

AXSTRA CAPITAL ANNUAL INVESTOR UPDATE DAY
10 February 2017



DomaCom
FRACTIONAL PROPERTY INVESTING

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DIGITAL DISRUPTION IS HERE...

Entertainment
content

+

Personal
experience

+

Technology
platform



Rooms /
Transport

+

Sharing economy

+

Technology
platform



Human
labour

+

Flexible
cost focus

+

Technology
platform



Assets

+

Finance Products

+

Technology
platform

Asset
Crowdfunding

OVERVIEW



- Product Summary
- Recent Material Events
 - IPO completed
 - Lonsec Rating
 - SuperConcepts agreement
 - Securities Advice and Dealing AFSL Variation
 - Prodigy Network Agreement
- Business Growth
 - 39 Book Builds have been funded
 - Largest book build just completed - \$3 million
 - 5 new properties acquired in January – up from 1-2 per month average
- Product Development
 - Loan Book Builds → accelerate property book builds
 - Corporate Bonds → another Asset Class
 - ATO SMSF Ruling → affordable housing
 - Senior Equity Release → fund retirees using equity released from their own home

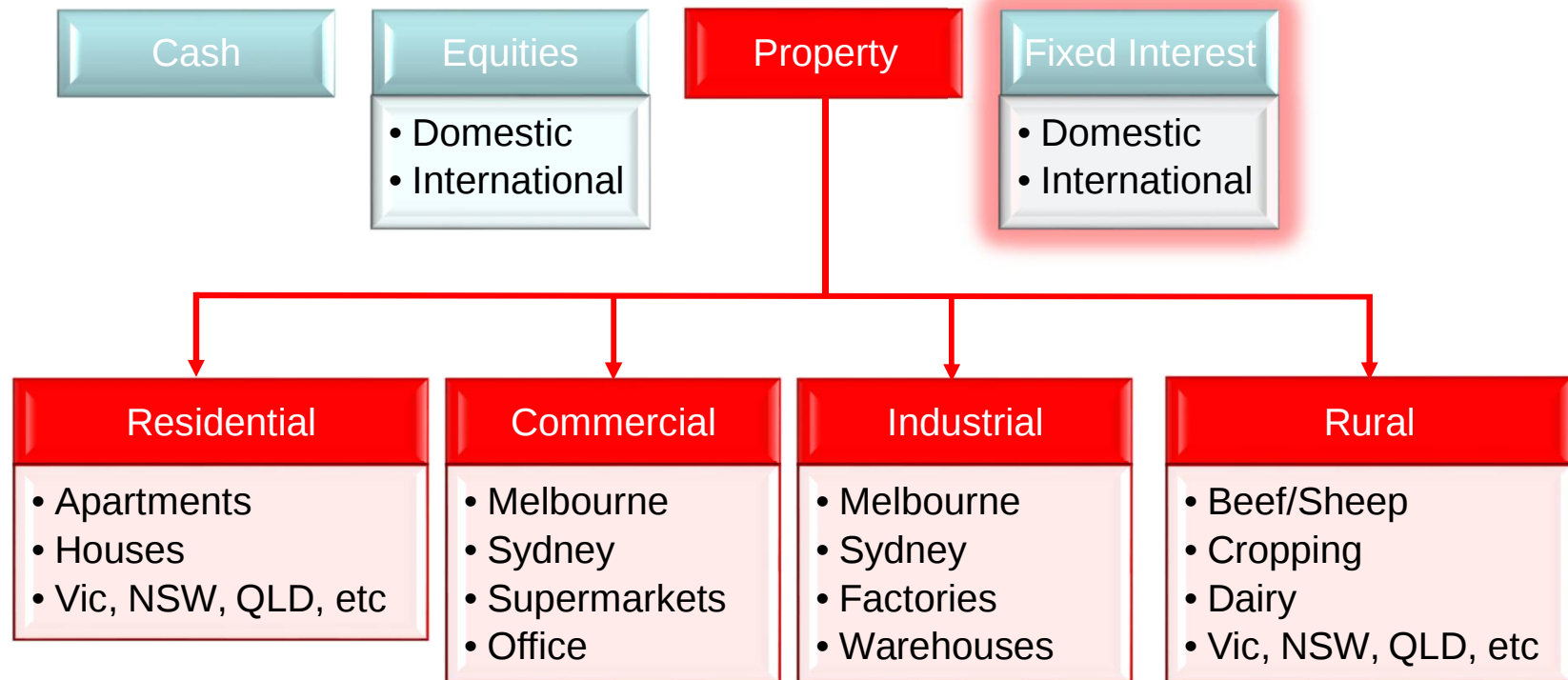


PRODUCT SUMMARY



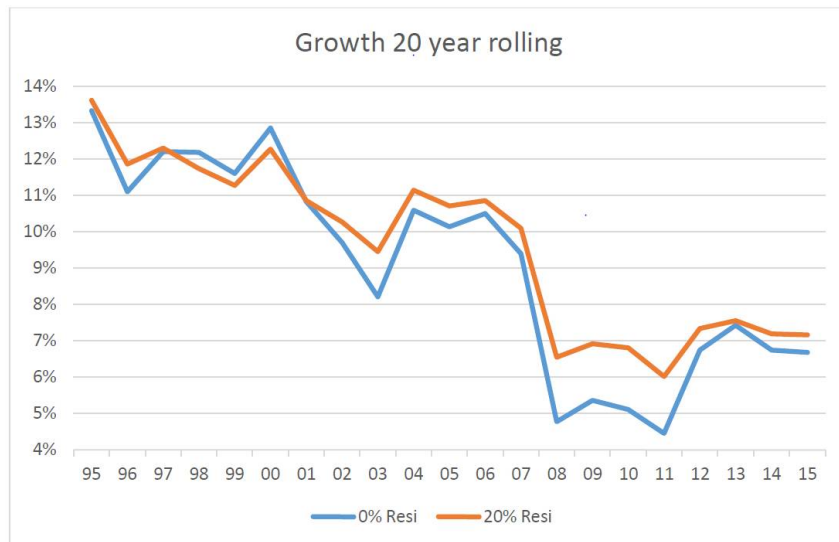
- Retail Managed Fund Fractional Asset Platform
 - For the Independent Financial Adviser Market
 - Can be accessed directly by investors
 - Registered as a retail managed fund
- Focus on Australian Pension Market - \$2 Trillion
 - Self Managed Super Fund Market (SMSF) - approximately \$600 Billion
 - Corporate Super and Industry Funds interested – another \$1.4 Trillion
- Internet Platform with Syndication (aka Crowdfunding)
 - ASIC registered retail managed fund with syndication solution for property in Australia
- Attractive Fee
 - 0.88% of value of Assets
 - 0.44% of value of Debt
 - Very sticky fee with built in index to property values

ASSET ALLOCATION



RESIDENTIAL PROPERTY ASSET ALLOCATION

Adding Residential Property Allocation Improves Performance by 9.6%*



- Based on average allocation of Super Fund managers
- Adding a 20% allocation to Resi in a growth portfolio
 - Results 9.6% Outperformance on rolling 20 year return
 - With less volatility

- Atchison Consultants Portfolio Return Commentary – Residential Property November 2015
