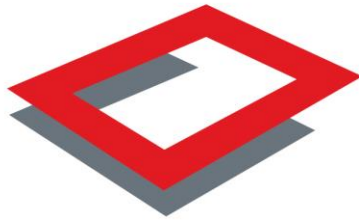


Responsible Entity
Melbourne Securities Corporation Limited
ACN 160 326 545
AFSL No. 428289

Investment Manager
DomaCom Australia Ltd
ACN 153 951 770
AFSL No. 444365



DomaCom
FRACTIONAL INVESTING

**DomaCom Fund
Equity Release
(Property Owner)
Product Disclosure Statement**

DomaCom Fund – Equity Release
Product Disclosure Statement
6 June 2019
ARSN 167 020 626

Important Notice & Disclaimer

This Product Disclosure Statement (**PDS**) is dated 6 June 2019 and has been issued by Melbourne Securities Corporation Limited ACN 160 326 545 AFSL No. 428289 as the responsible entity (**Responsible Entity**) of the DomaCom Fund ARSN 167 020 626 (**Fund**).

This PDS relates to the offer (**Offer**) to you to enter into an Equity Release Deed with the Fund. DomaCom Australia Ltd ACN 153 951 770 AFSL No. 444365 (**DomaCom**) is the Investment Manager for the Fund. This PDS is not required to be, and has not been, lodged with the Australian Securities and Investments Commission (**ASIC**).

In preparing this PDS and making the Offer, the Responsible Entity and the Fund have not taken into account your investment objectives, financial situation or particular needs.

You should obtain your own legal advice as well as advice from an Accredited Adviser who is accredited to provide advice on this product and consider the appropriateness of the Offer having regard to your own objectives, financial situation and needs.

It is important that you read the entire PDS before completing an Application Form and entering into an Equity Release Deed with the Fund. In particular, you should consider the risks associated with entering into an Equity Release Deed. The significant risks that could affect an Equity Release Deed are summarised in section 7 of this PDS.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this PDS. Any information or representation not contained in this PDS may not be relied on as having been authorised by the Responsible Entity or the Fund in connection with the Offer.

None of the Responsible Entity, the Fund or any of their directors, advisers, agents or associates in any way guarantee the financial outcome to you entering into an Equity Release Deed, and, to the maximum extent permitted by law, they each deny liability for any loss or damage suffered by any person entering into an Equity Release Deed.

This PDS is available in electronic format at the Fund's Website. If you have received this PDS electronically, you should ensure that you have received the complete Application Form and this PDS. If you are unsure whether the electronic document is complete, you should contact the Responsible Entity or DomaCom. A printed copy is available free of charge.

Unless otherwise indicated, all Service Fees set out in this PDS are inclusive of GST (net of input tax credits) and all dollar amounts refer to Australian Dollars (**AUD**).

Selling restrictions – Offers made in Australia

This Offer is open only to persons in Australia receiving this PDS, whether in paper or electronic form. This PDS does not constitute an offer or invitation in any other place. No action has been taken to register or qualify the Offer in any jurisdiction outside Australia. Accordingly, the distribution of this PDS in jurisdictions outside Australia is limited and may be restricted by law. Persons holding copies of this PDS who are not in Australia should familiarise themselves with and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of securities law in the relevant jurisdiction.

Currency of Information

This PDS is current as at 6 June 2019. Information in this PDS is subject to change from time to time. If the change is not materially adverse to you, the Fund may update the PDS by posting a notice on the Fund's Website. The Fund will provide at no charge a paper copy of the updated information on request. If there is a change that is materially adverse, the Fund will replace this PDS or issue a supplementary PDS.

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	• the dates on which the Reporting Period begins and ends;	78
	• the amount of Service Fees accrued and applied as payment during the Report Period and the percentage rate that applied to the Service Fees;	78

	• a statement of all the fees and charges charged to the Property Owner during the Report Period;	78
	• a statement of any increase in the Fund's Interest during the Report Period;	78
	• any amounts, separate to the Service Fees, requiring payment under the Equity Release Deed which were unpaid and set off against the Service Fees, and the impact those amounts will have on the Funding Period; and	78
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1 Letter from the Investment Manager

Dear Property Owner,

If you are age 60 or more and own and live in your home, the Fund can provide you with a new and exciting way to access the equity in your home (the **Property**).

The Fund offers you the opportunity to access a cash payment without the need to take out a loan. This is achieved through the Fund acquiring an interest in your Property.

You will retain the right to live in your Property (or determine who does) throughout your lifetime, until the Equity Release Deed is terminated.

The Equity Release Deed is an agreement between you and the Fund under which you agree to sell an agreed interest in your Property to the Fund. In exchange for the initial sale of the interest in your Property, you will receive a cash payment (**Pay Out Amount**).

You will be required to pay certain ongoing fees and costs (**Services Fees**) which you will need to fund by selling additional interests in your Property to the Fund (see section 12.3).

The Pay Out Amount received by you for selling an interest in your Property can be used towards an unrestricted variety of uses (other than payment of Services Fees) including the funding of living costs or retirement goals. The Pay Out Amount can also be used to help your family's financial needs or to fund a transition into an aged care facility.

Once the Statement of Offer and the Equity Release Deed are signed, the Fund will seek to raise money from Investors that are interested in buying, through the Fund, an interest in your Property (**Fund's Interest**). If there is insufficient interest from Investors, the Fund will terminate the Equity Release Deed.

If sufficient interest from Investors is secured, 'Settlement' will occur which means that the money raised from Investors will be paid to you i.e. the Pay Out Amount and you will sell an interest in your Property to the Fund.

Once Settlement has occurred, the Fund will become a co-owner of the Property with you.

Risks of entering into an Equity Release Deed

As with any legal agreement, entering into an Equity Release Deed involves a number of risks. The key risks include:

Exhausting all equity in the Property

Under the Equity Release Deed, the ongoing Service Fees payable by you will be paid by selling further interests in the Property to the Fund. Over time this could result in your interest in the Property being exhausted.

Settlement Failure Risk

In order to fund the Settlement, sufficient interest must be expressed from Investors. If insufficient interest is expressed, then the Equity Release Deed will be terminated and no sale will occur and you will not receive the requested cash lump sum.

Non Refundable Fees

The \$700 Application Fee is non-refundable, irrespective of whether or not you accept the Statement of Offer, and even when DomaCom terminates the Equity Release Deed.

Pay Out Amount Less Than Buy-Back Amount

The Pay Out Amount paid to you on Settlement may be less than the amount that you may have to pay to the Fund if you decide at a later stage to buy-back the Fund's Interest in the Property. This will occur for example if the value of the Property has risen since Settlement occurred.

Termination Fees

Depending on if and when you terminate the Equity Release Deed there may be a Termination Fee which represents the Fund's reasonable administration cost of terminating the deed, which we estimate at approximately \$2,000.

Reduced Centrelink Entitlements risk

If you are currently receiving a Centrelink benefit, there is a risk that the receipt of a cash lump sum may reduce your benefit under existing means testing rules.

Adverse Tax Consequences Risk

There may be tax implications if you enter into an Equity Release Deed.

Full details of the risks involved in entering into an Equity Release Deed with the Fund are set out in section 7.

You should obtain your own legal advice as well as advice from an Accredited Adviser who has been accredited to provide advice on this product. You should also consider the appropriateness of the Offer having regard to your own objectives, financial situation and needs before completing an Application Form.

Arthur Naoumidis
CEO DomaCom Australia Ltd

2 Overview of the Fund

The table below provides an overview of the parties to, and some of the features of this product. You should read this Product Disclosure Statement (**PDS**) in full and seek financial and legal advice before making a decision to complete an Application Form.

Questions	Answer	Further information
What is the Fund?	The Fund is a registered managed investment scheme managed by DomaCom with an independent responsible entity and custodian.	Section 5.1
What is the Fund designed to do?	The Fund brings property owners and property investors together in a way that enables property owners to sell part of their property to Investors in exchange for an agreed cash payment. This transaction is managed through the Fund and doesn't involve any form of loan agreement.	Section 5.1
Who is eligible?	To be eligible: <ul style="list-style-type: none"> You and anyone else on the Property's title must be 60 years of age or older and named as the registered proprietor/s and hold the Property as joint tenants ; and the Property must be your principal place of residence, located in Australia and debt free (or will be debt free at Settlement). <p>Before you can enter an Equity Release Deed you must have obtained advice from an Accredited Advisor.</p>	Section 3
What are you actually selling and what do you get back?	You are selling an interest in your Property to a Sub-Fund within the Fund. Investors purchase units in the Sub-Fund and DomaCom pays you from these funds in the form of a cash payment. Please note there are <i>NO LOANS</i> involved. You are getting paid for selling an interest in your Property. You are not entering into a loan contract.	Section 3
Do you have to take a lump sum?	No. You can receive your cash either as a lump sum or as a series of monthly payments over a longer period of time.	Section 6.4
Does DomaCom share some of the running costs	Yes, once the Fund is a part owner in your Property, the Fund will pay its share of repair and maintenance costs in proportion to its interest.	Section 11

Questions	Answer	Further information
Do you stay on the Title?	Yes, you do. All those people who are currently on your title remain there. The Investors and/or the Fund will not be registered on the title.	Section 3.6
What do the Investors get?	Investors are entitled to income from their investment (notional rent) and a share of any sale proceeds when the Property is sold.	Section 6
Do you still get to live in your Property?	Yes. You have a permanent right to live in your Property yourself (Ongoing Right of Abode) or to determine who can live in your Property while you are alive. This continues even in the situation where you have no remaining equity in the Property.	Section 3.7
Can you ever end up owing money if you run out of equity?	No. Because there are NO LOANS involved, you can never end up owing anything to anyone even if you go on to live for years after your equity in your Property has expired. However, if all the equity in your Property is exhausted you will still be liable for all utility consumption costs that you incur.	Sections 3.7, 6.5 and 6.6
What are the main one-off fees and charges?	There is an Application Fee of \$700, which is non-refundable and a Termination Fee of approximately \$2,000 if you terminate the Equity Release Deed after Settlement.	Section 11, 12
What is the main ongoing fee?	<p>The main ongoing fee is called the Service Fee. The base Service Fee rate is 4.4% of the Pay Out Amount. This Service Fee may be higher depending on your age, gender and the Pay Out Amount that you have requested.</p> <p>See www.domacom.com.au for a calculator where you can include details of your specific circumstances which will generate the Service Fee that will apply to you.</p> <p>Accordingly each Property Owner's Service Fee will be quoted to them on a case by case basis.</p> <p>From the base amount of 4.4%, 3% of the Service Fee goes toward paying Investors an annual income return (notional rent). The balance of the Service Fee goes towards the management of the Fund.</p> <p>Please note that the Service Fee is paid by you by selling additional interests in your Property over time. While the Service Fee in percentage terms remains consistent over the term of the Equity Release Deed, the dollar amount will increase as the Fund's share in the Property increases.</p>	Section 11 and 13.4

Questions	Answer	Further information
The Service Fee is paid 5 yearly in advance	The Service Fee is charged 5 years in advance. This means that you will pay 5 years' worth of Service Fees upon Settlement and again approximately every 5 years after that.	Section 12
Do I have to keep living in my Property?	No. You can choose to live elsewhere at any time. You can even choose to rent out part or all of the Property whenever you choose and you can keep the rent you receive.	Section 3.7
Who is the Investment Manager?	DomaCom Australia Ltd ACN 153 951 770 AFSL No. 444365 is the investment manager of the Fund (Investment Manager or DomaCom).	Section 5.2
Who is the Responsible Entity, and Custodian for the Fund?	Melbourne Securities Corporation Limited ACN 160 326 545 the responsible entity (Responsible Entity) of the Fund. Perpetual Corporate Trust Limited ABN 99 000 341 533 is the custodian of the Fund (Custodian).	Sections 5.3, 5.4
Who is DomaCom Administration Pty Ltd and what is its role?	DomaCom Administration Pty Ltd is wholly owned by DomaCom Limited and is a party to all the Equity Release Deeds. DomaCom Administration Pty Ltd has been established to: <ul style="list-style-type: none"> • receive and disburse all payments due by the parties to each other under the Equity Release Deed; • arrange for the Administrator to hold on trust any part of the Pay Out Amount that has not yet been paid to you (i.e. if you selected a Staggered Settlement) until such a time that the amount becomes payable to you; and • maintain on trust a Longevity Reserve from which it will undertake to pay an amount of 3.88% per annum of the value of Fund's Interest in a Property to the Fund in the event that you exhaust the equity in your Property. <p>The interest and income earned on any amounts invested by DomaCom Administration Pty. Ltd. will all ultimately be provided to the party to who the money is payable.</p>	Section 5

Questions	Answer	Further information
<p>What should you do before you sign anything?</p>	<p>You must seek advice from both an Accredited Adviser AND we strongly recommend a lawyer who is skilled in providing advice on contract issues.</p>	<p>Section 3.1</p>
<p>What do you have to sign?</p>	<p>To start the process, you will have to complete and sign an Application Form and, in due course, the Statement of Offer, an Equity Release Deed and a Mortgage.</p> <p>This Equity Release Deed is designed specifically for Property Owners who are aged 60 or older who want to sell an interest from their Property in return for a cash payment while retaining the right to live in their Property (or allowing someone else to live in their Property) during their lifetime subject to certain conditions (see section 3.7).</p> <p>It is important to note that the Equity Release Deed will require you to sell additional interests in your Property to pay Service Fees for as long you continue to have an ownership interest in your Property and the Equity Release Deed is in place.</p> <p>You will not receive any cash for these additional equity releases.</p>	<p>Section 3</p>
<p>What are the consequences of you signing the Equity Release Deed?</p>	<p>If you sign the Equity Release Deed you agree to sell an interest in your Property to the Fund in exchange for a cash payment. This cash payment is referred to as the 'Pay Out Amount'.</p> <p>If sufficient Investor interest is shown in your Property and Settlement is achieved, you will receive a single Pay Out Amount (whether in a lump sum or staggered) from the Fund.</p> <p>Through entering into the Equity Release Deed you agree to the obligations outlined in the Equity Release Deed including the payment of certain fees and charges. Most of these fees and charges are to be paid by you selling additional interest in your Property to the Fund.</p> <p>This means that even though additional interests in your Property will be sold, you will not receive any further cash payments other than the original Pay Out Amount. The longer you are party to the Equity Release Deed, the more interests in your Property you will be required to sell.</p>	<p>Section 3 & 3.2</p>

