

**DomaCom Limited**

**ACN 604 384 885**

**Third Supplementary Prospectus**

This supplementary prospectus is issued under section 719 of the *Corporations Act* 2001 (**Corporations Act**) (**Third Supplementary Prospectus**) and was lodged by DomaCom Limited ACN 604 384 885 (**Company**) with the Australian Securities and Investments Commission (**ASIC**). This Third Supplementary Prospectus supplements:

- (a) the replacement prospectus dated 8 July 2016 (**Replacement Prospectus**);
- (b) the first supplementary prospectus dated 2 August 2016; and
- (c) the second supplementary prospectus dated 12 August 2016 (**Second Supplementary Prospectus**).

This Third Supplementary Prospectus must be read together with the Replacement Prospectus and the other two Supplementary Prospectuses.

**As set out below, since the date of the Replacement Prospectus the Company has refined its key business objective and revised its assessment of its “breakeven” level of FUM. Also as set out below, the Company has engaged an independent expert at the request of ASX to prepare a report (IER) on the adequacy of the Company’s working capital to achieve its key business objective as now refined. The Company expects that the IER will be finalised early next week and at that time the Company will issue a further supplementary prospectus.**

This Third Supplementary Prospectus is dated 23 September 2016 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Third Supplementary Prospectus.

Words and expressions defined in the Replacement Prospectus have the same meaning in this Third Supplementary Prospectus.

**Reasons for this Third Supplementary Prospectus**

The purpose of this Third Supplementary Prospectus is to:

- provide an update on the status of the Offer
- reopen the Offer;
- provide an update on the status of the ASX listing application and the preparation of an independent expert’s report;
- inform investors of the refinement of the Company’s key business objective and change in its assessment of “breakeven” level of FUM;
- refresh the time period within which the quotation condition should be satisfied; and
- update the table of key dates.

**Status of the Offer and Reopening of the Offer to rely on ASIC LI 2016/70**

The Offer under the Replacement Prospectus had a minimum subscription of \$5,000,000 which was subsequently increased to \$6,000,000 under the Second Supplementary Prospectus. The Offer closed on 19 August 2016. As of the date of this Third Supplementary Prospectus, the

Company has received 504 Applications totalling approximately \$7.35 million of Application Monies (**Initial Capital Raising**) to satisfy the minimum subscription condition.

For the reasons stated below, the Company is unlikely to comply with all the conditions required to achieve listing under the ASX Listing Rules (**Listing Rules**) within the statutory period of 3 months from the date of the original prospectus lodged with ASIC on 24 June 2016. Section 723(3) of the Corporations Act requires a person offering securities under a disclosure document which states or implies that the securities are to be quoted on a financial market, to refund any application monies if those securities are not quoted within three (3) months of the date of the disclosure document (**Quotation Condition**). The strict application of section 723(3) means that the Company must be listed on ASX by 24 September 2016 and if not, the Application Monies should be refunded. Section 723(3) has been, however, modified by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70 (**ASIC LI 2016/70**) which allows an issuer of a disclosure document to refresh the relevant statutory time periods (i.e, 3 months) subject to certain conditions being met. The Company intends to rely on ASIC LI 2016/70 to extend the period within which the Quotation Condition is required to be met.

One of the conditions under ASIC LI 2016/70 is to give applicants who have previously submitted an Application Form one (1) month to withdraw their application and be repaid, should they wish to do so. ASIC LI 2016/70 also requires the Offer to remain open until the end of this withdrawal period. In light of these requirements, the Company reopens the Offer to obtain further applications to replace any applications that may be withdrawn and to satisfy the condition to leave the Offer open until the end of the one month withdrawal period. The reopening and closing dates, as well as other updated key dates, are set out below.

#### **Status of the Listing Application with ASX and Independent Expert's Report**

As disclosed in the Second Supplementary Prospectus, ASX indicated that it would not accept the minimum subscription amount of \$5 million as meeting ASX listing requirements. The Company subsequently increased the minimum subscription to \$6 million. Notwithstanding this increased minimum subscription amount and receipt of the Initial Capital Raising, ASX is of the view that the Company may not be in compliance with Listing Rule 1.3.3(a). Listing Rule 1.3.3(a) requires a statement in a disclosure document that "the entity has enough working capital to carry out its stated objectives" and if such a statement is not included, an independent expert's report should be prepared. In order to address ASX's concerns, ASX has requested the Company to engage an independent expert to prepare an independent expert's report (**IER**). The IER is required to express an opinion, subject only to qualifications acceptable to ASX that, having received the Initial Capital Raising, the Company has enough working capital to achieve its stated objectives.

