



DomaCom

FRACTIONAL PROPERTY INVESTING

Switzer - Small & Micro Cap Investor Day
3^d December 2019

Arthur Naoumidis
Chief Executive Officer

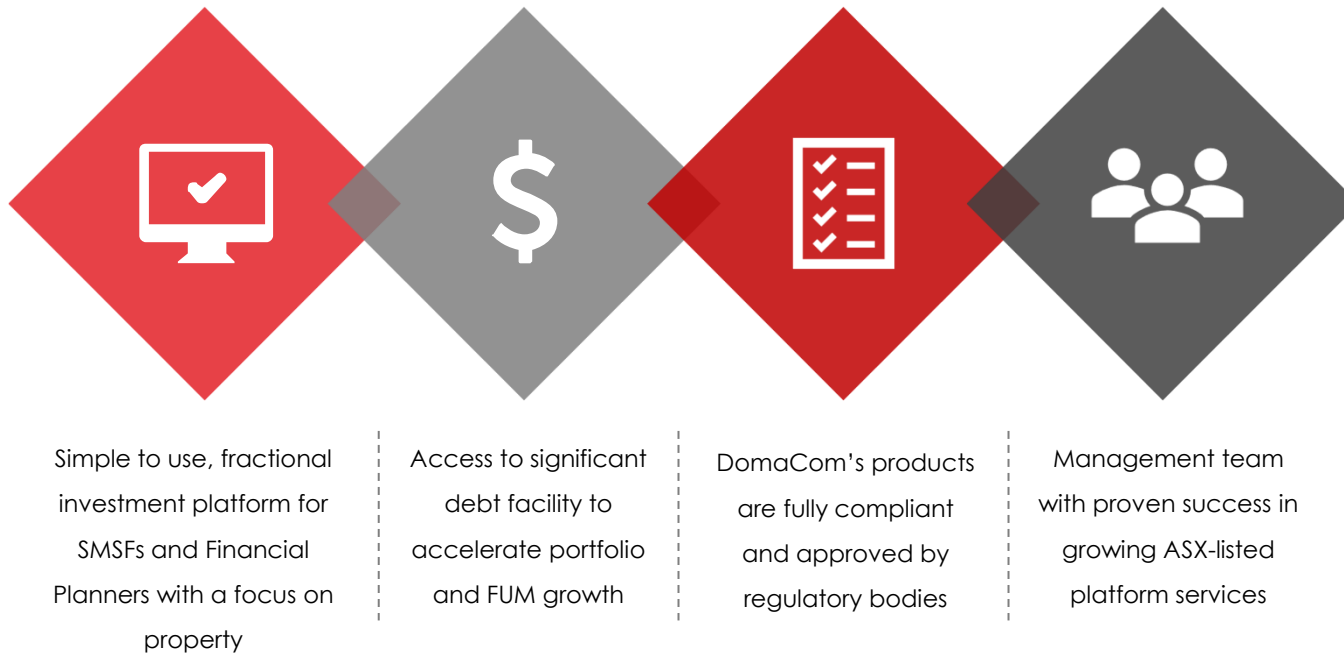
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Introduction



The leading fractional investment platform



Fractional Property Investing



Disrupting the established ways of buying property



Traditionally, property has been an **all or nothing proposition**, you either buy the whole property or you buy nothing



Fractional investing **enables investors to buy pieces of a property of your choice** together with other investors