Questions	Answer	Further information
	<p>The Fund will ultimately be entitled to receive some (or even all) of the sale proceeds of your Property when it is sold in proportion to the Fund's Interest.</p> <p>Under certain circumstance, you may be required to sell your Property if you breach the Equity Release Deed.</p> <p>After Settlement, the Fund will become a co-owner in the Property with you. The joint ownership will be in proportion to each party's interests. The Fund will hold its interest on behalf of the Investors.</p> <p>At law, you and the Fund will become tenants in common in respect your proportionate interests in the Property. You will still remain the only name on title to the Property.</p>	
<p>Some of your ongoing obligations under the Equity Release Deed</p>	<p>You will be required to pay for Service Fees approximately every 5 years by selling down additional interests in your Property.</p> <p>Service Fees are payable five years in advance. However, Service Fees may be expended faster than five years, for example, if you do not pay your share of insurance costs after having being invoiced by the Fund, in which case the Fund will pay your share of the costs from the pre-paid Service Fees.</p> <p>You will be required to work with the appointed Property Manager for Repair and Maintenance Works to help ensure that the Property is maintained in a state of good repair. You will also be required to pay your proportionate share of the costs to maintain the Property.</p> <p>Should all the equity in your Property be exhausted (through the progressive sale of interests to pay for Service Fees), you can still continue to live in your Property (or allow someone else to live in your Property) until your death (subject to certain conditions).</p>	<p>Sections 6.5, 11 and 12</p>
<p>What rights and obligations does the Fund have as a co-owner?</p>	<p>The Fund must share in certain costs and expenses, for example Repair and Maintenance Works, in proportion to the Fund's Interest in the Property.</p>	<p>Section 9</p>
<p>What is the general process for entering into and</p>	<p>Step 1 – Application</p>	<p>Section 8</p>

Questions	Answer	Further information
<p>settling an Equity Release Deed?</p>	<p>The first step for an interested Property Owner is to complete an Application Form and pay the non-refundable Application Fee.</p> <p>The Application Fee is non-refundable irrespective as to whether you proceed to Settlement.</p> <p>Step 2 – Caveat and Preliminary Valuation</p> <p>Once your Application Form and Application Fee have been received the Fund will arrange the Preliminary Valuation.</p> <p>Step 3 – Statement of Offer, Information Statement and Pro-Forma Equity Release Deed</p> <p>Based upon the Preliminary Valuation, the Fund will provide you with a Statement of Offer (which will include the Preliminary Valuation) together with the Information Statement. The Information Statement will contain key information in respect of the terms and conditions of the Equity Release Deed.</p> <p>A Pro-Forma copy of an Equity Release Deed will also be provided.</p> <p>Step 4 – Advice</p> <p>You must receive advice in respect of the Equity Release Deed from an Accredited Advisor. The Accredited Advisor will explain key issues such as how the Service Fees are calculated and how they impact your interest in the Property.</p> <p>Step 5- Execute documents</p> <p>If you decide to proceed you will then need to execute the Statement of Offer and the Equity Release Deed. You will also need to provide the Property’s certificate of title together with a Mortgage which will be registered on the Property upon Settlement.</p> <p>Step 6- Capital Raising</p> <p>The Property is then listed on the Platform and capital is raised from interested Investors.</p> <p>Step 7 – Final Valuation</p> <p>During the capital raising process, a Final Valuation and a building inspection (and possibly other reports) are obtained.</p> <p>Step 8 – Settlement</p> <p>At least 10 Business Days after the Final Valuation, provided sufficient Investor interest is obtained, the Fund will give written notice to you of the date that Settlement will occur.</p>	

Questions	Answer	Further information
	Upon Settlement a Mortgage is registered in favor of the Custodian, the Fund will pay you the Pay Out Amount and a beneficial interest in your Property is sold to the Fund.	
Why does the Fund put a mortgage on your Property?	A mortgage is taken out by the Fund and placed on the title to protect the Investors' interest on your Property.	Section 3.6
What are the key benefits of signing an Equity Release Deed with DomaCom?	<p>Upon Settlement you will:</p> <ul style="list-style-type: none"> • Get access to cash without taking out a loan. • Retain the right of occupancy. • Share maintenance costs with the Fund. • Have an opportunity to diversify your wealth by using the Pay Out Amount you receive to invest in other investments. 	Section 6
Can I get more cash payments in the future by selling additional beneficial interests in my Property?	<p>Possibly.</p> <p>In order to do so, you will have to go through the same process that you went through to get your original Pay Out Amount including completing a new Application Form for which a new Statement of Offer may be made.</p> <p>It is important to note that you will still be required to sell down additional equity in your Property to pay Service Fees for as long you continue to have an ownership interest in your Property and the Equity Release Deed is in place. You will not receive any cash for these additional equity releases.</p>	Section 3
What are the key risks of entering into an Equity Release Deed with DomaCom?	<p>Below are a list of some of the risks involved in entering into an Equity Release Deed, please refer to section 7 for more details of these risks.</p> <ul style="list-style-type: none"> • Non-refundable Application Fee. • Settlement Failure Risk. • Termination Fee Risk. • Loss of Control Risk. • Exhausted Equity Risk. • Centrelink Risk. 	Section 7

Questions	Answer	Further information																												
	<ul style="list-style-type: none"> • Tax Risk. 																													
Any ongoing costs?	<p>You must pay your share of any costs for Repairs and Maintenance on the Property.</p> <p>In addition, you will have to pay some specified Out-of-Pocket expenses that are paid solely by you as the occupier of the Property.</p>	Section 11, 12																												
Summary of Key Features	<table border="1"> <thead> <tr> <th data-bbox="512 616 710 667">Topic</th> <th data-bbox="710 616 914 667">Feature</th> <th data-bbox="914 616 1142 667">Details</th> </tr> </thead> <tbody> <tr> <td data-bbox="512 667 710 1104" rowspan="3">Application eligibility</td> <td data-bbox="710 667 914 734">Age</td> <td data-bbox="914 667 1142 734">60 years</td> </tr> <tr> <td data-bbox="710 734 914 925">Home Ownership required</td> <td data-bbox="914 734 1142 925">100% between all registered owners (i.e. no debt)</td> </tr> <tr> <td data-bbox="710 925 914 992">Legal advice required</td> <td data-bbox="914 925 1142 992">Yes</td> </tr> <tr> <td data-bbox="512 992 710 1104"></td> <td data-bbox="710 992 914 1104">Financial Advisor required</td> <td data-bbox="914 992 1142 1104">Yes</td> </tr> <tr> <td data-bbox="512 1104 710 1570" rowspan="3">Interest, Fees and Charges</td> <td data-bbox="710 1104 914 1227">Application fee</td> <td data-bbox="914 1104 1142 1227">\$700 (non refundable)</td> </tr> <tr> <td data-bbox="710 1227 914 1373">Service Fee</td> <td data-bbox="914 1227 1142 1373">Starting from the base fee amount of 4.4% p.a. of Pay Out Amount</td> </tr> <tr> <td data-bbox="710 1373 914 1440">Termination Fee</td> <td data-bbox="914 1373 1142 1440"></td> </tr> <tr> <td data-bbox="512 1440 710 1570"></td> <td data-bbox="710 1440 914 1570">Repairs and Maintenance</td> <td data-bbox="914 1440 1142 1570">Approximately \$2,000 Shared</td> </tr> <tr> <td data-bbox="512 1570 710 1888" rowspan="2">Features</td> <td data-bbox="710 1570 914 1659">On-going right of Abode</td> <td data-bbox="914 1570 1142 1659">Yes</td> </tr> <tr> <td data-bbox="710 1659 914 1888">Ongoing Service Fee</td> <td data-bbox="914 1659 1142 1888">Approximately Every 5 years by release of further equity in Property</td> </tr> </tbody> </table>	Topic	Feature	Details	Application eligibility	Age	60 years	Home Ownership required	100% between all registered owners (i.e. no debt)	Legal advice required	Yes		Financial Advisor required	Yes	Interest, Fees and Charges	Application fee	\$700 (non refundable)	Service Fee	Starting from the base fee amount of 4.4% p.a. of Pay Out Amount	Termination Fee			Repairs and Maintenance	Approximately \$2,000 Shared	Features	On-going right of Abode	Yes	Ongoing Service Fee	Approximately Every 5 years by release of further equity in Property	Sections 8, 11, 12, and 13
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Interest, Fees and Charges	Application fee	\$700 (non refundable)																												
	Service Fee	Starting from the base fee amount of 4.4% p.a. of Pay Out Amount																												
	Termination Fee																													
	Repairs and Maintenance	Approximately \$2,000 Shared																												
Features	On-going right of Abode	Yes																												
	Ongoing Service Fee	Approximately Every 5 years by release of further equity in Property																												

Questions	Answer			Further information
		Property revaluations	Every 5 years	
		Can rent out the property	Yes	
		Shared Maintenance Costs	Yes	
		Draw down of Pay Out Amount	Lump sum or staggered	
<p>How can I contact DomaCom with any questions?</p>	<p>DomaCom can be contacted in any of the following ways:</p> <p>Mail: DomaCom Australia Limited, GPO Box 1866, Melbourne Victoria 3001.</p> <p>Phone: 1300 365 930.</p> <p>Email: clientservices@domacom.com.au</p> <p>Website: www.domacom.com.au</p>			Section 17

3 About Equity Release Deeds

3.1 Eligibility

To be eligible to complete an Application Form and enter into an Equity Release Deed, you (and all other owners of your Property) must:

- be a natural person - the owner of the Property cannot be an entity such as a company, trust or superannuation fund;
- be the registered proprietors (i.e. legal owner) of the Property held as joint tenants, and hold all equitable interests in the Property;
- have your spouses or de-facto partners (as defined in the Family Law Act 1975) as registered proprietors in the Property and a party to the Equity Release Deed. If they aren't currently on the title, they must be added to the title before Settlement can occur;
- ensure that the Property is mortgage free, or will be mortgage free at Settlement;
- occupy the Property as your principal place of residence;
- be 60 years of age or older; and
- each obtain advice from an Accredited Adviser.

3.2 Ownership of property generally

Under general law, there are several different types of interests that a person can have in a single property. Since the introduction of the 'Torrens System' and the land register, whoever is named on title of the property, is the 'registered proprietor' and has what is referred to as 'legal ownership' of the property. However, there can be other interests in a property in addition to the registered proprietor's 'legal ownership'. For example, if the 'legal owner' of a property sells a portion of the property but does not register the purchaser on title, the purchaser has what is referred to as an 'equitable' or 'beneficial' interest in the property.

The Fund will acquire an equitable interest in the Property by entering into the Equity Release Deed, but the Fund retains the right to register its interest on title. Even if the Fund acquires 100% of the beneficial ownership of your Property, the Property will remain registered in your name whilst the Fund has not registered its interest on title.

You will technically hold the Fund's Interest on trust for the Fund in accordance with the terms of the Equity Release Deed while the Fund has a beneficial interest in the Property but not a legal interest. At law, the Fund and you will become tenants in common in respect of the respective proportionate equitable interests in the Property.

3.3 How much cash?

The Fund will determine, at its discretion, the maximum Pay Out Amount that it will offer to purchase the Fund's Interest which will be contained in the Statement of Offer. If you accept the Statement of Offer the Fund will begin a process of assessing Investor interest in funding the Pay Out Amount and other fees and costs (together, the '**Funding Amount**').

If the Investor fund raising is successful, you may receive the Pay Out Amount either as a lump sum or in Staggered Settlement payments over time (see section 6.4).

If the money raised by the Fund from Investors is not sufficient to fund the Funding Amount, (and DomaCom does not propose an alternative Funding Amount) the Equity Release Deed will be terminated, no interest in the Property will be sold and you will not receive any cash (the Application Fee however will not be refunded).

3.4 Calculating the Pay Out Amount and Funding Amount

Once you have completed the Application Form and paid the Application Fee (non-refundable), the Fund will obtain a valuation of the Property (**Preliminary Valuation**).

The Fund will use the Preliminary Valuation to determine the interest in your Property that you will need to sell to the Fund (i.e. the Funding Amount divided by the Preliminary Valuation).

The Funding Amount is the combined total of the cash payment that you nominated (**Pay Out Amount**) plus Service Fees (see section 12.2) for approximately five years and charges payable on Settlement (see section 12.1). The Service Fee that will be applied will be based on the age(s) of the home owners and the Pay Out amount that you require. The higher rate applicable to the male or female will be used.

The Funding Amount will therefore always be more than the Pay Out Amount. If the Funding Amount will be 50% of the value of the

Property you will need to nominate a smaller Pay Out Amount to be eligible.

Example – Calculation of the Funding Amount

In this example the Property is valued at \$500,000

The Pay Out Amount applied for is \$100,000 and the male and female are both aged 65 years of age.

The Service Fee rate is the same for both the female and the male at that age being 4.4% p.a.

The Service fee is calculated using the following formula:

[Pay Out Amount x (Service Fee x 5)] / (1 - Service Fee x5)

Where:

Pay Out Amount = \$100,000

Service Fee rate = 4.4% (or 0.044)

Number of years = 5

Service Fee = [\$100,000 x (0.044 x5)] / (1-0.044 x5)

Service Fee = \$28,205

The Funding Amount for the initial period is \$128,205 (the Pay Out Amount + the Service Fee)

This would mean that you would be required to sell approximately 25.6% of the equity in your Property to the Fund. The Service Fee component is 4.4% p.a. of the Funding Amount..

3.5 Upfront and Staggered Settlement Options

You can elect to either receive the Pay Out Amount as a single, 'one-off' payment or monthly over a nominated period of time (**Staggered Settlement**).

Under the Staggered Settlement option, you can, at any time, vary the monthly payments by simply notifying the Fund in writing. These variations include withdrawing up to the total remaining balance in the account (which would bring the Staggered Settlement arrangement to an end).

Despite this, the full amount of equity in your Property will be transferred to the Fund and both you and the Fund will be liable for

your respective share of the costs and expenses under the Equity Release Deed as if the whole Pay Out Amount was paid to you.

The Staggered Settlement option may be ideal if you want to better manage your personal cash flows in retirement.

The unpaid portion of the Pay Out Amount will be a debt owed to you by the Fund until it is paid to you. The unpaid portion may be invested in cash, government bonds and term deposits. Any interest earned on the Pay Out Amount will ultimately (after tax) be paid to you. Therefore, the interest earned on the Pay Out Amount may potentially extend the period over which the Staggered Settlement Payment are made to you.

3.6 DomaCom Security

The Equity Release Deed includes a Mortgage that must be signed by you (and all other owners of the Property) at the time of the execution of the Equity Release Deed (to be held in escrow) but will only be lodged upon Settlement.

The Mortgage is used to secure your obligations and the Fund's rights under the Equity Release Deed, in particular your obligation to pay a share of the sale proceeds of the Property to the Fund.

As such, a registrable transfer of title does not need to be provided to the Fund, however you will need to provide your Property's certificate of title so the Fund can register the Mortgage.

Traditionally, mortgages are associated with loan arrangements – many people will talk about obtaining a mortgage from the bank to help buy their home. Actually, a mortgage is a right that a property owner gives to a third party over their property (for example a bank) to secure their obligations to do something in return (in that case, to repay their home loan).

The Mortgage required under the Equity Release Deed is not a loan. It is simply a way of the Fund protecting its interests in your Property so that the Property cannot be sold or otherwise dealt with without the Fund's consent.

However, similarly to any mortgage placed on property by banks to secure a loan agreement, the Fund will be entitled to enforce a power of sale and sell your Property in certain circumstances (see section 4.2)

3.7 Ongoing Right of Abode

Subject to complying with the Equity Release Deed, you will have the ongoing right to live in your Property until the last registered Property Owner on the title dies.