The Company has accordingly engaged an independent expert to prepare an IER. We expect that the IER will be finalised early next week and at that time the Company will issue a further supplementary prospectus.

#### **Refinement of key business objective and change to "breakeven" level of FUM**

The Replacement Prospectus provided information in respect of the projected level of FUM of the DomaCom Fund required to be achieved in order to generate sufficient revenues to support its operating costs. The projected level of required FUM is stated in the Replacement Prospectus to be "at least \$600 million to \$700 million, depending on the underlying makeup of the assets (property, bonds or cash) and assuming a base level of expenditure" (on page 31 of the Replacement Prospectus).

The Company has considered further the formulation of its key business objective and its core operating level of expenditure required to achieve its stated objective – that objective is now stated to be: **"to achieve a sustainable business model and "breakeven" level of FUM within 3 years"**.

Over this period, in order to seek to achieve this objective the Company will:

- continue to operate its existing product (**Fractional Property Investment Product**) which (as described in the Replacement Prospectus) facilitates the fractionalisation of property interests; and
- pursue the completion of its DomaCom Corporate Bond and Equity Release products from a development and regulatory perspective.

If the Company has not been successful in achieving budgeted FUM by the end of 2017, the Company will move within a 2-month timeframe to maintaining only the Fractional Property Investment Product and reduce its cost structure in line with running and maintaining only one product – the Company's modelling shows that this "core operating cost" is \$2.2 million per annum. If this was to occur, the Company would not look to further commercialise the DomaCom Corporate Bond and Equity Release products until such time as the FUM can support development of these products.

Based on the Company's analysis, total funds under management of **\$275 million** in the DomaCom Fund offering the Fractional Property Investment Product (with core operating costs of \$2.2 million per annum), would allow the Company to achieve its stated objective within 3 years, whereby the Company has sufficient FUM to generate sufficient revenues to cover the costs of operating and maintaining the Fractional Property Investment Product.

As a result of these changes to the Company's assessment of required "breakeven" level of FUM and related asset make-up, the references in the Replacement Prospectus to "\$600 million to \$700 million of FUM, depending on the underlying make-up of the assets (property, bonds or cash)" (in particular, on page 10 (in the Letter from the Chairman section); on page 31 (section 6.3.1 Revenues); and on page 37 (section 7.1.3 Failure to increase FUM and revenues)) are to be replaced by "\$275 million, offering and operating its single product being the Fractional Property Investment Product"

As noted above, the Company has engaged an independent expert to prepare an IER on the adequacy of the Company's working capital to achieve its key business objective as restated above. **The Company expects that the IER will be finalised early next week and at that time the Company will issue a further supplementary prospectus.**

#### **Refreshment of Time Period to satisfy the Quotation Condition**

As stated above, the Company intends to refresh the time period within which the Quotation Condition must be met in reliance on ASIC LI 2016/70. As a result of this refreshment the Quotation Condition can be met within 3 months from the date of this Third Supplementary Prospectus. In order to rely on ASIC LI 2016/70, the Company is required to disclose the following information under section 724(3H) as notionally inserted by ASIC LI 2016/70:

- the listing application for admission to ASX was made within 7 days after the date of the original prospectus dated 24 June 2016;
- the Shares of the Company have not been admitted to quotation on ASX as at the date of this Third Supplementary Prospectus;
- ASX has indicated that it would not accept the minimum subscription of \$6 million as meeting ASX listing requirements and requested that the Company engage an independent expert to prepare an independent expert's report, details of which are summarised above;
- the Quotation Condition must be met by 23 December 2016; and

- 504 Applications have been received as at the date of this Third Supplementary Prospectus.

Any Applicants who have submitted the Applications can withdraw their Applications and have their Application Monies refunded (without interest) if their applications for withdrawal are made within one (1) month of the date of this Third Supplementary Prospectus. If you wish to withdraw your application, you can do so by contacting the Company Secretary on +61 3 8609 7077 or by email at [philip.chard@domacom.com.au](mailto:philip.chard@domacom.com.au).

The Offer will remain open until the end of this withdrawal period which is 23 October 2016.