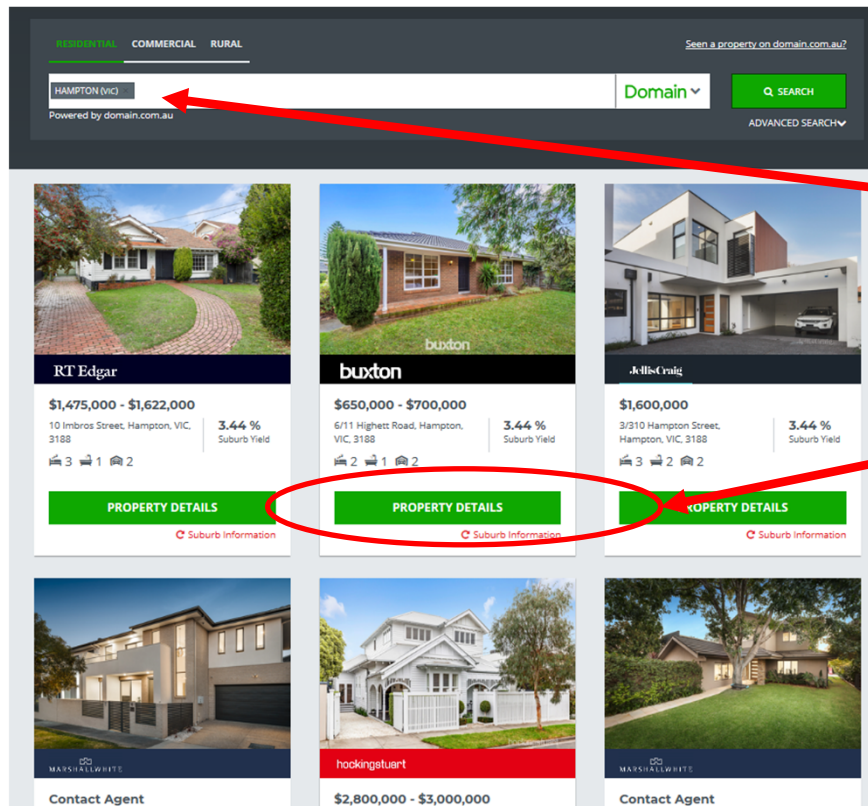


Fractional Investing through DomaCom's platform makes it easy to **create a diverse property portfolio**



Fractional investing **overcomes traditional barriers to entry** in property investing

Easy to use



Select Suburb

Select Property

Direct Residential

[# / Invest / Property / 6/11 Highett Road, Hampton VIC 3188](#) [Take a quick tour](#)



PRICE
Contact Agent

VIC
3188

START A CAMPAIGN

[View full details on Domain](#)

6/11 Highett Road, Hampton VIC 3188

Contact Agent


2 Beds 1 Baths 2 Parking

Take a look to the broad lawns out front, see the space and style inside, take a view on beachside latte living within a stroll of it all! Beach-end within an equally easy walk of Sandringham's shopping village, Hampton's latte strip and the beachfront parks and walking tracks, this impeccably presented two bedroom unit offers easy living with so many lifestyle choices!

Spread wide with outlooks to the group's broad front lawns, there's room to lounge and dine (or fit a study area) in fan-cooled living and space for meals beside the stylish stainless-steel appliance kitchen. Perfectly polished with hardwood floors, timber venetians and built-in robes for both big bedrooms, this classic unit has all the comforts including ducted heating, reverse-cycle air-conditioning and an extra carspace in front of the auto-garage.

Super-secure with garage access directly into the courtyard and value-added with a gate direct to the group's fully-maintained lawned and fenced front yard, there's nothing to do here but enjoy your lifestyle choices or choose to let a lucky tenant make their own! For more information about this well-located unit contact Scott Hamilton or Brydie Hamilton.

To find out more, visit [domain.com.au](https://www.domain.com.au)

SUBURB INFORMATION

HAMPTON - (RESIDENTIAL)

Median Rent (12 mths):
\$477.50

Median Price Change (12 mths):
7.80 %

Median Price Change (3 yrs):
10.11 %

Median Sale Price (12 mths):
\$795,000.00

Average Hold Period:
0.00



Start Campaign

Select LVR

New Campaign

1

DETAILS

Provide some basic information

2

DESCRIPTION

Write a Campaign Description

3

MEDIA

Add images or video

4

KEY INFORMATION

Determine return profile & location

5

PREVIEW

View the summary

PROVIDE SOME BASIC INFORMATION

Step 1 of 5

Campaign Name*

6/11 Highett Road, Hampton VIC 3188

How does it work?

Campaign Type*

Campaign

Est Property Price ?

\$ 700,000

Debt/Loan % ?

60 %

Minimum Pledge* ?

\$ 2,200

Target Amount ?

\$ 302,400

Property Type*

Residential

Allow Sharing (Unlisted) ?