If for any reason you decide that you do not wish to live in the Property, you have the right to determine who lives in the Property during your lifetime. You should provide written notice to DomaCom of your intention to do so.

You can also rent out the Property (with the Property Manager's consent). If you decide to do so, you will be entitled to retain all rent proceeds from that arrangement.

However, even after all your equity has been exhausted, you will still be required to ensure that the Property is maintained and that all the provisions of the Equity Release Deed that relate to the occupation of that Property are complied with, as if you were the occupant including the payment of all utility consumption costs (for example electricity and gas bills).

3.8 Your Ongoing Fees

When you enter into an Equity Release Deed you agree to pay Service Fees. Service Fees are charged to cover notional "rent" as well as other costs including costs involved in administering the Equity Release Deed.

The Service Fee rate is fixed for the duration of the Equity Release Deed. The base Service Fee is 4.4% per annum of the Pay Out Amount. However, the Service Fee rate quoted to you may be higher depending on your age and the percentage of equity to be released. Please refer to the example at 13.4.

A portion of the Service Fee will be retained by the Administrator to form the Longevity Reserve. The Longevity Reserve will be drawn upon to fund the notional "rent" in circumstances where you have exhausted all of the equity in your Property, but still have an ongoing right of abode (see section 3.7).

These Service Fees are payable for each Funding Period (approximately 5 years) in advance on a rolling basis and must be funded by selling further interests in the Property to the Fund.

The portion of the Service Fees that have not yet fallen due for payment to the Fund may be invested by the Administrator. The income will form part of the Longevity Reserve maintained by the Administrator.

Service Fees will continue to be paid by releasing further interests in the Property until there is a termination event (see section 4 or all the equity in the Property is exhausted. Even if all the equity in the Property is exhausted, you can still continue to live in the Property until you die.

See section 12.2 for more information.

3.9 Releasing equity in your Property

From Settlement, you will need to pre-pay Service Fees for each Funding Period (which is generally for a period of 5 years) by transferring additional equitable interests in your Property to the Fund.

Pre-paid Service Fees may sometimes last for a period less than 5 years, if they are expended on other costs and fees that are payable by you. For example, if you do not contribute your fair share to insurance costs after being duly invoiced by the Fund, the Fund will deduct the due amount from the pre-paid Service Fees.

The process for advising you of the amount of Service Fees for the next Funding Period, and for transferring any further equitable interest in the Property to the Fund is set out below:

- **Notice:** At least 6 months prior to the expiry of the relevant Funding Period, the Fund will send you a notice notifying you that the current Funding Period is about to expire and inviting you to contact the Fund to arrange a convenient time for an approved valuer to inspect the Property.
- **Valuation:** At the agreed time a Fund approved valuer will visit the Property and conduct an inspection. Following this inspection, the valuer will prepare a valuation report. Both you and the Fund will proportionately share the costs of the valuation (**Revaluation Cost**) and receive a copy of the report.
- **Fee Calculation:** Based on this valuation, the Fund will prepare a written statement of the Service Fees payable for the next Funding Period based upon the fixed rate which was originally set when the Equity Release Deed was entered into. This notice will be sent to you.

- **Equity Release:** Finally, assuming that the Fund will have managed to raise sufficient money to fund the purchase, equity in the Property will be transferred to the Fund. Please note that if there is insufficient investor interest to take an investment in your property the transaction will not proceed.

3.10 Investors unwilling to purchase more interests.

During the term of the Equity Release Deed, if at any time the existing Investors are unwilling to purchase the additional interests in your Property released through your Service Fee, DomaCom will seek to arrange for new Investors to purchase these interests.

If DomaCom is unable to find new investors, DomaCom will seek to sell the Equity Release Deed to a third party. If the Equity Release Deed cannot be sold, no more Service Fees will be payable and no additional equity will be released in respect of the Property. All other obligations under the Equity Release Deed (particularly with respect to payment of the costs and expenses associated with holding and maintaining the Property) will remain unchanged.

3.11 Costs

If you live in the Property following Settlement of the Equity Release Deed, you effectively become both a co-owner and tenant in the Property.

This arrangement means that you assume obligations under the Equity Release Deed which are similar to those of a tenant under a lease (although you are not a tenant).

These obligations include paying for costs that in the normal course of renting a Property would be met by the tenant, including but not limited to; lawn mowing services, rubbish removal, decorating (at your discretion), household cleaning and electricity, gas and water usage. These costs remain your sole responsibility and are not shared with the Fund.

While you may assume obligations as if you were a tenant in the Property, you are not a tenant for any State tenancy legislation.

3.12 Communication through Authorised Persons

Both DomaCom and the Property Owner must appoint at least one person who is authorised to provide and receive all communications from the other party (**Authorised Person**).

The Property Owner's Authorised Person will be nominated in the Application Form and DomaCom's Authorised Persons will be noted in the Equity Release Deed.

If the Property Owner seeks to vary its Authorised Person all Property Owners registered on title must unanimously authorise the variation.

4 Termination after Settlement

4.1 Property Owner Termination

The Equity Release Deed may only be terminated after Settlement by you in the following situations:

- You or your estate sell the Property (with approval) and pay to the Fund its proportion of the net proceeds of sale; or
- You or your estate elects to buy back the Fund's Interest.

Sell the Property with approval

DomaCom will approve the sale of the Property by a Property Owner if:

- DomaCom and the Property Owner jointly appoint the relevant real estate agent;
- DomaCom and the Property Owner, both acting reasonably, agree on the reserve price; and
- the Property is auctioned publicly unless otherwise agreed between the Property Owner and DomaCom (and will not be beneath the reserve price).

You and the Fund will jointly determine the reserve price which will be based upon the most recent valuation for the Property as well as two written market opinions from local selling agents in that market. The Property will not be sold below the reserve price.

The costs associated with the sale of the Property will be shared between you and the Fund in proportion to the respective interest in the Property.

Upon settlement of the Property to the third party purchaser the Property Owner will be refunded the proportion of the Service Fees that had not been used. Both you and the Fund will each receive your proportionate share in the sale proceeds.

Buying Back the Fund's Interest

DomaCom will ascertain the value of the Buy-Back Amount using the following two valuation methods. The Buy-Back Amount is the greater of:

- the market value of the Fund's Interest at the time of the buy back; or

- the Indexed Value of the Fund's Interest,
plus associated costs (**Buy Back Amount**)

Step 1- Market Value

After receiving the written request from you or your estate to determine the Buy-Back Amount, DomaCom will organise an independent licensed real estate valuer to value the Property. The Valuer must be an independent with at least 5 years' experience as a licensed valuer.

The Valuer will undertake a physical inspection of the Property and will produce a valuation report for DomaCom which will be made available to you. You will be required to pay the cost of this report.

Step 2- Indexed Value

The Indexed Value is determined by applying the Property Price Index to your Property from the time of Settlement to the time when you (or your estate) requested in writing the to determine the Buy Back Amount.

The following example explains how this works (refer to Section 13.6)

Your Property was valued at \$500,000 at the time of Settlement. At that time, you sold an interest in the Property equal to 28% of its value (\$140,000).

3 Years later you decide to terminate the Equity Release Deed and buy back the Fund's Interest in the Property.

Market Value

Following an independent valuation of the Property, its market value is estimated to be \$615,000. At this market value, the Fund's interest in the Property would be \$172,200.

Indexed Value

However, based on changes to property prices, applying the Property Price Index, between the time of Settlement and now, the Property's value is \$630,000. At this value, the Fund's Interest in the Property would be \$176,400.

Buy Back Amount

The Buy Back Amount due to be paid to the Fund would be the higher of the Market Value and the Indexed Value plus associated fees and costs. In this example this would be the amount of \$176,400 based on the Indexed Value of \$630,000.

You will also receive back any unused Service Fees.

Step 3- Buy Back Amount

Within 10 days of the Buy Back Amount being determined, DomaCom will provide you with written notice of the Buy Back Amount which will include the details of the amounts which comprise the Buy-Back Amount. If you want to proceed with the Buy-Back, within 10 days of receipt of this notice, you must:

- inform DomaCom in writing of your intention to do so; and
- pay the Buy Back Amount.

If you do not inform DomaCom in writing or pay DomaCom the Buy Back Amount within 10 days of receipt of the notice, a new Buy Back Amount will need to be calculated and the Equity Release Deed will not be terminated.

Upon settlement of the Property the Property Owner will be refunded the proportion of the Service Fees that had not been used.

4.2 Termination by DomaCom

If you breach an obligation under the Equity Release Deed, and the default is considered an Event of Default, the Fund will issue you a Default Notice specifying the default and providing you with 30 days from the date of the Default Notice to remedy the default. DomaCom will also make reasonable efforts to speak to you or to your representative during this time and confirm that you have received the Default Notice and have been informed of the consequences of failing to remedy the Event of Default.

If you fail to remedy the default in this period, the Fund will have the ability to exercise its power of sale over the Property and the Equity Release Deed will be terminated.

Events of Default under the Equity Release Deeds include:

- (a) **(death)** the last remaining registered proprietor (as at Settlement) dies and his/her legal personal representatives does not sell or buy back the Property as per the procedures stipulated within the Equity Release Deed within 12 months of death;
- (b) **(Insolvency Event)** you (or any other Property Owner on title) is subject to an Insolvency Event;
- (c) **(payment obligation)** you do not pay any amount that is due and payable under Equity Release Deed or the Mortgage,

and have failed to pay such amount after receiving 10 days written notice from the Fund;

- (d) **(untrue representation)** a representation, warranty or statement given becomes untrue, incomplete, misleading or deceptive in any material respect and you fail to remedy it within 10 days of becoming aware of it;
- (e) **(Security Interest ceases)** a Security Interest created by the Mortgage (if applicable) does not have, or ceases to have, the priority it purports to have or becomes ineffective to secure the payment of the Secured Money (unless caused by an act or omission of the Fund);
- (f) **(compliance unlawful)** it ceases for any reason to be able lawfully to comply with its obligations under any Equity Release Deed or the Mortgage to which it is named as a party and you fail to remedy it within 10 days of becoming aware of it;
- (g) **(termination or vitiation of Equity Release Deed)** all or any material provisions of Equity Release Deed or the Mortgage are terminated or become void, voidable by a party, unenforceable, invalid or illegal (other than because of equitable principles or laws affecting creditors' rights generally).

It is not an Event of Default if Property becomes unoccupied or if the Property Owner fails to notify DomaCom that a third party occupies the Property.

Further, if you fail to comply with a provision of the Equity Release Deed as the provision was unclear (to a reasonable person) how you were to comply and the Default Notice did not clarify the uncertainty, the Equity Release Deed will not be terminated by DomaCom.

At all times Property Owners can access the internal or external dispute resolution processes. Please see section 15.6 for further information.

4.3 Refund of Service Fees

If the Equity Release Deed is terminated before the end of the Funding Period, the unused balance of the pre-paid Service Fees are refunded to you.

Example – Refund of Service Fees (refer to Section 13)

Refund

You decide to terminate the Equity Release Deed 3 years after receiving your Pay Out Amount of \$100,000. At that time, you paid the first 5-year Service Fees of \$ 28,205 in advance (assuming a Service Fee rate of 4.4%).

With 2 years (365 x 2 days) remaining of the 5-year period, you will receive a refund of pre-paid Service Fees of:

$$\$28,205 \times (365 \times 2) / (365 \times 5) = \$ 11,282$$

You will however need to pay a Termination Fee of approximately \$2,000. This example assumes there has been no other usage of those Service Fees during the first 2 years.

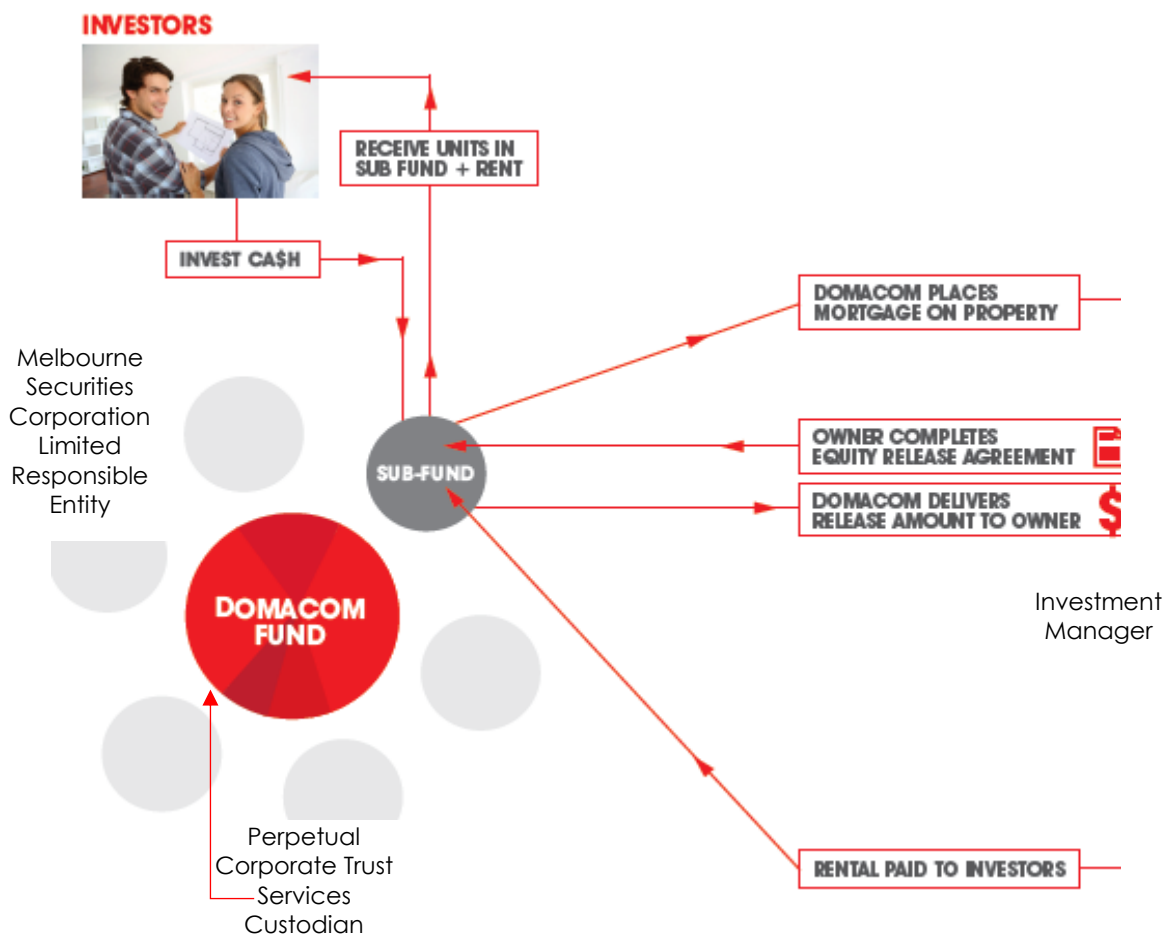
4.4 Termination Fee

If you terminate the Equity Release Deed after Settlement you will be charged with an early Termination Fee of approximately \$2,000 which relates to the reasonable administrative cost of the Fund terminating the Equity Release Deed.

