

## ASX Announcement | 31<sup>st</sup> October 2023 DomaCom Limited (ASX: DCL)

### Waiver of ASX Listing Rule 10.1 Granted

DomaCom Limited (ASX: **DCL**, **DomaCom** or the **Company**) refers to its announcement dated 10 October 2023.

It was noted in that announcement that the Company proposes to undertake a capital raise of up to \$6 million via convertible notes (**New Notes**), with the initial phase, raising up to \$2 million (**Tranche 1**) being fully underwritten, with the ability to accept oversubscriptions within the Company's Listing Rule 7.1 capacity. HC Securities Pty Ltd are underwriting \$1,850,000 of the amount being raised under Tranche 1. Sub-underwriting of up to \$1,850,000 is provided by Halo Technologies Holdings Limited. The remaining \$150,000 is being underwritten by two large existing shareholders and noteholders. Subject to shareholder approval being sought at the upcoming AGM, the Company proposes to undertake the second stage of the raising, proposing to raise up to a further \$4million via the issue of New Notes (**Tranche 2**).

Halo Technologies Holdings Limited is categorised as a substantial (10%+) holder of shares in DomaCom. As Halo Technologies Holdings Limited (**Substantial Holder**) may subscribe for New Notes as a sub-underwriter Listing Rule 10.1 is applicable to any security which may be granted in respect of the New Notes. Additionally, Mr Grahame Evans, through his nominee (**Related Party**), proposes to participate in Tranche 2 in an amount of \$70,000 subject to shareholder approval (being sought at the upcoming AGM). The key terms of the New Notes and structure of the capital raise were announced to the market in the announcement dated 10 October 2023 and subsequently in the Company's Notice of Annual Meeting dated 27 October 2023, and include the following:

- Under Tranche 1, 2 million New Notes will be issued with a face value of \$1.00 to wholesale investors, with a 5-year maturity date, paying an annual interest rate of 12% and a conversion price of \$0.08 per conversion share. DomaCom will also seek subscriptions of a further 926,021 New Notes under the Company's remaining ASX Listing Rule 7.1 capacity;
- The Company intends to seek subscriptions for up to an additional \$4 million (Tranche 2) to be raised through the issue of 4 million New Notes with a face value of \$1.00 with the same terms as Tranche 1 to wholesale investors subject to shareholder approval; and

- Existing holders of convertible notes, currently holding unsecured notes with a face value of up to \$650,000 are being offered the ability to exchange their existing unsecured notes for New Notes of the same face value and in doing so will access the same terms as the Tranche 1 New Notes (**Forward Swap**),

(together, the **Convertible Note Facility**).

- The obligations of the Company under Tranche 1, Tranche 2 and the Forward Swap (with a principal amount of up to \$7,576,021 through the issue of up to 7,576,021 New Notes) will be secured by way of a general security deed over all of the assets and undertakings of the Company (**General Security Deed**), with the security interest granted to holders of the New Notes held by a third party security trustee, Specialised Investment and Lending Corporation Limited (**SILC**) (**Security Interest**). The Security Interest will be second ranking to the existing security granted in connection with the existing secured convertible notes, until such time as that existing security is released.

The Company has not yet issued any of the New Notes and will provide further disclosure as required upon issue of the New Notes.

DomaCom is pleased to advise that, based solely on the information provided by the Company to ASX, ASX has granted a waiver from Listing Rule 10.1 to the extent necessary to permit the Company to grant the Security Interest in favour of the holders of the New Notes, including the Substantial Holder and Related Party, under the General Security Deed without shareholder approval. The terms of the waiver are set out below.

The Convertible Note Facility and the General Security Deed have been negotiated between the Company and the Substantial Holder and Related Party respectively (each a 'Listing Rule 10.1 party') on arm's length terms. The Company was advised on the capital raising by Harmony Global Partners, who were appointed as strategic adviser in early September. The Company considered a number of different alternative capital raising structures. The Board determined that the terms of the proposed capital raising offered the greatest flexibility to the Company in terms being satisfied either in cash or shares (and therefore having the potential to reduce the diluted impact on existing shareholders) as well as being the most appropriate mechanism to provide the Company with the required funding within a reasonable timeframe and subject to minimal conditions. In addition, the underwriters, being HC Securities Pty Ltd and two large existing shareholders and noteholders, who have agreed to subscribe (or procure subscriptions for) \$2million of New Notes, are not related parties. The Company selected HC Securities Pty Ltd and Halo Technologies Holdings Limited

as under-writer and sub-underwriter due to their expertise and also their knowledge of DomaCom in order to provide an efficient and effective underwriting facility. The Company considered and assessed the proposed fees with alternative capital raising structures being considered and confirmed that they were fair and reasonable. The Company also appointed SILC, an independent and unrelated party, to act as Security Trustee. For these reasons, the Company considers the terms of the New Notes and the General Security Deed to be fair and reasonable from the perspective of its security holders.