☒

← PREVIOUS STEP

SAVE & QUIT

NEXT STEP →

La Trobe Financial
is lender
@ 5.99%

Invest / Campaign / 6/11 Highett Road, Hampton VIC 3188

Take a quick tour

Remove Campaign

Edit Campaign



1

Details

6/11 Highett Road, Hampton VIC 3188

This should be a great investment for the family

TOTAL RAISED
\$0

TARGET AMOUNT
\$302,400

TOTAL UNFUNDED
\$0

TOTAL PLEDGED
\$0

ACCESS
Unlisted

TOTAL PARTICIPANTS
0

MINIMUM PLEDGE
\$2,200

DEBT PERCENTAGE
60%

MAKE A PLEDGE

SHARE THIS CAMPAIGN

f

t

in

Key Information

0-8.5%
Total Return*

0-5%
Indicative Growth*

0-3.5%
Est. Yield*

Hampton, VIC

Track Campaign

Share with
Clients or
Family/friends



FUND
DMC0144AU

UNIT PRICE
\$1.0793

"DOYLES" LOWER COLERAINE ROAD, MUNTHAM VIC 3315, Australia

\$1,002,850.88
NET ASSET VALUATION

28 Feb 2022
NEXT RESOLUTION DATE

PLACE BUY ORDER

PLACE SELL ORDER

Buy and Sell

Details Financials Documents

Property Fund Trading

Current Price \$1.0793	Bids/Units No bids	Ask/Units \$1.0730/3,000.0000	Next Resolution Date [?] 28 Feb 2022	
Asset Valuation \$1,000,000.00	Cash Assets \$4,723.81	Liabilities \$1,872.93	Net Asset Valuation \$1,002,850.88	Units issued 929,199.7956