- Past performance is not a reliable indicator of future performance

DOMACOM IPO & CAPITAL



- IPO completed 7th November 2016
- Raised \$7.33 Million from approximately 500 shareholders @ 75 cents per share
- \$1.3 Million in ATO R&D Rebate received in December 2016
 - Expect a similar amount later in 2017
- \$2.6 Million traded since IPO @ VWAP of 29 cents
 - o Small number of shareholders selling
 - o DomaCom was always a medium term play as per Prospectus
 - o Price will reflect business performance



LONSEC RATING



- Lonsec rated DomaCom fund “Approved” on 7th November 2016
- Lonsec is one of the major fund research houses
 - Used by the majority of the financial planning industry
- DomaCom has access to 5% of IFA market
 - Lonsec opens up the remaining independents
- Starting to show results already
 - o Meetings being organised with larger groups



SUPERCONCEPTS AGREEMENT



- SuperConcepts adds DomaCom Fund to iSaver
- SuperConcepts is AMPs SMSF business
 - Has over 40,000 SMSFs
- DomaCom & SuperConcepts sales teams engaged
 - Cross selling opportunities
- Expected to drive growth in both offerings



“ADVISE & DEAL IN SECURITIES” AFSL VARIATION



- Allows DomaCom to fractionalise any security* (share, bonds, etc.)
- Allows Corporate Bond book builds
- Other Asset Classes to follow
- PDS being amended and expected to be completed in 6-8 weeks
- Loan book builds leverage off Corporate Bond technological capabilities and thus will also be available

* As defined in Corporations Act



PRODIGY NETWORK



- Prodigy Network is leading US Property Crowdfunding site
 - US\$410 million of equity raised for US\$750 million of property
- DomaCom has initial 12 month exclusive distribution agreement for Australian retail investors
- Australians will be able to invest into commercial property assets in Manhattan
- Leverages off our AFSL variation



BUSINESS GROWTH



- FUM is \$24.4 million as at 8th February
- 39 book builds have been funded
 - 7 new book builds since 11th November
- Largest book build just completed - \$3 million
- 5 new properties acquired in January – up from 1-2 per month average
- 10 dealer groups active
 - Up from 5 at the end of June 2016