5 Parties and the Fund

5.1 Fund

The Fund is a registered managed investment scheme managed by DomaCom with an independent responsible entity and custodian. The Fund brings property owners and property investors together in a way that is designed to allow property owners to sell interests in their Property to Investors through the Fund. The diagram below shows the parties to the Fund.



5.2 Investment Manager

DomaCom Australia Ltd ACN 153 951 770 (AFSL No. 444365) is the investment manager of the Fund (Investment Manager or DomaCom).

DomaCom's responsibilities primarily include managing the Fund's assets and the promotion, marketing and management of the Fund. DomaCom's management responsibilities include the supervision of all the key service providers to the Fund. DomaCom is also responsible for providing the technology for, and the management of, the Platform.

The key DomaCom employees who are involved in the operation of the DomaCom are:

Arthur Naoumidis, Chief Executive Officer.

Arthur has over 25 years of technology and financial services experience at Director level.

Ross Laidlaw, Chief Operating Officer.

Ross has over 25 years of experience in the managed investment industry at both senior executive and Director levels.

DomaCom's head office is located at Level 6, 99 Queen Street Melbourne

5.3 Responsible Entity

The Responsible Entity is the trustee and operator of the Fund.

Melbourne Securities Corporation Limited is the responsible entity (**Responsible Entity**) of the Fund. The Responsible Entity is a professional trustee firm. It partners with Australian and foreign fund managers, fintech and financial services companies. That assistance includes trusteeship, custody and operation under its Australian Financial Services Licence (**AFSL**) and/or our Australian Credit Licence (**ACL**).

The Responsible Entity is an experienced operator of Australian retail and wholesale investment funds and other capital structures.

The Responsible Entity is responsible for the operation of the Fund. The responsibility of the Responsible Entity includes holding the Fund's property on trust for Investors, managing and investing the Fund's property and ensuring that the Fund's property is managed pursuant to the Constitution and the provisions of the Corporations Act.

The legal relationship between you and the Responsible Entity is subject to the terms of this PDS (including any relevant supplementary PDS), the Application Form, the Equity Release Deed and the Constitution, as well as applicable laws including but not limited to the common law, trust law and relevant legislation.

The Responsible Entity has the power to delegate certain of its duties pursuant to the Constitution and the Corporations Act. The Responsible Entity has appointed DomaCom as the investment manager of the Fund, Perpetual Corporate Trust Limited AN 000 341 533AFSL 392673 as the Custodian of the Fund and DomaCom Administration Pty Ltd as the administrator in respect of the Equity Release Deed.

The Responsible Entity, in its discretion, may change the Custodian or Administrator from time to time or appoint additional service providers, in accordance with the terms of the Constitution. The Responsible Entity's rights and obligations as responsible entity are also contained in the Constitution and the Corporations Act. These duties include the duty to act honestly, exercise due care and diligence, avoid conflicts and treat Investors equally.

Copies of the Constitution are available free of charge upon request.

5.4 Custodian

Perpetual Corporate Trust Limited (**Custodian**) ACN 000 341 533 AFSL 392673 is the custodian for the Fund. The Custodian is part of the Perpetual Limited group of companies. The Custodian is responsible for holding legal title to the Fund's assets on behalf of the Responsible Entity.

The Custodian enters into the Equity Release Deed attached to the Property only as the agent of the Responsible Entity and is indemnified by the Responsible Entity for any expenses incurred by the Custodian in paying costs associated with the ownership of the Property.

5.5 Administrator

DomaCom Administration Pty Ltd is the administrator of the Equity Release Deeds(**Administrator**). The Administrator is wholly owned by DomaCom Limited.

The Administrator may receive income from administration fees (which are paid out of the Service Fee) and Termination Fees for the provisions of its services as Administrator under the Equity Release Deed.

The Administrator may invest its income in a range of investment into cash accounts, term deposits, bank bills and property sub- funds within the Fund.

The Administrator is in charge of receiving and disbursing all payments due by the parties to each other under the Equity Release Deeds. As such, the Administrator is required to administer:

- (a) the Pay Out Amount in a lump sum or in Staggered Settlement to you;
- (b) the Service Fees to the Fund;
- (c) Property management fees to the Property Manager;
and
- (d) the Longevity Reserve.

6 Benefits of Entering into an Equity Release Deed with the Fund

Below is a summary of the key benefits you will receive after Settlement if you enter into an Equity Release Deed with the Fund.

6.1 Access to cash

You will have access to a cash payment without having to take out a loan or sell the entire Property outright. The cash can be used for a whole variety of purposes (other than paying Service Fees) including funding retirement goals, assisting family members or even transitioning into retirement living.

6.2 Accessibility

It is intended that Property Owners from diverse geographical locations will be able to enter into an Equity Release Deed with the Fund.

6.3 Shared maintenance costs

Upon Settlement, the Fund agrees to meet its share of the ongoing Repair and Maintenance Works in proportion to the Fund's Interest which may save you both time and money.

6.4 Staggered Settlement option

You have the flexibility to elect to either receive your Pay Out Amount as a lump sum upon Settlement or on a regular basis over a period of time nominated by you.

If you are looking to better manage your cash flows for lifestyle funding purposes you may favour this Staggered Settlement option.

6.5 Ongoing Right of Abode

As long as you comply with your obligations under the Equity Release Deed, you will have the ongoing right to live in your Property, or to determine who lives in it whilst you are alive (even if all your equity in the Property is exhausted).

6.6 You can rent out Property

The Equity Release Deed does not preclude you from renting out the Property. If you do so, you will be entitled to retain **all** rent proceeds despite being only a co-owner with the Fund.

However, while you have equity in the Property, you will still be responsible for the Service Fees and all other fees and costs related to Property management. Further, you will be required to ensure that the Property is maintained and that all the provisions of the Equity Release Deed that relate to the occupation of the Property are complied with as if you were the occupant.

6.7 No capital payment to the Fund until the Property is sold

Because the Equity Release Deed does not involve a loan, there are no loans or interest repayments and the Fund will only receive its pay out when the Property is eventually sold (however you will have to pay Service Fees).

6.8 Diversification

You can use the cash from the Pay Out Amount to invest in other properties or even other asset classes such as shares and fixed interest invests, reducing your exposure to a single property.

7 Risks of entering into an Equity Release Deed

An Equity Release Deed may not be the best product for you when your particular circumstances are considered. You should always seek legal and financial advice before completing an Application Form and before entering into an Equity Release Deed.

It is important that you carefully consider whether entering into an Equity Release Deed is appropriate for your personal financial objectives and circumstances. You should only enter into an Equity Release Deed if you understand the nature of the product and the extent of your exposure to risks.

Below is a summary of the key risks that may apply to you. Please note this is not an exhaustive list of the risks you may face.

7.1 Exhausting Equity in your Property Risk

Under the Equity Release Deed, Service Fees are paid through transferring further interest in the Property to the Fund. When Service Fees are used up, a further equity release and transfer will be performed. This will continue to occur until all the equity in the Property is exhausted (or the Equity Release Deed is terminated).

Despite this, even when all equity is exhausted, your right to live in the Property will not be impacted, and you will not need to pay any further Service Fees however you will still be liable for any utility consumption costs (for example gas, electricity and water usage).

7.2 Loss of Control to Deal with Property

During the term of the Equity Release Deed your ability to deal with the Property will be limited (e.g. to sell or encumber the Property) and you will be required to obtain the Property Manager's approval in respect of certain dealings relating to the Property, including, for example, obtaining approval for all Capital Works and approval for certain Repair and Maintenance Works.

Similarly, you cannot seek to transfer your interest in the Property and novate the Equity Release Deed to a third party.

You will also irrevocably appoint the Fund to object (or not object) to any compulsory acquisition by any Authority.

7.3 Parties to the Equity Release Deed and authorised people

All people registered on title of the Property must enter into the Equity Release Deed.

The Equity Release Deed requires the nomination of at least one Authorised Person who is authorised to make decision on behalf of the Property Owners. The Authorised Person will have the ability to make decisions, including terminating the Equity Release Deed, that will bind all the Property Owners. DomaCom will also generally communicate only with the Authorised Person.

Even when there are multiple Authorised Persons for the Property Owner, any one single Authorised Person can make any written communication or take action on behalf of all the Property Owners. If the Property Owners seek to vary their nominated Authorised Person, all Property Owners must unanimously consent to the variation.

By contrast, if any single Property Owner creates an Event of Default (for example becomes subject to an Insolvency Event) DomaCom has the right to terminate the Equity Release Deed for all the Property Owners, irrespective of the compliance by the other Property Owners.

7.4 Authorised Person Risk

DomaCom and the Property Owner both need to appoint a least one person who will act as the Authorised Person and provide and receive all communications from the other party. If you are not the Authorised Person, or if there are multiple Authorised Persons appointed by the Property Owners, there is a risk that you may not become aware of the communications between the Property Owner and DomaCom.

7.5 Settlement Failure Risk and Non-refundable Application Fees

In order to fund your Pay Out Amount, sufficient interest must be obtained from Investors in the Fund. If there is insufficient interest (generally determined after 90 days), the Equity Release Deed will be terminated.

However, the Fund will allow you, in certain circumstances to review the figures in the Statement of Offer and Information Statement in order to make it more attractive for the Investors and then the Fund will then re-list the Property on the Platform. No further Application Fee will be payable in these circumstances.

If there is still insufficient interest the Equity Release Deed will be terminated which means that no interest in your Property will be sold and you will not receive your requested cash lump sum.

7.6 Risk of Buy Back Amount being higher than Market Value

If you seek to buy back the Fund's Interest, you will be required to pay the higher of the market value of the Fund's Interest and the Indexed Value of the Fund's Interest.

7.7 Risk of Pay Out Amount being less than the Buy-Back Amount

Depending on the changing market value of the Property, the amount of cash paid to you on Settlement may be substantially less than the money you will need to pay the Fund if you seek to buy back the Fund's Interest under the Equity Release Deed.

7.8 Stamp Duty Risk

If after having entered into the Equity Release Deed, you decide to buy back the Fund's Interest from the Fund, you may incur stamp duty in respect of the portion of the Property which you are buying back. You should seek your own legal and tax advice.

7.9 Downturn in the Market and Economic Risk

All investments are influenced by the performance of the market in which the underlying investments are exposed. The forces of supply and demand, interest rates, global events and the state of the domestic economy can all have an impact on both the value of investments in various markets and the income generated by these investments.

Events including changes in economic, social, technological or political conditions, together with market sentiment may have a negative effect on the pricing or value of investments within a particular market. You should consider the possible impact of these types of market events on Australian property values prior to making a decision to enter into an Equity Release Deed.

These risks will influence whether the Fund is able to secure Investors willing to invest in the Fund and enabling it to Settle the Equity Release Deed.

7.10 Reduced Centrelink Entitlements Risk

If you are currently receiving a Centrelink benefit, there is a risk that the receipt of a cash lump sum may reduce your benefit under existing means testing rules. While the value of your family home is generally exempt from any Centrelink considerations, cash generally isn't exempt.

You should seek professional advice to determine what impact a payment under the Equity Release Deed may have on your Centrelink entitlements before entering into an Equity Release Deed. We strongly recommend that you seek advice from your financial or tax adviser, and use the Centrelink Financial Information or the Veterans' Affairs Financial Information services.

When signing the Equity Release Deed, you will be required to declare that you fully understand the impact the cash payment will have on any Centrelink entitlements.

7.11 Forced Sale of Property Risk

In a number of circumstances, the Fund will have the right to sell the Property. This would occur where you are not complying with the terms and conditions of the Equity Release Deed for instance not meeting your share of the property maintenance costs.

If this happens, the Fund will arrange sale documentation on your behalf under the Mortgage to recover the Fund's Interest in the Property and will ensure that:

- (a) the sale is an arms' length transaction; and
- (b) the sale price represents fair market value for the Property.

On settlement of the sale of the Property the Fund will pay your legal representative (through the Administrator) the remainder of the sale proceeds after having paid out Fund's Interest and any other associated costs.

7.12 Termination Fees

In certain circumstances, if you terminate the Equity Release Deed after Settlement there will be a Termination Fee. See sections 4.4 and 12 for more details.

7.13 Property Sold Upon Death

After you and all the other owners of the Property (as at the time of Settlement) die, the Equity Release Deed requires that the Property is sold and the Fund receives its share of the sale proceeds.

Alternatively, if your legal representatives / estate choose to buy back the Fund's Interest, they will need to pay the greater of market value of the Fund's Interest in the Property and the Indexed Value of the Fund's Interest (Buy-Back Amount).

7.14 Counterparty Risks

You take on the counterparty risk associated with entering into an Equity Release Deed with the Fund. The Fund liability to you is limited to the extent to which it is indemnified from the assets of the relevant Sub-Fund.

There is the risk that counterparties to contracts that the Fund has entered into on behalf of the Fund (e.g. property maintenance organisations, administration service provider etc.) may fail to comply with their obligations. Failure of a counter party to comply with contractual obligations could have a negative impact on the value of the Property.

7.15 Administrator Risk

Under the Staggered Settlement option, DomaCom Administration Pty Ltd arranges for the Fund to hold on trust any part of the Pay Out Amount that has not yet been paid to you. DomaCom Administration Pty Ltd may invest these funds in cash, government bonds or term deposits.

Any interest earned (after tax) will be paid to you. However, there is also a risk that these investments could fail, which may put at risk the ability of the Fund to meet its settlement obligations to you if you elected to use the Staggered Settlement option.

7.16 Loss of Insurance discounts

The Fund will arrange for insurance for the Property and you must reimburse the Fund for your share of the costs of the insurance policy.

If you cease to take out property insurance directly, you may lose out on multi-policy, loyalty and/or other discounts which you may have been entitled to if you did not cancel such policies. Nonetheless, as the Fund arranges property insurance for all the properties in which

Fund invests, the insurance premium payable will likely be cheaper than a policy that you could have arranged in any event.

Importantly you will still need to maintain your own contents insurance.

8 The Process - Application to Settlement

This section sets out the overall process from the Application Form until Settlement.

8.1 Step 1- Application Form and Application Fee

(a) Application Fee and Application Form

If you are eligible and interested in this Offer, you will need to complete the Application Form and pay the non-refundable Application Fee.

The Application Form requires you to specify the Pay Out Amount on Settlement and requires information about the Property.

It is your obligation to ensure that the information that is provided is complete, accurate and not misleading. You also need to provide your bank account details to enable the Fund to withdraw the non-refundable Application Fee.

In order to approve your Application Form, you will be subject to a number of mandatory checks in order for the Fund to satisfactorily verify:

- your identity and age;
- that you own the Property; and
- that the Property is free (or can and will be free) of any mortgages and that any encumbrances or conditions attached to the Property are identified and understood.

To do this you will need to provide personal information such as certified copies of either your Passport or driver's license and Property title details (Folio and Volume Number).