Orders

Buy

+ Buy Order

Bid Date	Value	Est. Units [?]	Unit Price
No current bids. Please place a new one			

Sell

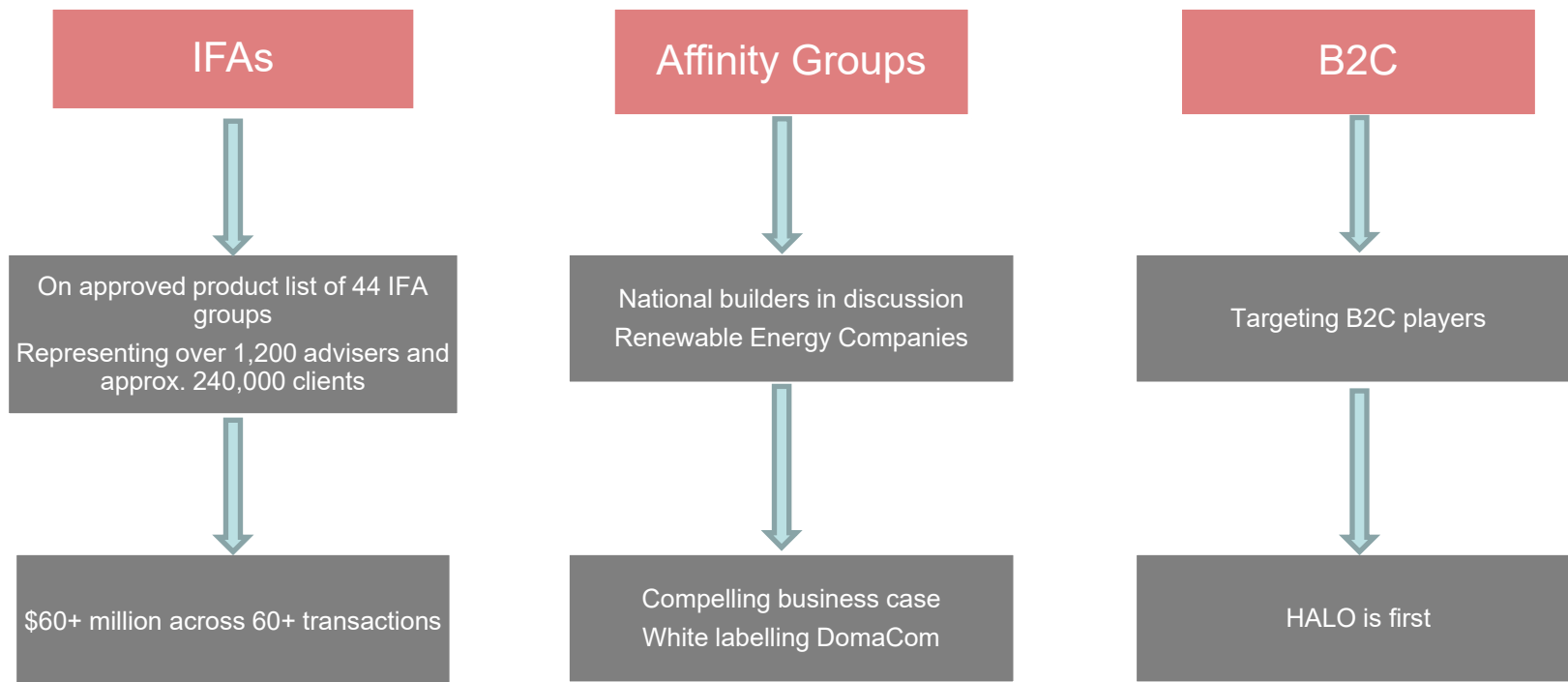
+ Sell Order

Offer Date	Quantity	Value [?]	Unit Price	
27 Mar 2019	2,412.8611	\$2,589.00	1.0730	Cancel Take
11 Apr 2019	4,850.0000	\$5,206.96	1.0736	Cancel
27 Mar 2019	4,656.7943	\$5,000.00	1.0737	Cancel
08 Apr 2019	2,499.3272	\$2,701.02	1.0807	Cancel

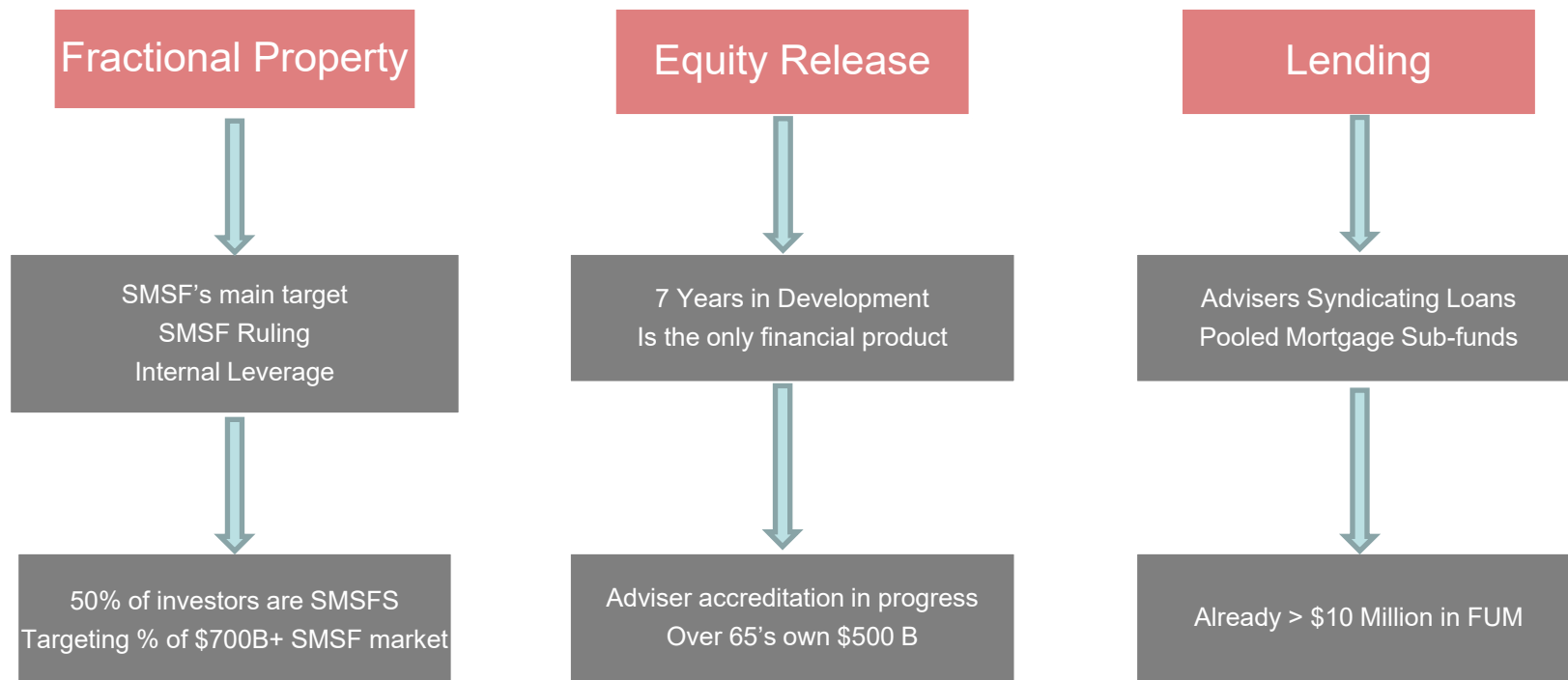
Secondary Market Screen

- Buy or Sell
- At agreed price
- Settles Immediately
- All investors informed

Routes to Market – “Intel Inside”



