

US Student Housing Growth & Income Fund

INVESTOR UPDATE – MARCH 2024

Executive Summary

US Student Housing Growth & Income Fund ('Fund') is an unlisted open-ended unit trust with a mandate to invest in off campus student housing at large four-year public universities across the United States.

The Fund was established to acquire and manage high-quality purpose-built student housing assets located within close proximity to top-tier public universities across the United States, and drive value through operational strategy and capital upgrades.

The Fund officially delisted at the close of trade on the 22nd of January 2024. As part of the delisting, the Fund has been renamed the **US Student Housing Growth & Income Fund** to better reflect the underlying strategy and to distinguish it from traditional listed REIT's which are majority income focussed.

March Quarter Distribution

The Fund will be paying a March quarter distribution of US 0.39 cents per unit (A 0.58 cents per unit*), gross of US withholding tax, and a net cash distribution of US 0.33 cents per unit (A 0.50 cents per unit*). Payment of the distribution will be made to all investors that have completed the **Transition Identification Form ('TIF')**. These distributions are net of holdbacks for certain capital works along with capital management requirements.

Payment Date: 31 May 2024 or once TIF documents are returned.

Asset Sales

As part of the investment strategy, Auctus and Student Quarters ('SQ') are exploring the sale of some assets in the portfolio, with early indications these sales could deliver investors a net IRR of ~25% p.a., well above the Fund's stated target. The operational strategy of SQ over the last 2 years, particularly around capex and targeted marketing efforts, combined with the strength of the broader student housing market make this an opportune time to sell. This would be an outstanding result for the portfolio given the rise in interest rates and expansion in capitalisation rates.

The use of the proceeds would include paying out a special distribution and reinvesting capital into new transactions. The timeline for potential completion would be the final quarter of 2024. We note that the sale is not guaranteed and will have further information in due course.

Investment Strategy

The investment objective of the Fund is to generate a 15% p.a. total return for unitholders over a three-to-five-year investment cycle, through a disciplined strategy of acquiring under-optimised operating assets, executing on a business plan to reposition them with a focus on Net Operating Income (NOI) growth, and then on-selling those assets for a capital gain. Upon disposal some of the capital gain is expected to be paid to unitholders via special

Investment Summary

Investment Manager	Auctus Asset Management Pty Ltd
Asset Manager	Student Quarters LLC
APIR Code	ETL4596AU
Asset Class	Real Estate
Sector	US Student Housing
Properties Owned	9
Distributions	Quarterly
Applications	Quarterly
Redemptions¹	Annually
Net Tangible Assets (AUD)^{2 3}	A\$1.55
Net Tangible Assets (USD)²	US\$1.05

¹ Commencing mid-2025 ² As at 31 December 2023 ³ AUD | USD 0.685

*AUD | USD FX rate 0.6637

US Student Housing Growth & Income Fund

INVESTOR UPDATE – MARCH 2024

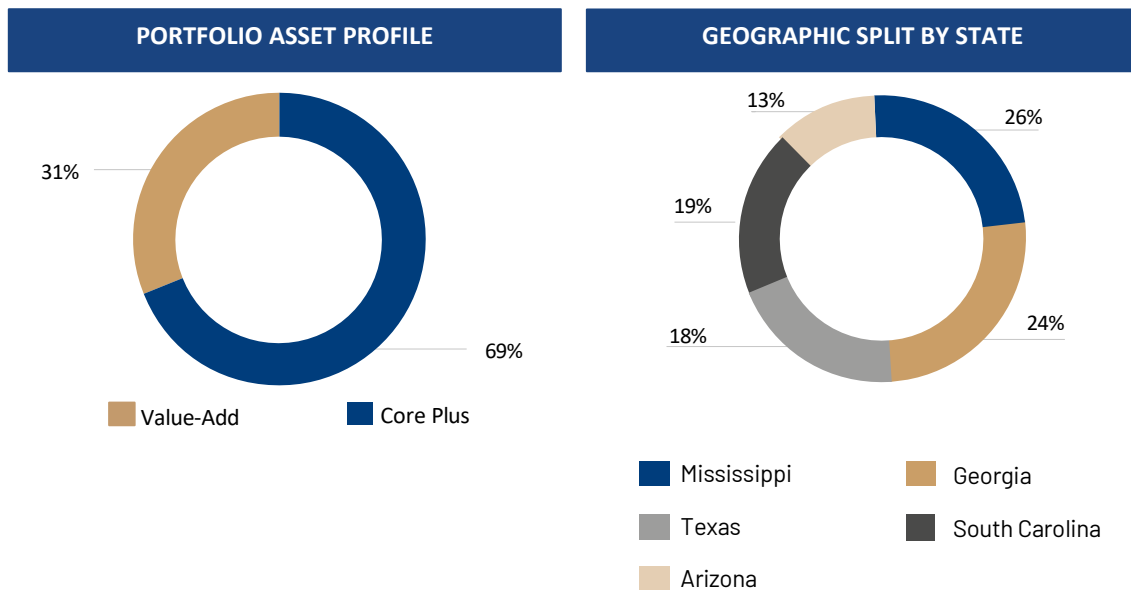
distributions with the balance of proceeds used to actively grow the portfolio. Through the holding period of those assets, it is expected unitholders will be paid regular income through quarterly distributions. This objective differs from many property strategies which focus primarily on paying unitholders income generated from stabilised assets that may experience underlying capital growth roughly in line with inflation but may be heavily impacted, positively, or negatively, by the prevailing interest rate cycle.