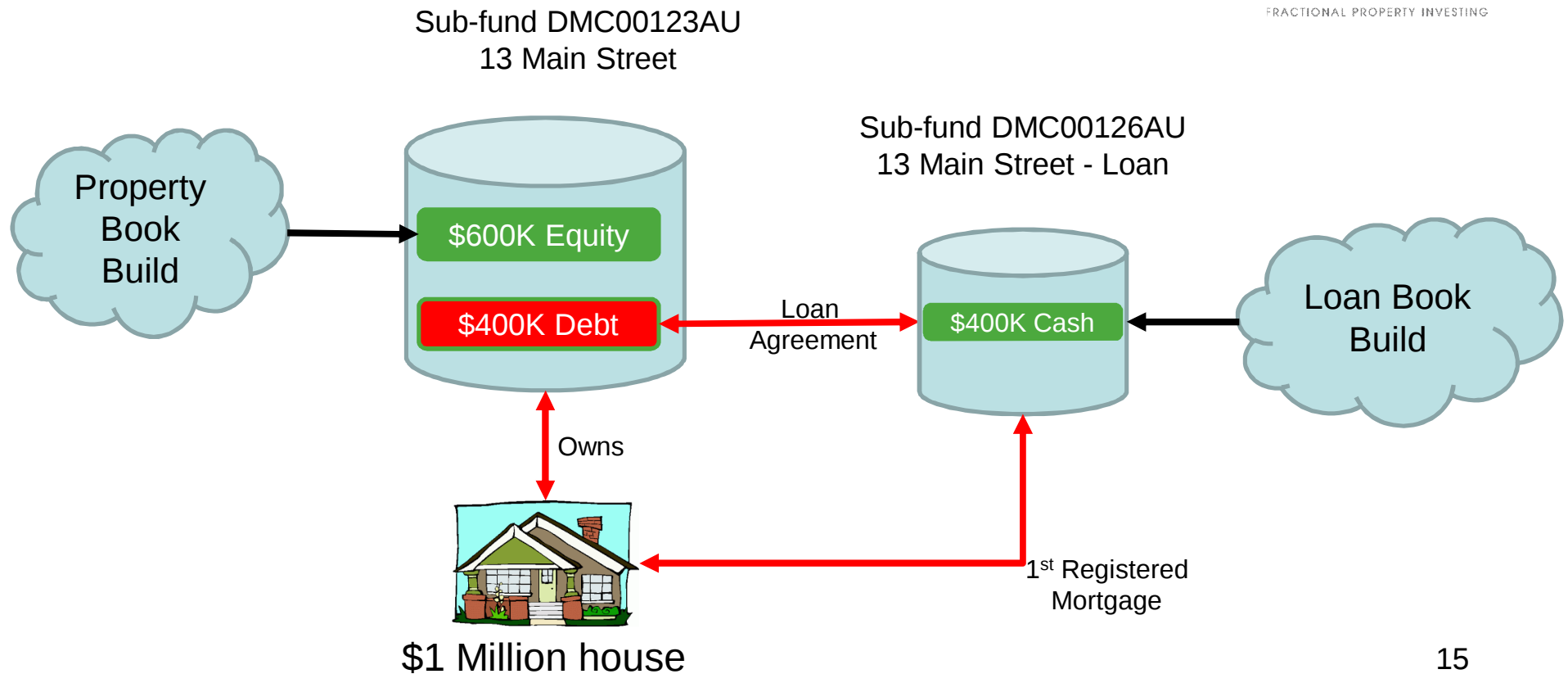
LOAN BOOK BUILDS



- Will allow book build of debt component for property book build
- Cost to borrower is 5.5% (4% + RBA cash rate)
- DomaCom receives 0.44% MER & investors receive balance 5.06%
- Should be attractive investment:
 - Low LVR less than 50%
 - Positively geared
 - First registered mortgage
- Leverages off existing “Fractional Property Investing” & Corporate Bonds platform
- Suits investors wanting enhanced income return with low risk
- Adviser clients can fund both the equity and the loan book builds



PROPERTY BOOK BUILD- EXAMPLE



SMSF RULING



- DomaCom to seek Federal Court/AAT Rulings for SMSF Impact
- Seeking court confirmation that DomaCom Fund is one widely held trust & does not breach sole purpose test
- Targeting Superannuation Industry (Supervision) Act 1993 (SIS Act) exemption for widely held trusts
- May enable SMSFs to invest in property sub-funds regardless who the tenant is
- May help address “affordable housing” issue without requiring tax payer support
 - Very topical issue for nation



SENIOR EQUITY RELEASE



- Senior Equity Release relief application lodged with ASIC
- Targeting “Baby Boomers” with Senior Equity Release product
- Leverages off existing “Fractional Property Investing” platform
- Allows IFAs to include property in multi-generational wealth planning
- Targeting Q2 2017 (subject to ASIC approvals)
- Help solve funding issue for retirees
 - Large demographic problem for all developed nations including Australia



QUESTIONS



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