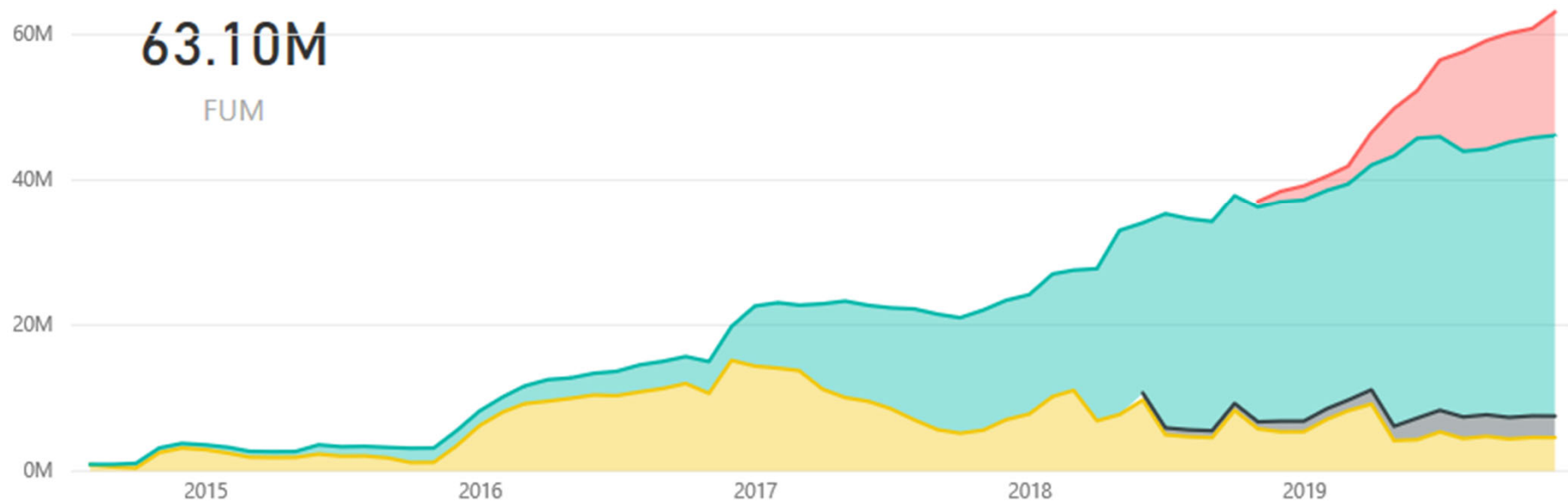
Multiple Products



We are growing with multiple asset types



Value ● Cash ● Loan ● Property ● Special Opportunity



Key Milestones



SMSF Sole Purpose Test– ATO Declaration 31 October 2019

DomaCom's Senior Equity Release product launched

Initial \$50 million low-interest facility secured with La Trobe Financial to fund ~\$100m property and hence grow FUM - first transaction settled

Capital position stabilised & cornerstone investor obtained

\$63.1 Million FUM milestone reached – 60% uplift in 2019

Key Milestones – Sole Purpose Test



- ATO provides clarification to DomaCom on 31 October 2019 :
 - SMSF Investment strategy allowing residential property
 - The property is acquired, managed and rented on an arms length commercial basis
 - SMSF Trustee confirms objective of investment into the property is to provide benefits to members upon retirement or death
 - SMSF Trustee confirms decision to invest was not influenced for collateral purpose of allowing a related party to rent the property
 - SMSF Trustee does not influence rental of property to related party
- SMSF's & their families can invest up to 50%
- Refer to ATO Guidance at
https://domacom.com.au/wp-content/uploads/2019/10/DCL_ATO_Sole_Purpose_31Oct2019.pdf
- Subsequently, related parties can apply to rent the property if they wish