Current Portfolio

Portfolio occupancy across the 9 assets is currently 89.8% and pre-leasing for the 2024-25 Academic year is sitting at 74.0%. This is 1.4% ahead of pace with the same period last year (which was a record across the sector for pre-leasing), with several properties again on target for double digit rent increases. SQ is currently forecasting rental increases across the portfolio of 7.4% for the 2024-25 Academic year.

Current Occupancy	Prelease AY 24/25	Prior Year (AY 23/24) Prelease
89.8%	74.0%	72.6%

The Fund's debt is 100% fixed with an average portfolio rate of 4.30%, average maturity of 9 years and portfolio LVR of 60% which is within the Fund's target band of 60-65%. Current lending rates remain elevated at between ~6-6.5% with lower LVR's (~55% max) offered by institutions.



Portfolio Valuations:

Assets in the portfolio are independently valued by CBRE on a 6-monthly basis, with the last round of valuations occurring in December 2023. The total portfolio value as at the end of December 2023 is US\$147.5M. The last traded price on the ASX was A\$1.05, a 47% discount to the 31 December 2023 NTA of A\$1.55. Each asset is valued independently and does not consider a lower cap rate for a scaled portfolio.

Since the IPO and the merge of the portfolio in March 2022, the portfolio valuation has increased to US\$147.5M from US\$136.9M, underscoring both the broad strength of the US student housing sector and the effectiveness of SQ as an asset acquirer and operator.

US Student Housing Growth & Income Fund

INVESTOR UPDATE – MARCH 2024

Distribution Payments waiting on Completion of Transition Forms

A number of investors have yet to complete their Transition Identification Forms (TIF), with Boardroom still withholding their February distribution payment.

As an unlisted Fund, Boardroom is required under legislation to collect Know Your Client (KYC) and Anti Money Laundering (AML) information and documents for all investors. **Boardroom require this information before they are able to pass through the February and upcoming May distributions to each investor.**

If you have not yet already, please refer to the accompanying Form and provide this and supporting documentation as soon as possible to BoardRoom at auctusinvest@boardroomlimited.com.au.

Boardroom Investor Portal Access and Electronic Communications

Please register via the following link to access US Student Housing Growth & Income Fund holdings on Boardroom's online Portal <https://www.investorserve.com.au/>

Please ensure there is an email address linked to your account, and that you have selected email for all communication.

For all unitholder enquiries please contact the Fund's registry:

auctusinvest@boardroomlimited.com.au

US Student Housing Growth & Income Fund

INVESTOR UPDATE – MARCH 2024

About Auctus

Auctus Investment Group Limited ('Auctus') is an ASX listed global investment manager with in-excess of A\$521M Assets Under Management (AUM), focusing on opportunities across private equity, infrastructure and private real estate. Our core investment thesis is investing in sectors with strong tailwinds and potential to scale. Auctus provides access to these private market investments for wholesale, Family Office and sophisticated investors.

About Student Quarters

Student Quarters ('SQ') is an Atlanta based, specialist student housing asset manager founded in 2013 with a demonstrated track record of value generation. SQ manage in excess of US\$1.3bn across off-campus student housing, and 12,500+ beds. The team are highly experienced student housing owners with over 50 years of combined experience in underwriting, repositioning, managing, and disposing of quality student housing properties. SQ provides best in class operating and leasing experience for premier located, pedestrian friendly assets at major public Universities.

IMPORTANT INFORMATION

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the US Student Housing Growth & Income Fund ("the Fund"). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT).

This publication has been prepared by Auctus Investment Group Limited ('Auctus') to provide you with general information only. In preparing this publication, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Auctus, Equity Trustees nor any of its related parties, their employees or directors, provide and warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Fund's Offer Document before making a decision about whether to invest in this product.