (IIIF). Auctus holds a 24% stake in IIP.

<sup>1</sup> As of 31 December 2021

## GOVERNANCE

### Auctus Investment Group Limited board

- Governance across all levels of the business is the highest priority
- During FY22 we enhanced the governance and board structure with the appointment of an additional independent, non-executive director taking the board to 2 non-executives / independents and one executive

### Independent third-party providers



- Equity Trustees was established as an independent Trustee and Executor company in 1888 and has become one of Australia's largest specialist trustee companies
- Providing specialist corporate trustee services and independent funds governance services in Australia, the UK and Europe to international and Australian fund managers



- Apex Fund Services (formerly Mainstream) offers a leading fund administration and custody service for fund managers and listed companies
- Apex provide custody, middle office, investment administration, fund accounting and unit registry services

Auctus outsource trustee, administration and custodial services to independent and respected third-party organisations

These trusted third-parties provide additional oversight to our Fund investors

Outsourcing these elements of “back office” provides our business with scalability in operations and ensures we are focused on delivering high quality investment opportunities to our investors





## CONTACTS

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