Key Milestones – La Trobe Loan facility



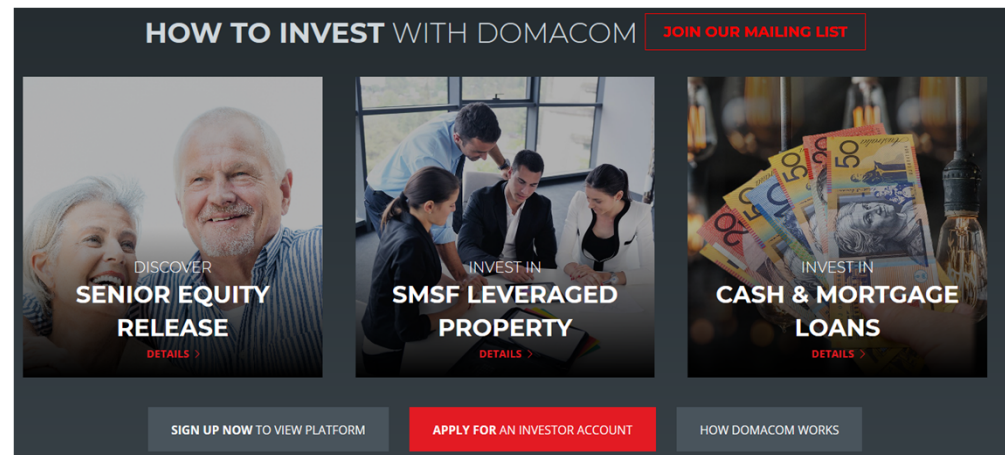
- La Trobe has agreed to provide a residential and commercial loan facility to DomaCom Fund
- Initial size is \$50 Million – will extend
- Commercial Loan terms – 5.99% & Interest Only
- True non-recourse loan in Australia – secured only by the asset
- Solves key problem for DomaCom
 - Advisers need debt to make property investment to comply with best interest test
 - Lack of lending has held DomaCom back for past 5 years
 - All transaction now in progress are now leveraged
- Will accelerate FUM because
 - Reducing the amount of capital needed to be raised
 - Improving the tax efficiency of our sub-funds

Key Milestones – Senior Equity Release



A simple, efficient and regulated financial product for seniors to release a fraction of their property's value to help fund their retirement

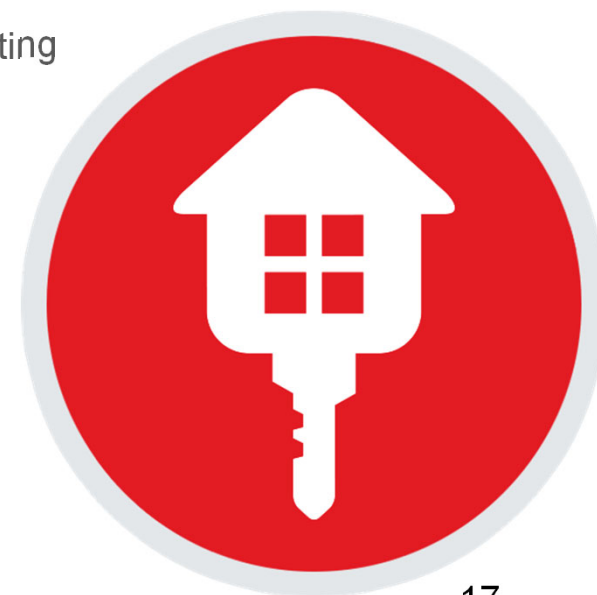
- After lengthy consultation with the regulator the product is now live
- SER is a **financial product** for advisers that helps many retirees solve their retirement funding problem
- Ideal product for advisers to affect multi generational wealth planning and property transfer
- Addressable market of ~3.8m Australians who fall in the 65+ age group = 15% of the population
- Large addressable market – in 2014 \$500 billion is held by Australians over 65 * Deloitte 2015



B2C Strategy



- DomaCom Leverages off other consumer focussed businesses
- New cornerstone shareholder HALO Technology provides B2C capability
 - Has \$2 billion in Funds Under Advice
- Possible mainstream implementation of fractional property investing
- Will the “share economy” concepts apply to home ownership?
 - Do you need to own all of the house?
 - Co-invest with your family
 - Use your super
- Fractional ownership allows institutional funding
 - Interest only
 - Same rent allows dearer house