8.2 Step 2- Preliminary Valuation

Once your Application Form and Application Fee have been received and accepted the Fund will commission independent, qualified professionals to prepare a Preliminary Valuation. If required by the Fund, you must permit the

Property Manager and the Valuer to access the Property at the times reasonably required by the Property Manager for the purposes of undertaking any inspection.

Using the Preliminary Valuation, the Fund will then calculate the Funding Amount. These details will be contained in a Statement of Offer provided by the Fund.

8.2.1 Secondary Valuation

If you do not accept the Preliminary Valuation you have the right to refer the Preliminary Valuation to an independent Valuer in accordance with the guidelines set out in the Equity Release Deed and the Statement of Offer will be adjusted. You must pay the cost of the independent Valuer.

8.3 Step 3 - Statement of Offer and Information Statement

Once the Preliminary Valuation is completed, the Fund will provide you with a Statement of Offer and Information Statement which will contain important information as prescribed under the ASIC Instrument including:

- Preliminary Valuation for the Property;
- the Funding Amount which is the sum of the Service Fees and Pay Out Amount and other costs;
- the value of and percentage interest in the Property to be sold to the Fund based on the Funding Amount;
- a description of fees and charges that are, or may become, payable under the Equity Release Deed, and when each fee or charge is payable, if ascertainable;
- the maximum Pay Out Amount the Fund is willing to pay if the Pay Out Amount reflects a greater percentage of the Property Valuation that the Fund is willing to acquire; and
- frequency of periodic statements of accounts.

A pro-forma Equity Release Deed will also be provided.

You cannot enter into the Equity Release Deed unless you have received these documents and the Statement of Offer contains all the information required under the ASIC Instrument.

Copies of the Statement of Offer will be available to you, free of charge, until the Equity Release Deed is terminated.

8.4 Step 4 - Advice from Accredited Adviser

Before you execute the Equity Release Deed you need to have received advice from an Accredited Adviser.

The Accredited Advisor will advise you on prescribed matters pursuant to the ASIC Instrument including:

- a general overview of the Equity Release Deed;
- how the Service Fee structure works and the potential impact on your interest in the Property;
- the risks and long term cash flow implications of entering into the Equity Release Deed; and
- the impacts on Centrelink entitlements and estate outcomes when using the DomaCom Equity Release Product.

The Fund can provide the names of Accredited Advisers upon request.

Some Accredited Advisors may charge a fee for their service, which is for you to negotiate with them. DomaCom does not recommend any specific Accredited Advisor and does not receive any portion of the fees paid to the Accredited Advisors. DomaCom has no association with Accredited Advisors other than to accredit them to advise on this product.

8.5 Step 5- Execute documents

After you have received advice from an Accredited Advisor and you decide to proceed, and after a 3 day waiting period, you will need to execute the following documents:

- (a) Statement of Offer

By executing the Statement of Offer you will be accepting the terms as set out in the Statement of Offer and the relevant Pay Out Amount specified.

- (b) Equity Release Deed

The Equity Release Deed is the primary document which governs the rights and obligations of all the parties including the Property Owner and DomaCom.

(c) Execute Mortgage

As outlined in section 3.6 the Equity Release Deed will be accompanied by a Mortgage that must be signed by you (and all other owners of the Property) which will be lodged upon Settlement.

The Mortgage is used to secure your obligations and the Fund's rights under the Equity Release Deed, in particular your obligation to pay a share of the sale proceeds of the Property to the Fund.

The Mortgage will be held in escrow pending Settlement.

You will not be able to enter into the Equity Release Deed if 45 days or more have passed since you received the Statement of Offer and Information Statement.

8.6 Step 5 - Capital Raising

8.6.1 Listing the Property

Once you have executed the Statement of Offer, Equity Release Deed and Mortgage, the Fund will place the details of your Property on the Platform which can be viewed by potential Investors.

The Fund will proceed to enter on the Platform the available information on the Property that you have provided (the type of property, its location and condition and other important features such as the number of bedrooms and car parking space) along with the results of the Preliminary Valuation.

The Fund will also publish key information relating to the offer to Investors such as the proportion of the Property that is available, the number of units this represents, the price per Unit and the annual investment yield.

In addition, the Fund will publish photos of your Property that either you supplied or the Fund commissioned on your behalf from a professional photographer.

You (or your Accredited Adviser) may request that certain information in respect of the Property is not disclosed on the Platform.

However, there is some basic information that will always need to be listed on the Platform for example the street address of your Property. The Accredited Adviser will be able to explain these to you.

Once these details are confirmed, the Fund will list your Property on the Platform and then seek expressions of interest from Investors to determine whether the Fund will agree to settle the Equity Release Deed with you. You or your Accredited Adviser will be able to access your Property listing and see what information is available at any time.

Listing is similar to engaging an agent to sell a property and advertising it for sale. Costs will be incurred in this process even if the Property does not reach Settlement and the Application Fee is always non-refundable.

8.6.2 Finding Investors

Over approximately the next 90 days, prospective Investors will be able to view your Property and decide whether they would like to subscribe to the offer. An Investor that wishes to subscribe to the offer does so by participating in a capital raising process.

If the offer becomes fully subscribed through the capital raising process within the 90 day period, the Fund will close the offer and commence the Settlement process.

If however all or part of the offer remains unsubscribed at the end of the 90 day period (or such longer period if extended by the Fund), the listing may be withdrawn from the Platform and the Equity Release Deed will be terminated. No termination Fees are payable in this circumstance.

If this occurs you will be able to review the offer in order to make it more attractive and then the Fund will re-list the Property on the Platform without the need to pay an additional Application Fee.

8.7 Step 6 - Final Valuation

If the Fund determines that there is sufficient Investor interest for it to potentially proceed to Settlement, it will arrange for a building inspection report and a Final Valuation. The Fund may also commission a timber and pest inspection report if the Fund determines that it is necessary.

These reports may involve a physical inspection of the Property. You must ensure that access is provided (after receiving reasonable notice) to enable these inspections.

The Fund will provide you with a copy of the Final Valuation. You and the Fund will both then have 10 Business Days to exercise your right to terminate the Equity Release Deed.

If the Final Valuation is within 5% (greater or less than) of the Preliminary Valuation (or the Secondary Valuation if relevant) (**Valuation Range**) then the party terminating the Equity Release Deed will be required to pay for the additional fees, this could include building and timber and pest reports (if required) and costs of obtaining the Final Valuation. However, no Termination Fees are payable. Fees for these services can vary depending on the size of the house, pre-purchase building valuation is typically in the range of between \$400 to \$600, building and timber pest inspection can cost approximately \$300 to \$400 each. Note valuation prices can vary depending upon the size and complexity of the property.

However, if the Final Valuation is outside of the Valuation Range, you can terminate the Equity Release Deed and you will not need to pay any of the additional fees and costs in obtaining the Final Valuation or any Termination Fees.

The Application Fee of \$700 that was paid initially is always non-refundable.

Following termination, you will be able to re-list the Property after having had the opportunity to review the original terms of the offer. Alternatively, you will have the right to reduce the requested Pay Out Amount. No additional Application Fee will need to be paid for the re-listing.

Detailed below is an example of this calculation

Example –Valuation Range

The Preliminary Valuation of the Property is \$1million. This produces a Valuation Range of \$950,000 to \$1,050,000 (inclusive).

Final Valuation above or below the Valuation Range

If the Final Valuation is for example \$900,000 you and the Fund both have the right to terminate the Equity Release Deed, because this Final Valuation is outside the Valuation Range. Even if you terminate you will not be liable for the costs of the Final Valuation.

Final Valuation is within the Valuation Range

If the Final Valuation is \$1.05million, it is within the Valuation Range.

Even if the Final Valuation is within the Valuation Range, either party can still terminate the Equity Release Deed.

If you decide to terminate you must pay the fees and costs associated with obtaining the Final Valuation, building and pest reports. If the Fund terminates, you will not be required to pay any fees or costs in respect of the Final Valuation but will still lose the Application Fee of \$700 which is always non-refundable.

8.8 Step 7- Settlement

If neither party has terminated the Equity Release Deed within 10 Business Days from the date of the Final Valuation, DomaCom will provide written notice to the Property Owner of the date that Settlement will occur and you will be paid the Pay Out Amount and the Fund will acquire the Fund's Interest at Settlement.

The Fund will also:

- ensure that the Property is covered under the Fund nominated property insurance policy;
- secure DomaCom's interests under the Equity Release Deed on behalf of the Investors through registering the Mortgage on the title of the Property;
- organise for the Administrator to:
 - pay the Pay Out Amount to you by bank transfer;
 - pay the fees and out of pocket expenses that it is required to pay under the Equity Release Deed on your behalf (for example, the costs of obtaining some of the Valuations and inspection reports and the fees charged by the Accredited Advisers if relevant); and

- hold the balance (that is, the difference between the value of the Funding Amount and the amounts remitted as set out above) as a pre-payment of Service Fees and charges under the Equity Release Deed.

9 What can you expect as a co-owner?

9.1 Overview

Once Settlement has occurred and the Pay Out Amount has been paid, the Fund becomes a co-owner in the Property with you. If you live in the Property you will also have obligations that are similar to those of a 'tenant'.

In addition to always being responsible for paying Services Fees, as both a co-owner and occupier, you will have a number of important obligations.

9.2 Your sole obligations

Under the Equity Release Deed, you are required to pre-pay the Service Fees (approximately 5 years in advance).

The Service Fees start at 4.4% per annum of the Pay Out Amount. The actual Service Fee rate charged will vary depending on your age and the interest in the Property to be sold. However, once this rate is calculated it will be fixed for the life of the agreement. Refer to the example at 13.4

In addition to Service Fees, you assume obligations which include paying for those costs that in the normal course of renting a property would be met by a tenant, including but not limited to lawn mowing services, rubbish removal, decorating (at your discretion), household cleaning and electricity and water usage. These costs normally paid by a tenant, become your sole responsibility and are not shared with the Fund.

While you will assume obligations as if you are a 'tenant' in the Property, you will not be a tenant for any State Tenancy Legislation.

You are solely responsible for maintaining your own contents insurance.

9.3 Your shared obligations with Fund

The Fund has an obligation to pay its share of any ongoing non-discretionary costs and expenses such as rates and Repair and Maintenance Works associated with the Property (see section 11)

The Fund may also contribute its proportionate share of proposed Capital Works (see section 11.4).

During the term of the Equity Release Deed, you and the Fund have an obligation to ensure that the Property is adequately insured under the Fund's nominated property insurance policy. This policy is designed to cover both building damage and public liability costs that might arise if, for example tradesmen injure themselves while on the Property. As a co-owner, you will be required to meet your proportionate share of the cost of this insurance.

9.4 Your right to rent out the Property

Despite being a co-owner in the Property with the Fund, if you decide to rent out the Property to a tenant, you alone will receive all the rental income. You will retain this right even if you have sold all your equity in the Property.

10 Significant tax implications

10.1 General

The summary below is a general outline of some of the tax consequences for you if you enter into an Equity Release Deed and are an Australian resident for tax purposes for the **whole** of the duration of the Equity Release Deed.

You should be aware that the actual tax implications may differ depending on your individual circumstances. If you are considering this equity release arrangement you should seek your own professional tax advice before entering into an Equity Release Deed.

10.2 Summary of tax implications

The following are the key tax outcomes that you need to understand:

- The Equity Release Deed provides for the disposal of part of your ownership interest in the Property to the Fund. The disposal of an ownership interest is a taxable event for CGT purposes;
- A capital gain (or loss) may arise to you as a result of entering into the Equity Release Deed, whenever you dispose of additional beneficial interests to the Fund in the Property and when the Property is sold to a third party purchaser;
- You may be entitled to disregard all or part of any capital gain or loss from the CGT event if you satisfy the requirements of the Main Residence exemption in respect of the Property; and
- Under the terms of the Equity Release Deed, you are required to pay or reimburse all duties payable or incurred by the Fund in connection with the Equity Release Deed and the sale of the beneficial interest in the Property unless an exemption is available on the sale.

The tax implications are more fully considered below.

10.2.1 Nature of the Equity Release Deed

The Equity Release Deed provides for the disposal of part of your ownership interest in your Property. The Fund will protect its interest by taking a Mortgage over your Property.

10.2.2 Main Residence CGT exemption

(a) Entering into the Equity Release Deed

You will be taken to dispose of part of your 'ownership interest' in your Property when you enter into the Equity Release Deed. A CGT event will happen in relation to your 'ownership interest' in the residential Property.

As a result of the CGT event that arises as a result of entering into the Equity Release Deed, a capital gain (or loss) may arise to you. A capital gain arises if the proceeds received from the disposal of your ownership interest (comprising the Funding Amount) exceed the cost base of the ownership interest that you have disposed. A capital loss arises if the proceeds from the disposal of the ownership interest are less than the reduced cost base of that interest.

However, you may be entitled (or required) to disregard all or part of any capital gain (or loss) where you and your Property satisfy the requirements of the main residence exemption.

Broadly, if you have always owned and used the Property as your main residence, have been an Australian resident at all times that you have owned the Property and dispose of an ownership interest in the Property under the Equity Release Deed, you should be entitled to rely on the main residence exemption.

However, the Fund does not provide any warranty or assurance that your or the Property satisfy the requirements of the Main Residence rules or that you are entitled to disregard any capital gain or loss. You should seek your own tax advice in this regard.

Any subsequent disposal of part of your remaining ownership interest in the Property, such as when further equity in the Property is released to fund Service Fees, will also be the disposal of an 'ownership interest' in your residential Property to which the Main Residence exemption applies if the requirements for that exemption are met.

Your entitlement to apply the Main Residence exemption may be reduced if you have used the Property for income producing purposes, or you have applied the exemption in respect of a separate property.

If the whole of any capital gain is not disregarded by the Main Residence exemption, you may be entitled to apply the 50% CGT discount to reduce any capital gain if you have held the Property for at least 12 months.

(b) Sale of the Property to third party purchaser

When the Property is sold to a third party purchaser, your entitlement to the sale proceeds will be determined by the interest that you hold in the Property.

A CGT event happens to your 'ownership interest' in the Property when you contract to sell the Property to a third party purchaser.

You may be entitled to disregard all or part of any capital gain or loss where you and your Property satisfy the requirements of the Main Residence exemption.

The Fund does not provide any warranty or assurance that you or your Property satisfy the requirements of the Main Residence exemption or that you are entitled to disregard any capital gain or loss, and you should seek your own tax advice in this regard.

Your entitlement to apply the Main Residence exemption may be reduced if you have used the Property for income producing purposes, or have applied the exemption in respect of a separate property.

If the whole of any capital gain is not disregarded by the Main Residence exemption, you may be entitled to apply the 50% CGT discount to reduce any capital gain if you have held the Property for at least 12 months.

(c) Changing the use of the Property

You should obtain your own tax advice if the use of the Property changes during the period that you have held your interest in the Property.

10.2.3 Service Fees paid to the Fund

When you are required to pay Service Fees by releasing further equity in the Property, the release of that additional equity constitutes a further disposal of your ownership interest in the Property.