### **Changes to Key dates**

To provide investors with sufficient time to consider these changes, the key dates of the Offer have been changed as follows.

Date of this Third Supplementary Prospectus	Friday, 23 September 2016
Reopening date of the Offer	Friday, 23 September 2016
Closing date of the Offer	Sunday, 23 October 2016
Settlement of the Offer	Monday, 24 October 2016
Completion (Shares issued and holding statements dispatched to successful Applicants)	Tuesday, 25 October 2016
Expected commencement of trading in Shares on ASX	Friday, 28 October 2016

All references to any of the key dates listed above in the Replacement Prospectus shall be replaced with the key dates set out above. The above dates are indicative only. The Directors of the Company reserve the right to vary these dates, including to further extend the Offer Closing date or to close the Offer early. The new date nominated will become the Offer Closing date.

If the Offer is cancelled or withdrawn before the issue or transfer of Shares, then all amounts accompanying the Application Form will be refunded in full without interest in accordance with the requirements of the Corporations Act.

### **Investors who have not previously submitted an Application Form**

Applications for Shares under the Offer must be made using the application form attached to or accompanying this Third Supplementary Prospectus (Supplementary Application Form). Applications must not be made on the form attached to or accompanying the Replacement Prospectus.

The Supplementary Application Form contains detailed instructions on how it is to be completed. Applications must be for a minimum of 3000 Shares for a total of \$2,250 and may be made for additional Shares in multiples of \$75 in Application Monies for 100 Shares. Applications can only be made by completing the Application Form attached to this Third Supplementary Prospectus.

Applications under the Offer may be made, and will only be accepted, by either lodging it with the broker or adviser who invited them to participate in the Offer or posting it to the Company at C/- Boardroom Pty Limited, GPO Box 3993, SYDNEY NSW 2001. There is also an online application form that can be found at [www.domacom.com.au/investor-relations](http://www.domacom.com.au/investor-relations).

A Supplementary Application Form must be completed in accordance with the instructions on the form (if using a paper application form, the instructions are on the reverse side of the Supplementary Application Form, if using an electronic application form, follow the prompts).

Applications must be accompanied by the payment of the Application Price in Australian currency of \$0.75 for each Share applied for.

Cheque(s) or bank draft(s) must be drawn on an Australian branch of a financial institution and made payable to "DomaCom Limited" and crossed "Not Negotiable". Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques have cleared as at 5.00pm on the Closing Date) is insufficient to pay for the amount you have applied for in your Supplementary Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Supplementary Application Form) or your Application may be rejected.

Alternatively, you can apply online at [www.domacom.com.au](http://www.domacom.com.au) and pay by BPAY, applications and payment must be received by 5.00 pm (Sydney Time) on the Closing Date.

Completed Supplementary Application Forms and accompanying cheques may be lodged with:

By Mail

DomaCom Limited  
c/- Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001

Hand Delivered

DomaCom Limited  
c/- Boardroom Pty Limited  
Level 12,  
225 George Street  
Sydney NSW 2000

#### **For Applicants who have previously submitted an Application Form**

Applicants who have previously submitted an Application Form and do not want to withdraw their application do not need to complete a Supplementary Application Form in order to receive their Shares. However, such applicants may lodge a Supplementary Application Form if they wish to apply for additional Shares in accordance with the instructions set out above for investors who have not previously submitted an Application Form.

Applicants who have previously submitted an Application Form and do want to withdraw their Application may withdraw their Applications and be repaid any application monies upon request to the Company in the manner set out in this Third Supplementary Prospectus.

#### **Applicants should read the entire Replacement Prospectus, this Third Supplementary Prospectus and previous Supplementary Prospectuses**

Before deciding to invest in the Company, prospective investors and Applicants should read the entire Replacement Prospectus, this Third Supplementary Prospectus and previous Supplementary Prospectuses and rely only on information contained in these documents. Prospective investors and Applicants should carefully consider the risk factors set out in section 7, in light of their personal circumstances (including financial and taxation issues) and seek professional advice from

their accountant, stockbroker, lawyer or other professional adviser before deciding to invest. Any investment in the Shares of the Company should be regarded as speculative.

**Directors' consent and authorisation**

In accordance with section 720 of the Corporations Act, each director of the Company has given, and has not withdrawn, their consent to the lodgement of this Supplementary Prospectus with ASIC.

Signed for and on behalf of the Company

Arthur Naoumidis  
Chief Executive Officer