SMSF Property Investing



- SMSF's invest in a leveraged sub-fund
- SMSF not required to own all the equity → fractional investing!
- Select LVR % needed - maximum of 60%
- All Banks have now withdrawn from LRBA's*¹ - LRBA is competing solution
- **No LRBA required for DomaCom**
- Loan at 5.99% with La Trobe Financial
- **True “Non Recourse” → no trustee guarantees**
- Must be positively geared → responsible borrowing



RENT TO OWN

- **Developer stock overhang**
 - Large number of unsold developer properties
 - “Vulture Funds” being setup to purchase lines of stock from developers at 30-40% discount
 - DomaCom model allows property to transact at “market value” on real estate market
 - Discount occurs on DomaCom secondary market – results in circa 12% discount
- **Attractive Tenant Proposition**
 - Developer “gifts” 1% of equity to tenant per year for 10 years
 - Tenant will acquire 10% of property equity over 10 years
 - DomaCom model creates homes owners – not just permanent renters
 - Lower Risk tenant due to being a co-owner



AFFORDABLE HOUSING

- **Attractive Investor Proposition**
 - Developer “gifts” circa 15% of equity to investor on exchange
 - Investors receive normal leverage property returns but enhanced by discounts
 - Lower vacancy risk – our properties will be sought after
 - Lower tenant risk – tenant will be a co-owner
- **Win/Win**
 - Attractive for Developers – circa 12% cost & elimination of overhang
 - Attractive for Tenants – discounted rent & 10% equity
 - Attractive for Investors – circa 20% discount
 - Attractive for DomaCom – scalable upfront & ongoing cashflow
 - Attractive for financial advisers – syndication fee
- **Pilot in progress**
 - 10-15 properties in Melbourne & Sydney



Supportive Landscape

Supportive Landscape that DomaCom can capitalise on



Growth Strategy



DomaCom is developing multiple distribution channels to maximise its reach in the SMSF market



Financial Planners

Grow product awareness and educate financial planners on DomaCom. Currently approved by 44 dealer groups (5% of market)

Large Institutions

Establish new product distribution channels through tier one banks and large developers

Cash-poor retirees

Targeting the aging population via recently approved Equity Release product. Product launch imminent

SMSF Clients

Continue to build market share within SMSF market to drive FUM growth, 50% of current investors are SMSF₂₂

Pricing Strategy



DomaCom has adopted an attractive, recurring funds under management fee model

Standard Property Assets	Rent To Own & Affordable	Mortgage Assets	Cash
0.88% p.a.*	1% Upfront 0.66% p.a.*	0.44% p.a.	0.22% p.a.

* On gross value of property

Note: Fees are inclusive of GST

Recapitalisation In progress

- \$8.75 Million raised since December 2018
- \$3 Million Rights issue being structured
- This will address remaining growth hurdle – our balance sheet!
- Only 10% of our clients are using the platform – this will rise rapidly once the balance sheet is addressed
- Operating Cash Cost¹ based reduced from circa \$7.5 million in 2016 to circa \$4.3 million in 2019
- Reduced Cost base to remain at around \$4.3 Million
- Legal costs to dramatically reduce
- Funds can now be directed to Marketing & Sales



Note 1: Annual operating cash cost base (on a financial year basis) excludes finance and depreciation costs

Corporate Overview



ASX Ticker DCL

Share price as at 2 December 2019 \$0.08

Shares on issue 202.2m

Market Capitalisation as at 2 December 2019 \$16.2m

FUM as at 29 November 2019 \$63.1m

Capital Raised since December 2018 \$8.75m

\$3 Million Rights issue closing 5th December 2019



Key Takeaways



DomaCom is now significantly de-risked and positioned to rapidly grow FUM

Funded for growth

DomaCom now has access to significant debt funding, vital for property transactions



Huge addressable market

DomaCom is exceptionally well placed to win market share in the SMSF space and rapidly grow FUM

Experienced management

Leadership team with a track record of successfully commercialising platforms

Regulatory Clarity/Certainty

DomaCom's products have passed all necessary regulatory checkpoints and approvals

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