If you pay an amount in satisfaction of the Service Fees, you may be entitled to claim an income tax deduction for the payment to the extent that you have used the Property for income producing purposes. That deduction may be subject to the application of the

pre-payment rules if the Service Fees have been pre-paid for more than one year in advance.

10.2.4 Repair and Maintenance Works to the Property

If you pay an amount in respect of Repair and Maintenance Works for your Property, you may be entitled to claim an income tax deduction for that expenditure to the extent that you have used the Property for income producing purposes.

10.2.5 Capital Works to the Property

If you pay an amount in respect Capital Works to the Property, you may be entitled to claim an income tax deduction for that expenditure, or you may be entitled to depreciate that expenditure, to the extent that you have used the Property for income producing purposes.

You will need to seek tax advice to confirm the tax treatment of that expenditure.

10.3 GST

If you are registered or required to be registered for GST and the Property is used for business or investment purposes, or is residential premises that you have built, substantially renovated or demolished and rebuilt, GST may be payable by you on the sale of a beneficial interest in the Property under the Equity Release Deed.

Generally, GST should not be payable by on the sale of an interest in the Property under the Equity Release Deed where you own and occupy the Property as your main residence.

10.4 Stamp duty

If you elect to buy back the Fund's Interest you may need to pay stamp duty on the acquisition. You should seek specialist tax advice.

11 Property Management

11.1 Property expenses, Repair and Maintenance and Capital Works

Under the Equity Release Deed, you and the Fund both have certain obligations and rights in respect to property management. These obligations and rights are summarised in the table below:

Relevant work or costs	Occupant?	Who is responsible?
Utilities (e.g. electricity, water and gas)	You	You
Utilities (e.g. electricity, water and gas)	Tenant	You (however you can seek to recover from tenant)
Rates including water services fees	You or tenant	You and the Fund in accordance with your proportionate interests in the Property.
Repair and Maintenance Works initiated by you	You or tenant	<p>You and the Fund in accordance with your proportionate interests in the Property.</p> <p>If you have no further equity in the Property, the Repairs and Maintenance Costs will be met by the Fund. DomaCom will facilitate the property manager services for your Property. A list of tradesman's services that have been pre-approved by DomaCom will be provided to you. You may contact them directly to obtain immediate service.</p> <p>You may spend up to \$1,000 per item without approval from the Property Manager subject to a cap of \$5,000 per year. This amount is reviewed on an annual basis.</p> <p>For all other amounts, the Property Manager may approve with a contribution for its proportionate share (Approval With Contribution)</p> <p>All Repair and Maintenance Works (which can include replacements) are undertaken on a "like for like" basis which means that the work undertaken should result in the Property being returned to its earlier condition as at Settlement.</p>
Repair and Maintenance Works initiated by the Fund	You or tenant	You will be required to contribute to the extent of your proportionate interest.
Capital Works	You or tenant	<p>You must obtain Approval from the Property Manager prior to commencing any Capital Works</p> <p>If Approval not given, refrain from undertaking the Capital Works</p> <p>If Approval Without Contribution given, pay the full costs of the Capital Works</p> <p>If Approval With Contribution is given, pay the full costs of the Capital Works and the Fund will reimburse you its share in accordance with the Fund's Interest</p>

At all times Property Owners can access the internal or external dispute resolution processes. Please see section 15.6 for further information.

11.2 Property expenses

If you live in your Property, you are responsible for the charges for consumption of services and utilities that are used or supplied to the Property, including water, sewerage, gas, telecommunications and electricity. However, the Fund will contribute proportionately to the costs of rates and taxes or any amount charged against the Property.

11.3 Repairs and Maintenance Works

11.3.1 General

You are responsible for all Repair and Maintenance Works to keep the Property in good repair to ensure the value of the Property is not diminished. The Fund will have the right to appoint a Property Manager whose role will be to monitor the condition of the Property.

Any costs incurred in keeping the Property in the condition it was in at the time of Settlement are considered to be covered by Repair and Maintenance Works. Repair and Maintenance Works also include the replacement of fittings and fixtures in the event that they break, wear out or become unsafe.

All Repair and Maintenance Works (which can include replacements) are undertaken on a "like for like" basis which means that the work undertaken should result in the Property being returned to its earlier condition as at Settlement.

In the case of replacements, "like for like" means that an exact replacement of the item should be used. Where an exact replacement isn't available an equivalent replacement should be used with regard to materials, function and period features of the Property.

Examples of maintenance might include, but are not limited to:

- remedial painting;
- cleaning;
- servicing for items such as air conditioners;
- repairing a faulty air conditioner or oven;
- plumbing repairs;

- replacing vanity units, taps, door hardware, shower screens, air conditioners, power/ light switches; and/or
- replacing gutters and fences.

Example– “like for like”:

The “like for like” concept can be illustrated by an example of replacing a bathroom vanity unit.

The existing vanity unit consists of a single basin with two draws and two enclosed shelf units below the basin. This vanity was constructed from laminated medium-density fibreboard and was purchased from a hardware store several years prior to you entering into an Equity Release Deed.

In order to be considered a replacement under the Equity Release Deed, the new vanity would need to be of similar construction made from similar materials.

If you wanted to replace the existing vanity unit with one constructed out of marble with a dual basin, this would be considered Capital Works rather than Repair and Maintenance Works.

Any work undertaken that doesn't fall into the Repair and Maintenance Works category is Capital Works (see section 11.4).

11.3.2 Contribution to Repair and Maintenance Works

If the proposed Repair and Maintenance Works will cost less than \$1,000 and there has been less than \$5,000 of Repair and Maintenance Works spent on the Property in the past year, automatic Approval With Contribution is given by the Property Manager, and you can proceed with the works and the Fund will reimburse you its proportion of the costs in accordance with the Fund's Interest.

However, if the proposed Repair and Maintenance Works will cost more than \$1,000 or there has been more than \$5,000 of Repair and Maintenance Works spent on the Property in the past year, you must first seek the Property Manager's Approval before commencing any work.

The Property Manager will always give Approval With Contribution, irrespective of the cost, or of past costs incurred, if the proposed works fall within the definition of Repair and Maintenance Works. By contrast, the Property Manager has no obligation to contribute towards any works which it does not reasonable deem to be Repair and Maintenance Works.

If Approval With Contribution is given, you will need to first meet the relevant costs and the Fund will reimburse you its share based on the Fund's Interest in the Property.

Example – Repair and Maintenance Works cost sharing

Fund Interest	14%
Your interest	86%

You request Approval to perform certain Repair and Maintenance Works to the Property totalling \$2,000. As it is above \$1,000 Approval is needed. The Fund provides Approval With Contribution.

Repair and Maintenance Works cost paid by you		\$2,000
Reimbursement paid by the Fund	\$280	(0.14 x \$2,000)

If in the Property Manager's reasonable opinion, the condition of the Property has declined to the point where its value has fallen below its fair market value (compared to similar properties), then the Property Manager may engage qualified contractors to undertake Repair and Maintenance Works to the Property to ensure that the value of the Property is maintained. The Property will be regularly checked to ensure it is being maintained appropriately and access must be provided.

The Fund will not receive any fees or commissions from any property maintenance companies engaged to undertake any work on the Property. The Property Manager will not need to consult with you or obtain your approval for these Repair and Maintenance Works and you will still be liable to pay your proportionate amount of these costs.

If at any point you are unable or don't pay your share of any Repair and Maintenance Works (or any other costs, that are payable by you) incurred by the Fund after having being invoiced, the Fund can recover these costs from deducting the relevant amount from the pre-paid Service Fees. This will have the impact of reducing the amount of pre-paid Service Fees and will cause a further equity release to be made sooner.

Example – Deducting amounts owed from Service Fees

Assumptions

Property Value prior to undertaking the work	\$500,000
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Fund's interest	15%
Your interest	85%
Repair and Maintenance Works paid by the Fund	\$10,000
Your share in maintenance costs	\$8,500
Amount of pre-Paid Service Fees remaining	\$12,000
Fund deducts your share in maintenance costs from Service Fee	\$12,000-\$8,500
Updated pre-paid Service Fees Remaining	\$3,500

If the Services Fees are insufficient, you will need to sell further interests in your Property to the Fund.

11.4 Capital Works

If you wish to undertake any Capital Works to the Property you will need to discuss your plans with the Property Manager who will seek the Fund's prior Approval which will not be unreasonably withheld.

Even if the Property Manager Approves the Capital Works, it may elect to only provide you with Approval Without Contribution.

If Approval Without Contribution is given it will have the effect of the Fund benefiting from the increased value of the Property without having contributed to the costs of the improvement.

Example – “new pool”

You have approached the Property Manager and have asked whether Fund would be prepared to Approve the building of a new swimming pool in the backyard of the Property. You also want to know if the Property Manager would give its Approval With Contribution.

Fund has a 20% interest in the Property. The last valuation of the Property indicated a market value of \$1million.

After considering your request, the Fund replies (through the Property Manager) that while it will Approve the pool, as the Fund has decided that the expenditure will not add any material value to the Property, it will only give Approval Without Contribution. In this example, the Fund considers the request to be associated with a lifestyle decision rather than an investment decision.

It should be noted that even if it is later determined that the pool did add value to the value of the Property, Fund will not be liable for any costs nor will the Fund Interest be adjusted.

Example – “new fence”

You inform the Property Manager that the timber fence is starting to deteriorate, and you would like to replace the fence and upgrade it to a solid brick wall. The Property Manager subsequently orders a building inspector to inspect the fence.

Following the building inspection, the Property Manager notifies both you and the Fund that a new solid brick wall is estimated to cost \$20,000.

Fund decides that that the Capital Works should proceed and as the Fund believes it will also add value to the Property, it also gives (through the Property Manager) its Approval With Contribution.

Fund has a 20% beneficial interest in the Property. The shared cost therefore between you and the Fund is \$16,000 from you and \$4,000 from the Fund.

11.5 Destruction of Property

If any building or structure forming part of the Property is wholly or partly damaged or destroyed, the Property Owner and DomaCom must meet as soon as possible to determine whether to reinstate the building or structure. If either party decides to sell the Property without reinstatement, the Property will be sold in an arm's length transaction for a sale price that represents fair market value of the Property and the parties will share in the sale any insurance proceeds in accordance with their respective interests in the Property.

If it is decided not to sell the Property, all insurance proceeds must be applied towards the cost of the reinstatement works.

12 Service Fees and Charges - Equity Release Deed

12.1 Initial “One-Off” Fees

The following table provides details of the initial, once off fees in respect of an application to enter into an Equity Release Deed with the Fund.

All fees are expressed GST Inclusive.

Fees	What it Covers	Calculation	When do you pay?
Application Fee	The cost of the Preliminary Valuation and account opening costs.	\$700 Fixed amount, which is non-refundable.	When lodging the Application Form
Adviser Service Fee	The cost of obtaining advice from your Accredited Advisor to provide advice on this product and who will help you regarding the suitability, risks, personal and financial impacts of an Equity Release Deed and for the Accredited Advisor's assistance through the listing process.	An amount agreed between you and the Accredited Advisor and agreed on the Application Form.	If you wish to pay this fee by releasing equity in the Property, this fee will be paid at Settlement - selling an additional beneficial interest in the Property of equivalent value to the Fund. If so, the Fund will collect this amount and pass it on to the Accredited Adviser.
Secondary Valuation	Where you are not satisfied with the Preliminary Valuation	Varies depending on the location, size and complexity of the Property. Median priced residential properties would generally be in the range \$400 - \$600.	You must pay this at the time of the independent valuation.
Building and timber pest inspections (if applicable)	The costs of building and pest inspections if they were performed for the Property.	Varies depending on the size of the property. Building and timber and pest inspections can cost approximately \$300 to \$400 each. .	Where you decide to terminate the Equity Release Deed within 10 days of the Final Valuation and the Final Valuation was within the Valuation Range.

12.2 Ongoing Fees

The following table provides details of the ongoing Service Fees in respect of an Equity Release Deed with the Fund. All fees are expressed GST Inclusive.

Fees	What it Covers	Calculation	When do you pay?
Service Fees	The fee payable regardless of whether you live in the Property	<p>Starting at 4.4% of the Pay Out Amount payable approximately 5 years in advance.</p> <p>Five years' worth of Service Fees may in fact be paid more frequently than every five years if the Service Fees paid are expended before the five year period is up. This will occur, for example, when you don't pay expenses payable by you after being duly invoiced and Fund is forced to pay them from Service Fees.</p> <p>The actual Service Fee rate charged will vary depending on your age and the percentage of equity to be released. This will be calculated at the time the Offer is provided to you. However, once it is calculated it will be fixed for the life of the agreement.</p>	<p>At Settlement and every Funding Period based on the re-valuation of the Property and the Fund's Interest.</p> <p>This amount can only be paid by you releasing a further beneficial interest in the Property to the Fund.</p>

12.3 Selling of additional interest in the Property

Over the Funding Period following Settlement, the Service Fees which have been paid will be released by the Equity Release Administrator to the Fund representing the amount of 3.88% p.a. of the base

service fees of 4.4% p.a. This includes the notional rent amount of 3% p.a. and Management Fee of 0.88% p.a.

Every Funding Period (approximately 5 years) you will be required to make a payment to cover the Service Fees for that Funding Period. (These fees may be expended faster than 5 years if the Fund is required to use the Service Fees to pay for expenses you which you have not paid for after being duly invoiced). This occurs through you selling to the Fund a further beneficial interest in the Property based on the value of the Property at the time. If there was any residual Service Fees from the last Funding Period which had not been exhausted, they will be applied to the next Funding Period.

This cycle will repeat at the end of each Funding Period during the life of the Equity Release Deed until one of the following occurs you sell the Property, the last remaining person on the title dies, you decide to buy back the property in accordance with section 4.1, or all your equity in the home has been exhausted and is owned 100% by the Fund. Refer to section 13 for examples of how initial and ongoing service fees are paid.

12.4 Out-Of-Pocket Expenses – Equity Release Deed

In addition to the Service Fees and charges detailed above, over the term of the Equity Release Deed, there are additional charges which are considered out-of-pocket expenses that you need to pay.

Out-of-Pockets Expenses	What it covers	Calculation	When do you need to pay?
Revaluation Costs	The cost of valuing the Property every 5 years.	Varies depending on the location of the Property – expected to be in the range \$400-\$600.	Proportionate share paid by you as and when incurred.
Ongoing Repair and Maintenance Works incurred during the term of the Equity Release Deed	The cost of Repair and Maintenance Works required to ensure that the Property remains in good condition.	If Approval with Contribution is given (whether automatic or otherwise) your proportion share of the cost of the works in accordance with your interest in the Property.	As incurred.
Occupier costs	The cost that in the normal course of renting or leasing a Property would be met by the tenant, including but not limited to lawn mowing services, rubbish removal,	The whole amounts incurred.	As incurred.

	decorating, household cleaning and electricity and water usage.		
Insurance	The cost of the insurance policy obtained to protect the Property.	The Fund will pay its share of the cost of the insurance policy with the balance being paid for by you.	As incurred.
Buy Back Valuation Fee	Where the Property needs to be valued if you (or your estate) decides to buyback Fund's Interest. (Note: You can elect to rely on a valuation obtained by the Fund (at no cost) if it was obtained within the previous 3 months).	Varies depending on the location of the Property – expected to be in the range \$400-\$600.	Paid by you as and when incurred.
Termination Fee	Fee for early termination of Equity Release Deed after Settlement	Approximately \$2,000	On termination of the Equity Release Deed before Settlement in certain circumstances. See section 4.4.
Property Sale Charges	Costs and charges associated with the sale of the Property.	Costs such as (but not limited to) appointing a real estate agent.	As incurred.
All other rates, taxes or any amount charged against the Property such as land tax	Taxes related to ownership of the Property as a whole	You will pay and the Fund will reimburse you its share of the cost	As incurred.