The Company has elected to obtain some of the funds under the capital raising from the Substantial Holder and Related Party, rather than solely from parties that are not ASX Listing Rule 10.1 parties, as the Company was seeking to secure the maximum funding possible within a reasonable time in order to repay existing holders of secured convertible notes and for general working capital. Further, the Substantial Holder and Related Party respectively will only have an interest in the General Security Deed proportionate to their respective funding commitments.

The Security Interest documents expressly provide that:

- the Security Interest is limited to the funds due under the Convertible Note Facility;
- the Security Interest will be discharged when the funds due under the Convertible Note Facility have been repaid in full;
- in the event the Security Interest is enforced, the assets can only be disposed of to the Listing Rule 10.1 party or an associate of the Listing Rule 10.1 party if the disposal is first approved by the Company's security holders under Listing Rule 10.1;
- otherwise, if the holder of the Security Interest exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the Security Interest, the assets must be sold to an unrelated third party on arm's length commercial terms the net proceeds of sale distributed to the Listing Rule 10.1 party in accordance with their legal entitlements.

The Company will ensure that no variation is made to the terms of the Convertible Note Facility, General Security Deed or associated documents which advantages the Substantial Holder or Related Party in a material respect, disadvantages the Company in a material respect, or is inconsistent with the terms of any waiver granted to the Company without first obtaining shareholder approval under ASX Listing Rule 10.1 (or an updated waiver, if applicable).

For each year while the New Notes held by a Listing Rule 10.1 party remain outstanding, a summary of the material terms of the Convertible Note Facility and the Security Interest will be included in the related party disclosures in the Company's audited annual accounts.

#### **Waiver Decision - ASX Listing Rule 10.1**

1. Based solely on the information provided, ASX Limited ('ASX') grants DomaCom Limited (the 'Company') a waiver from listing rule 10.1 to the extent necessary to permit the Company to extend security proposed to be granted over the assets of the Company ('Security Interest') in favour of note holders ('Note Holders') with respect to a convertible note facility with a principal amount of up to \$7,576,021 ('Convertible Note Facility') through the issue of up to 7,576,021 secured convertible notes ('New Notes') to various parties including Halo Technologies Holdings Ltd ('Substantial Holder') and Grahame David Evans & Catherine Jane Evans as trustees for the Evans Family Superannuation Fund (Related Party) with respect to certain indebtedness owed by the Company to the Note Holders (including the Substantial Holder and Related Party) under the Convertible Note Facility without shareholder approval, on the following conditions:
  - 1.1. the Company releases an announcement to the market that provides:
    - 1.1.1. the material terms of the Convertible Note Facility, the Security Interest and this waiver from Listing Rule 10.1; and
    - 1.1.2. a description of the reasons why the Company has chosen to obtain the financial accommodation from the 10.1 party, rather than a lender that is not a Listing Rule 10.1 party and the steps the board has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective of the holders of the Company's ordinary securities;
  - 1.2. the Security Interest documents expressly provide that:
    - 1.2.1. the Security Interest is limited to the funds due under the Convertible Note Facility;
    - 1.2.2. the Security Interest will be discharged when the funds due under the Convertible Note Facility have been repaid in full;
    - 1.2.3. in the event the Security Interest is enforced, the assets can only be disposed of to the Listing Rule 10.1 party or an associate of the Listing Rule 10.1 party if the disposal is first approved by the Company's security holders under Listing Rule 10.1; and

- 1.2.4. otherwise, if the holder of the Security Interest exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the Security Interest, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to the Listing Rule 10.1 party in accordance with their legal entitlements;
- 1.3. any variation to the terms of the Convertible Note Facility or the Security Interest which:
  - 1.3.1. advantages the Listing Rule 10.1 party in a material respect;
  - 1.3.2. disadvantages the Company in a material respect; or
  - 1.3.3. is inconsistent with the terms of the waiver, must be subject to security holder approval under Listing Rule 10.1; and
- 1.4. for each year while they remain on foot, a summary of the material terms of the Convertible Note Facility and the Security Interest is included in the related party disclosures in the Company's audited annual accounts.

This announcement has been authorised for release to the market by Company Secretary Philip Chard.

**Ends**

**For further information, please contact:**

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## About DomaCom

DomaCom Limited (ASX:DCL) is the operator of an innovative managed investments platform for a wide range of assets across wholesale and retail markets. The platform offers investors and financial advisers easy access, reporting and transparency with comparatively lower minimum investments and competitive costs and structures. Investments on the platform can include a range of unique assets from agriculture, energy, securities, commercial and residential property.

As a leader in the Australian financial sector, DomaCom has a reputation for innovative structures and making portfolio diversification a reality for investors.

To learn more, please visit: [www.domacom.com.au](http://www.domacom.com.au)