13 Equity Release Examples and schedules

13.1 Your Interest in the Property over the long term

The following graph provides an example of the potential change in your interest in your Property over the long term.

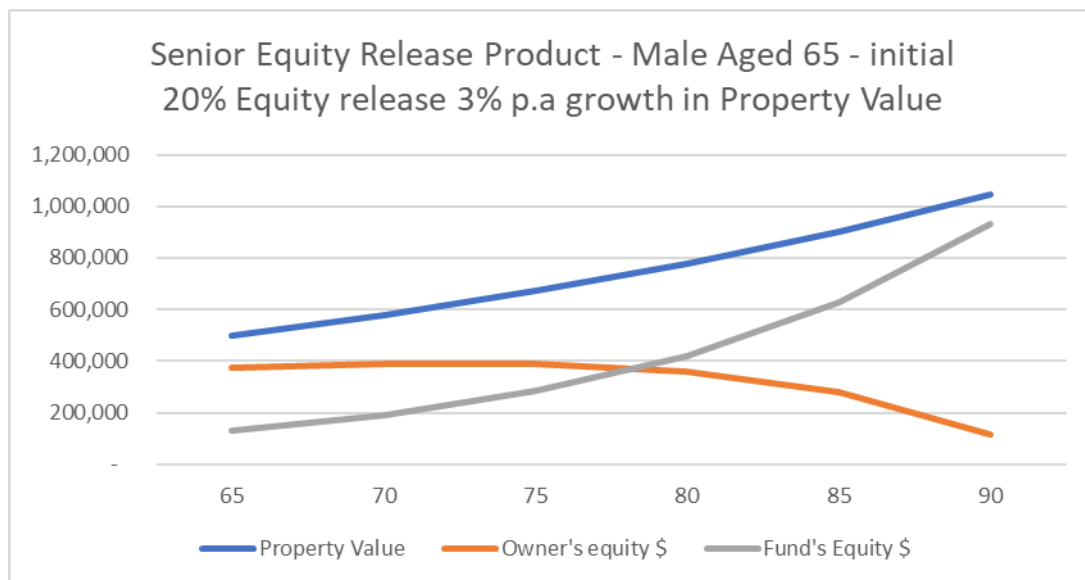
Assumptions

The Property is valued at \$500,000 and is increasing in value by 3% pa.

A male aged 65 years of age.

The cash that you want to receive from the sale (the Pay Out Amount) is \$100,000.

In order to fund the cash withdrawal (Pay Out Amount) and pay the Service Fee for the first 5 years, you will need to sell an interest in the Property valued at \$128,205. This sum accounts for the drop in your interest at the beginning of the first 5-year period.



Male - assume no market growth age 65	Year 0	Year 5	Year 10	Year 15	Year 20	Year 25
Your age male	65	70	75	80	85	90
Property Value (3% p.a. growth)	500,000	579,637	671,958	778,984	903,056	1,046,889
Service fee	28,205	41,920	62,303	92,598	137,624	204,543
Owner's equity (%)	74.4%	67.1%	57.9%	46.0%	30.7%	11.2%
Owner's equity \$	371,795	389,092	388,761	358,083	277,492	117,146
Funds Equity %	25.64%	32.9%	42.1%	54.0%	69.3%	88.8%
Fund's Equity \$	128,205	190,545	283,197	420,901	625,564	929,743

To see how the Service Fee of \$28,205 was calculated please see section 13.2 below. The Service fee is normally calculated on 5 year intervals and represents the fee for the forthcoming 5 years.

The diagram shows based on the assumptions above the value of equity belonging to you declining over time. In this example after 25 years you will have 11.2% interest or \$117,146 in the value of your home, which has now grown to a value of \$1,046,889 and the Fund will hold 88.8% interest.

Then every 5 years when the next pre-paid Service Fees are paid using additional 'equity', the graph shows a corresponding drop in the value of your equity.

If there is no unexpected interest in the Property released then the owner's equity will run out after 25 years. If unexpected interest are released, this will have the effect of accelerating the rate at which the equity runs out.

Please note that even at this point, when all your equity is exhausted:

- You or your nominee can continue living in the Property for the duration of your lifetime; and
- You can rent out the Property.

13.2 Service Fee - the initial funding period

The Service Fee is paid 5 yearly in advance.

Because Property Owners pay this fee by selling additional interests in their Property, as the amount of "equity" builds upon each 5 year period, the dollar amount of the Service Fee increases as the Service Fee of 4.4% p.a. is based on the Fund's increased equity amount.

Assumptions

The Property is valued at \$500,000.

The cash that the Property Owner wants to receive from the sale (the Pay Out Amount) is \$100,000.

In this example, we have used the Service Fee percentage of 4.4%.

In order to receive a Pay Out Amount of \$100,000, the Property Owner would need to sell \$128,205 worth of beneficial interests in their Property. This is called the Funding Amount. This is calculated as the Payout amount x (service fee x 5) / (1- service fee x 5). The amount of service fee of \$28,205 for 5 years represents 4.4% p.a. on the Funds equity amount held on behalf of investors of \$128,205.

On Settlement, Investors (through the Fund) own 25.6% of the beneficial interest in the Property. This percentage is calculated below.

Value of the beneficial interests sold to investors = \$128,205

Divided by the value of the house at execution of the Equity Release Deed = \$500,000.00

On Settlement the Property Owner still owns 74.4% of the beneficial interest in their Property.

13.3 Service Fee – Second and subsequent funding periods

Just prior to the end of the initial funding period, the owner's house is independently valued at \$579,637. That is, it has grown in value by 3% each year over the first 5-year period.

Assumptions

The Property is valued at \$579,637 after five years

Investor's own 25.6% of the Property = \$148,619

The Property Owner owns 74.4% of the Property = \$431,018

The Service Fee percentage established at the outset remains 4.4%.

The Service Fees for the second Funding Period (second 5-year period) is calculated below.

The further service fee is calculated as $\$148,619 \times (0.54 \times 5) / (1 - 0.054 \times 5)$

In order to pay the Service Fee for the second 5-yearly period, the Property Owner would have to sell a further \$41,920 worth of interests in their Property.

At this point, Investors (through the Fund) own 32.9% of the interest in the Property. This percentage is calculated below

Value of the interests sold to investors / the value of the Property at the beginning of the second funding period

$$= (\$190,545 / \$579,637) \times 100$$

$$= 32.9\%$$

At this point, the Property Owner still owns 67.1% of the beneficial interest in their Property.

13.4 Example of Initial Service Fees for an Individual's specific circumstances

If a Property Owner aged 70 (Female) was looking to obtain a release of equity representing 30% of the value of their home, in accordance with the actuarial tables provided by our actuarial consultants or an equivalent assessment, the Service Fee rate would be 4.41% p.a. rather than 4.4% p.a. This assessment takes into account the individual's life expectancy and the amount of interests from the Property that they are looking to sell.

In this situation if we assume the Property is worth \$500,000 and the Property Owner has requested a payout amount of \$150,000 or 30%.

The initial Service Fee for the first five years will be:

$$\$150,000 * ((0.0441 \times 5) / (1 - 0.0441 \times 5))$$

Initial service fee = \$ 42,431

Therefore, to receive a payout amount of \$150,000, the amount of \$ 192,431 or 38.5% of the interest in the Property would be required to be sold to the Fund.

The tables below show the actual Service Fee (amount p.a.) based on gender, age and percentage of equity release required. This is based on actuarial tables provided by our actuarial consultants.

Male

Percentage of Equity	Age	Age	Age	Age	Age
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Release required	60	65	70	75	80
10%	4.4%	4.4%	4.4%	4.4%	4.4%
20%	4.4%	4.4%	4.4%	4.4%	4.4%
30%	Not available	5.11	4.4%	4.4%	4.4%
Max interest that can be released at given age	26%	31%	37%	45%	50%

Female

Percentage of Equity Release required	Age	Age	Age	Age	Age
	60	65	70	75	80
10%	4.4%	4.4%	4.4%	4.4%	4.4%
20%	4.54%	4.4%	4.4%	4.4%	4.4%
30%	Not available	Not available	4.41%	4.4%	4.4%
Max equity that can be released at given age.	24%	29%	35%	42%	50%

13.5 Voluntary Termination - Refund of pre-paid Service Fees

The Property Owner decides to terminate their Equity Release Deed after completing the 8th year (3 years into the second funding period).

Assumptions

At the beginning of the second period the Property Owner paid a Service Fee of \$45,356

With 2 years (365 x 2 days) remaining of the second 5-year period, the Property Owner will receive a refund of pre-paid fees of \$18,142

$$\$45,356 \times (365 \times 2) / (365 \times 5) = \$18,142$$

13.6 Voluntary Termination - Buy-Back Amount

By terminating their Equity Release Deed after 3 years, the Property Owner has to buy back the Fund's interest in their Property.

The Buy-Back Amount due to be paid to the Fund is the **higher** of:

- the Fund's Interest based on the Market Value of the Property;
or
- the Fund's Interest based on the Indexed Value

Assumptions

At this point, the percentage interest that the Fund has in the Property assume is 33.8%

Step 1 – Calculate the Fund's Interest based on the Market Value

The Market Value of the Property is determined via an independent valuation.

At the time of termination, the Property is independently valued at = \$1,000,000

The Fund's Interest in the Property **based on its Market Value would be** = \$338,000

$$\text{i.e.} = \$1,000,000 \times 33.8\%$$

Step 2 – Calculate Fund's interest based on the Indexed Value

The Indexed Value is based on the changes to the Property price using the Property Price Index the time the Property interest was sold to the Fund and at the time of the proposed buy back.

At the time of termination, the Property's Indexed Value is \$900,000.

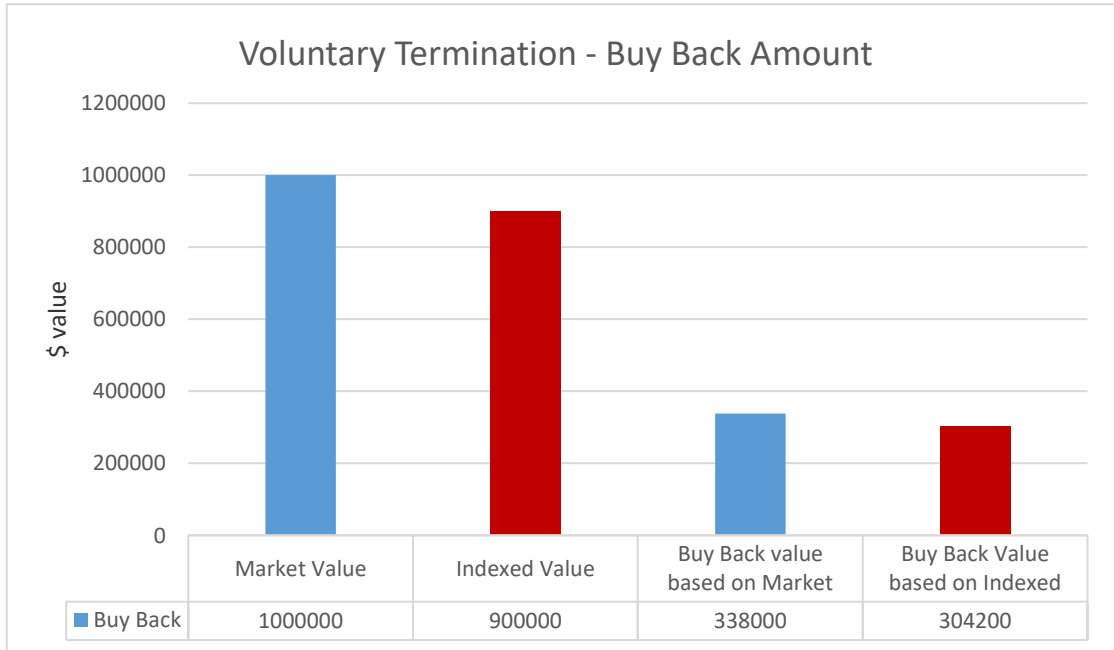
The Fund's interest in the Property based on its Indexed Value is \$304,200

$$\text{i.e.} = \$900,000 \times 33.8\%$$

The Buy-Back Amount (the greater of these two valuations of the Funds Interest) is \$338,000

The **Buy Back Amount** is the greater of the Market Value and the Indexed Value = \$338,000

Please note the Termination Fee of approximately \$2,000 would still need to be paid by the Property Owner although this fee can be offset against the refund of unused Service Fee.



13.7 Repairs and Maintenance – Sharing Costs

Any costs incurred in keeping the Property in the condition it was in at the time of Settlement are considered to be Repairs and Maintenance.

All Repair and Maintenance Works (which can include replacements) are undertaken on a “like for like” basis which means that the work undertaken should result in the Property being returned to its earlier condition as at Settlement.

Assumptions

The Property Owner notices that one of the bathroom taps is leaking.

They contact a plumber to inspect the problem. The plumber quotes \$220 (including GST). Because the quote is less than \$1,000, they authorise the plumber to undertake the work.

Once the job has been completed the Property Owner pays the bill and receives the receipt. They then forward the receipt to the Property Manager so that the Fund’s share can be assessed and reimbursed to the Property Owner.

– Calculate the Fund’s share of the repair cost

At the time of the repair:

The value of the Fund’s interest in the Property is 33.8%).

Therefore, the Fund’s share of the repair cost to be reimbursed to the owner is \$74.36

$$\text{i.e.} = \$220 \times 33.8\%$$

14 Reporting

DomaCom will provide regular periodic reports to the Property Owner (at least annually) (**Report Period**). The reports will contain, at a minimum, the following information:

- the dates on which the Reporting Period begins and ends;
- the amount of Service Fees accrued and applied as payment during the Report Period and the percentage rate that applied to the Service Fees;
- a statement of all the fees and charges charged to the Property Owner during the Report Period;
- a statement of any increase in the Fund's Interest during the Report Period;
- any amounts, separate to the Service Fees, requiring payment under the Equity Release Deed which were unpaid and set off against the Service Fees, and the impact those amounts will have on the Funding Period; and
- any correction of information in a previous periodic report of account.

15 Additional Information

15.1 Privacy

Privacy laws apply to the handling of your personal information. The Fund will collect personal information from you for the purposes of processing applications and administering investments. The Fund will not be able to process an application or administer an Equity Release Deed if you do not provide us with relevant personal information.

Subject to the Privacy Act 1988 (Cth), on request, the Fund will give you access to the personal information held about you. The Fund must give others access to information about you entered on the Fund's register as required under the Privacy Act or other relevant laws.

The Fund may also give your personal information to service providers of the Fund, including DomaCom, the Custodian, the Fund accountant and their related bodies corporate, which may require transferring your personal information to entities located outside Australia where it may not receive the level of protection afforded under Australian law. The Fund and the service providers may use your personal information to notify investors about other products. If you do not want your personal information to be used in this way, please contact us.

The relevant privacy policies can be found at www.msc.group or www.domacom.com.au. You can obtain a copy of either policy free of charge by contacting the Responsible Entity or DomaCom.

15.2 Valuers

All valuers engaged to perform Market Valuations must be appropriately qualified valuers. The valuers must:

- be suitably qualified to carry out a valuation and possess at least 5 years' appropriate experience;
- be authorised under the Law of the State or Territory where the valuation takes place to practice as a valuer (if applicable);
- be a member of the Australian Property Institute and is categorised as a Certified Practising Valuer by that institute;
- possess professional indemnity insurance cover of at least \$5 million from a reputable and creditworthy insurer;

- be independent of you and the Fund, and have no pecuniary interest or other conflict of interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the market value or that could conflict with a valuation of the interest property;
- not be a company acting for a vendor (i.e. as agent or adviser on the sale of the property interest to the Fund); and
- value a property interest for the Fund on three consecutive occasions (Valuer's Cycle) in order to ensure diversity and rotation.

15.3 Anti-Money Laundering / Counter Terrorism Financing

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML Act) regulates financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing.

Under the AML Act, the Fund may be required to:

- verify your identity before providing services to Investors; and
- where you supply documentation relating to your identity, keep a record of this documentation for seven years after the end of a your relationship with DomaCom.

To ensure the Fund complies with its obligations under the law, the Fund has implemented a number of measures and controls to verify your identity and to monitor your transactions. As a result:

- transactions may be delayed or refused where the Fund requires further information regarding your identity or the Fund has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country; and
- where transactions are delayed or refused, the Fund is not liable for any loss you may suffer (including consequential loss) as a result of our compliance with the AML Act.

The Fund has certain reporting obligations under the AML Act and are prevented from informing you that any such reporting has taken place. Where required by law, the Fund may disclose a your information to regulatory or law enforcement agencies, including, but not limited to, the Australian Transaction Reports and Analysis Centre (AUSTRAC), which is responsible for regulating the AML Act.

The Fund is not liable for any loss you may suffer as a result of our compliance with this legislation.

Customer identification requirements are collected in the Application Form included with this PDS. The Fund may also require additional information from you to assess your application after the Fund has accepted it.

15.4 Investments and Centrelink

By entering into an Equity Release Deed with DomaCom, your Centrelink or pension entitlements may be affected. As the calculations are complex, Fund strongly recommend that you seek advice from your financial or tax adviser or use the Centrelink Financial Information or the Veterans' Affairs Financial Information services.

15.5 Labour Standards and environmental, social or ethical considerations

Labour standards, social, environmental and/or ethical considerations will not be taken into account by the Fund when choosing or realising investments. Entities, including third party suppliers, have not been screened on this basis.

15.6 Dispute Resolution

Fund has an internal dispute resolution process detailed below under the sub heading Enquiries and Complaints.

15.7 Enquiries and Complaints

If you have an inquiry or complaint, you can either contact DomaCom by telephone on 1300 365 930 during business hours or write to:

Customer Service Manager
DomaCom Australia Limited,
GPO Box 1866, Melbourne Victoria 3001

clientservices@domacom.com.au

DomaCom will acknowledge any complaint in writing within 5 Business Days and make every effort to resolve an Investor's issue within 30 days of being notified.

If a complaint remains unresolved after forty-45 days Investors who are Retail Clients may refer it to the Australian Financial Complaints Authority (**AFCA**) of which the Responsible Entity and DomaCom are members. AFCA is an external dispute resolution scheme that provides free assistance to consumers to help resolve complaints relating to financial service providers. Wholesale Clients are not able to refer complaints to AFCA.

Contact details for AFCA are as follows:

Address: GPO Box 3 Melbourne VIC 3001

Phone: 1800 931 678

Website: www.afca.org.au

15.8 Consents

Perpetual Corporate Trust Limited has given and not withdrawn its consent to be named as custodian in the form and context in which it is named in this PDS. It has not authorised or caused the issue of this PDS other than the reference to its name and the information including in sections 5.3 and 5.4 in relation to its role as custodian of the Fund.

DomaCom Limited has given and not withdrawn its consent to be named in this PDS in the form and context in which it is named. DomaCom Limited authorised and was involved in the issue of this PDS.

DomaCom Administration Pty Ltd (Administrator) has given and not withdrawn its consent to be named in this PDS in the form and context in which it is named. Administrator was not involved in the issue of this PDS.

16 Glossary

Term	Meaning
Accredited Adviser	A financial adviser who has completed the DomaCom Seniors Equity Release accreditation course.
Administrator	This is a company owned by DomaCom Limited, established to administer transactions between the Property Owner and the Fund
Application Fee	A one-off non-refundable payment that is part of the Application Form.
Application Form	The application form relating to this PDS.
Approval	Either Approval With Contribution or Approval Without Contribution
Approval With Contribution	The Fund's approval (through the Property Manager) to you to proceed with your proposed Repair and Maintenance Works and/ or Capital Works and approval to contribute to the costs in proportion with the Fund's Interest.
Approval Without Contribution	Fund's approval (through the Property Manager) to you to proceed with your proposed Capital Works at your own cost without the Fund contributing to the costs.
ASIC	The Australian Securities and Investments Commission.
ASIC Instrument	ASIC Instrument 18-0926 as amended from time to time.
Authority	Includes any government or public, governmental, semi-governmental, local government, administrative, fiscal, statutory or judicial body, department, commission, tribunal, agency, entity or authority and includes a Minister of the Crown (in any right), and any person, body, department, commission, tribunal, agency, entity or authority exercising a power pursuant to any statute or regulation.
Authorised Person	The Authorised Person(s) appointed by DomaCom and the Property Owner respectively.
Buy Back Amount	The Buy Back Amount is the higher of the Property's market value and the Indexed Value, plus associated fees and costs.

Business Day	A day that banks are open for business in Melbourne other than Saturday or Sunday.
Capital Works	Any works to the Property that are not Repair and Maintenance Works, including without limitation any demolition, refurbishment, renovations, improvements, alterations or additions.
Centrelink	Australian Government Department of Human Services
Constitution	The constitution of the Fund.
Corporations Act	The Corporations Act 2001 (Cth).
Custodian	Perpetual Corporate Trust Limited ACN 000 341 533 AFSL 392 673
Default Notice	Notice provided to the Property Owner in respect of an Event of Default.
DomaCom or Investment Manager	DomaCom Australia Ltd ACN 153 951 770 AFSL No. 444365.
Equity Release Deed	The equity release deed entered into by the Property Owner which governs the terms and conditions of the relationship between the Property Owner and the Fund.
Event of Default	Means any event of default as defined under the Equity Release Deed.
Final Valuation	The final valuation of the Property.
Fund	The DomaCom Fund ARSN 167 020 626 or DomaCom and/or the Responsible Entity and/or Custodian on behalf of the Fund, as the context requires.
Funding Amount	The amount of funds required to pay you your Pay Out Amount and pay for the costs associated with Settlement including any fees (such as Service Fees for the Initial Funding Period) and charges payable by you entering into an Equity Release Deed
Funding Period	The Initial Funding Period and/or each Further Funding Period as the context requires.

Fund's Interest	The Fund's interest in the Property
Further Funding Period	<p>The period commencing:</p> <ul style="list-style-type: none"> • at the end of the Initial Funding Period and ending on the earlier of 5 years and the date that the pre-paid Service Fees have been expended; and • thereafter the period commencing at the end of the previous funding period and ending on the earlier of 5 years and the date that the pre-paid Service Fees have been expended.
Indexed Value	The value of the Property at the time of Settlement increased by the Property Price Index from the time of Settlement to the date that you want to buy back the Fund's Interest, plus fees and costs associated with the buy-back.
Information Statement	The information statement to be provided to the Property Owner which will contain key information such as what is an equity release product, service fees to be charged, how much equity will be left when the Equity release deed contract expires, what happens under the contract if the value of your house remains the same or it goes up.
Initial Funding Period	The period commencing from Settlement and ending on the earlier of 5 years and the date that the pre-paid Service Fees have been expended.
Insolvency Event	<p>In relation to:</p> <p>(a) a body corporate- a liquidation or winding up, the appointment of a controller, administrator, receiver, manager or similar insolvency administrator to a party or any substantial part of its assets or the entering into a scheme or arrangement with creditors or the occurrence of any event that has a substantially similar effect to any of these events;</p> <p>(b) an individual- becoming bankrupt or entering into a scheme or arrangement with creditors pursuant to the Bankruptcy Act 1966 (Cth), the appointment of a receiver of the assets of a person or the occurrence of any event that has a substantially similar effect to any of these events; and</p> <p>(c) a trust- the making of an application or order in any court for accounts to be taken in respect of the trust or for any property of the trust to be brought into court or administered by the court under its control or the occurrence of any event that has a substantially similar effect to any of these events.</p>

Investment Manager	DomaCom Australia Ltd ACN 33 153 951 770 AFSL No. 444365
Investor	An investor in the Fund.
Longevity Reserve	The reserve maintained by the Administrator out of the Service Fee to be applied to fund the notional rent payable to the Fund in circumstances where the Property Owner has exhausted all of the equity in their Property.
MIS	Managed Investment Scheme
Market Value / Market Valuation	The valuation determined by a licensed property valuer in accordance with section 15.2
Mortgage	A legal document which enables the registration of DomaCom's Interest in the Property.
Offer	The offer to you to enter into an Equity Release Deed pursuant to this PDS and any SPDS.
Ongoing Right of Abode	Subject to complying with the Equity Release Deed, you have an ongoing right to live in (or determine who lives in) the Property during your lifetime.
Out-of-Pocket Expenses	Expenses related to Repair and Maintenance Works, occupier costs, insurances, property sales charges and all other rates, taxes or any amount charged against the property such as Land tax. Under the Equity Release Deed this also includes termination fees.
Pay Out Amount	The cash payment paid to you for the purchase of the Fund's Interest. This figure is generally the amount nominated by a Property Owner in the Application Form. In certain circumstances, the Custodian can nominate an alternative Pay Out Amount other than the one contained in the Application Form
Platform	The internet technology developed by DomaCom that enables investors, Property Owners and their advisers to interact with the Fund.
Preliminary Valuation	The initial valuation of the Property which is paid for by the Application Fee.
Product Disclosure Statement or PDS	This product disclosure statement.

Property	The property that is, or will be, subject to the Equity Release Deed.
Property Owner	You and all the other registered proprietors on title of the Property as at the time of Settlement.
Property Manager	A property manager appointed by the Fund to manage the Property.
Property Price Index	The percentage change in the value of the same type of property (i.e. flats or houses) as measured by the index applicable to the Property's postcode from the time of Settlement to date of the written notice in respect of the buy back of the Fund's Interest was given to DomaCom.
Repair and Maintenance Works	All works to repair, maintain and keep the Property in good repair, order and condition including structural or capital repairs or maintenance and the repair of fair wear and tear to ensure the value of the Property is not diminished due to any deterioration in the condition of the Property and the value of the Property is maintained commensurate with comparable properties.
Report Period	The period of time to which the periodic report relates.
Responsible Entity	Melbourne Securities Corporation Limited ACN 160 326 545
Secondary Valuation	A second valuation that a Property Owner can obtain if it is unhappy with the Preliminary Valuation.
Secured Money	<p>Means, at any time, any money owing by you or any of your obligation and liabilities to, or for the account of, the Fund, including money, your obligations and liabilities of the Property Owner under or in connection with the Equity Release Deed or Mortgage, that are now or may in the future become due, owing or payable whether actually, contingently or prospectively, on any account, including on account of principal, interest, Costs, fees, indemnity payments, losses or damages and irrespective of:</p> <ul style="list-style-type: none"> (a) your capacity or the Fund (whether as principal, agent, trustee, beneficiary, partner or otherwise); (b) whether you are liable as principal debtor or as surety; (c) whether you are liable alone or jointly or jointly and severally with another person; (d) whether or not the money, obligation or liability is owed to the Fund or to its account as a Property result of an

	<p>assignment, transfer or other dealing with or without the Owner's consent (as the case requires); or</p> <p>(e) whether a person would be liable to pay but for an Insolvency Event in respect of that person.</p>
Security Interest	This includes any security interest (as defined in the Personal Property Securities Act 2009 (Cth)), mortgage, bill of sale, pledge, deposit, lien, encumbrance, hypothecation or charge, title retention arrangement, easement, restrictive covenant, caveat or similar restriction over property, or any security or preferential interest or arrangement of any kind or any other right of, or arrangement with, any creditor to have its claims satisfied in priority to other creditors with, or from the proceeds of, any asset.
Equity Release Deed	The Equity Release Deed entered into by you and Fund.
Settlement / Settling /Settle	Settlement of an Equity Release Deed.
Service Fees	A set of fees and charges payable by you under an Equity Release Deed for each Funding Period.
Staggered Settlement	Where you elect to receive the Pay Out Amount on a monthly basis (or other nominated period) over a period of time.
State Tenancy Legislation	Either the Residential Tenancies Act 1997 (Vic), the Residential Tenancies Act 2010 (NSW), the Residential Tenancies Act 1995 (SA) or the Residential Tenancies and Rooming Accommodation Act 2008 (Qld) or any other legislation that regulates rights of occupation in respect of residential premises that is relevant to the Property.
Statement of Offer	An offer provided by the Fund to you which includes a copy of the Preliminary Valuation and the interest in the Property to be sold to the DomaCom Fund to fund the Funding Amount. It will also include a calculation of the Service Fees.
Sub-Fund	A Sub-Fund established by the Fund to hold a beneficial interest in Property.
Termination Fee	A fee charged if you terminate the Equity Release Deed after Settlement.
Valuation Range	The +- 5% variation range around the Preliminary Valuation within which the Final Valuation must fall.

Website	The DomaCom website located at www.domacom.com.au
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17 Corporate Directory

Investment Manager:	DomaCom Australia Ltd ACN 153 951 770 AFSL 444365 Level 6, 99 Queen Street Melbourne, VIC 3000 Phone: 1300 365 930
Responsible Entity:	Melbourne Securities Corporation Limited ACN 160 326 545 AFSL 428289 Level 2, Professional Chambers 120 Collins Street, Melbourne VIC 3000 Phone: 1300 798 790
Custodian:	Perpetual Corporate Trust Limited ACN 000 341 533 AFSL 392 673 Level 12, 123 Pitt Street Sydney, NSW 2000 Phone: +61 2 9229 9000
Equity Release Administrator:	DomaCom Administration Pty Ltd ACN 629 563499 Level 6, 99 Queen Street Melbourne, VIC 3000 Phone: 1300 365 930