

**DomaCom Limited**  
**AGM**  
**Chairman's Address**  
**13<sup>th</sup> November 2019**  
**ASX: DCL**



**DomaCom**  
FRACTIONAL PROPERTY INVESTING



- It's been a long hard road for shareholders, staff & directors
- Still some way to go but we have never been in a better position.
- Thank you to both the new and long term shareholders who have seen the vision and potential of DomaCom
- Thank you to management, staff and my fellow directors for their persistence and stickability.



## Chairman's Address - Environment



- We are in an environment we have never seen before in our lifetime
  - Brexit, Trade Wars,
  - Moving to zero interest rates around the world ( and some negative)
  - The search for yield will be dangerous
  - Effectiveness of quantitative easing questionable
  - Inflation below the RBA benchmarks
  - Unemployment rate – full employment

DomaCom proposition a great way to diversify that search for yield  
or supplement with Equity Release

## Chairman's Address



We continue to align our business model with key market segments – socially responsible .....

- **Community Interest** - Aligns with govt policy and community needs
- **Baby boomers** - Early release of equity for the ageing population.
- **Millennials, Gen Y** - Structures to get young people into housing.
- **Socially responsible** - Assisting with social and environmental investing (eg solar).
- **Diversification** - reducing risk by providing diversification in residential property



## Chairman's Address

The year ahead – put the pedal down!

- Capital.
- Equity release
- Sole purpose test
- Community housing
- Renewable energy projects
- An improving property market



***We look forward to reporting our successes throughout the year!***



# DomaCom

FRACTIONAL PROPERTY INVESTING

2019 DomaCom AGM (ASX:DCL)

CEO Report

13<sup>th</sup> November 2019

Arthur Naoumidis  
Chief Executive Officer

## 2019 – Year of Milestones



DomaCom wins SMSF Sole Purpose Test Full federal Court action –  
ATO Declaration 31 October 2019

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DomaCom's Senior Equity Release product launched

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

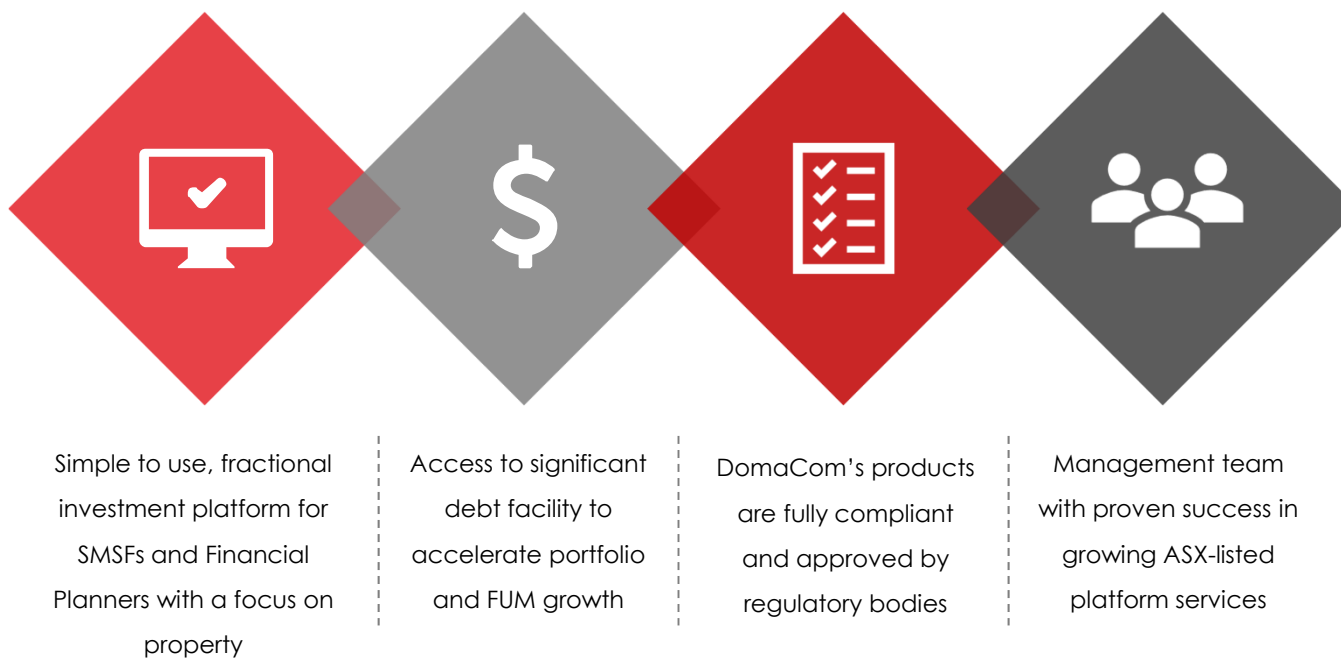
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Capital position stabilised & cornerstone investor obtained

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\$61.1 Million FUM milestone reached – 53% uplift in 2019

## The leading fractional investment platform





# Fractional Property Investing



Disrupting the established ways of buying property



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



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

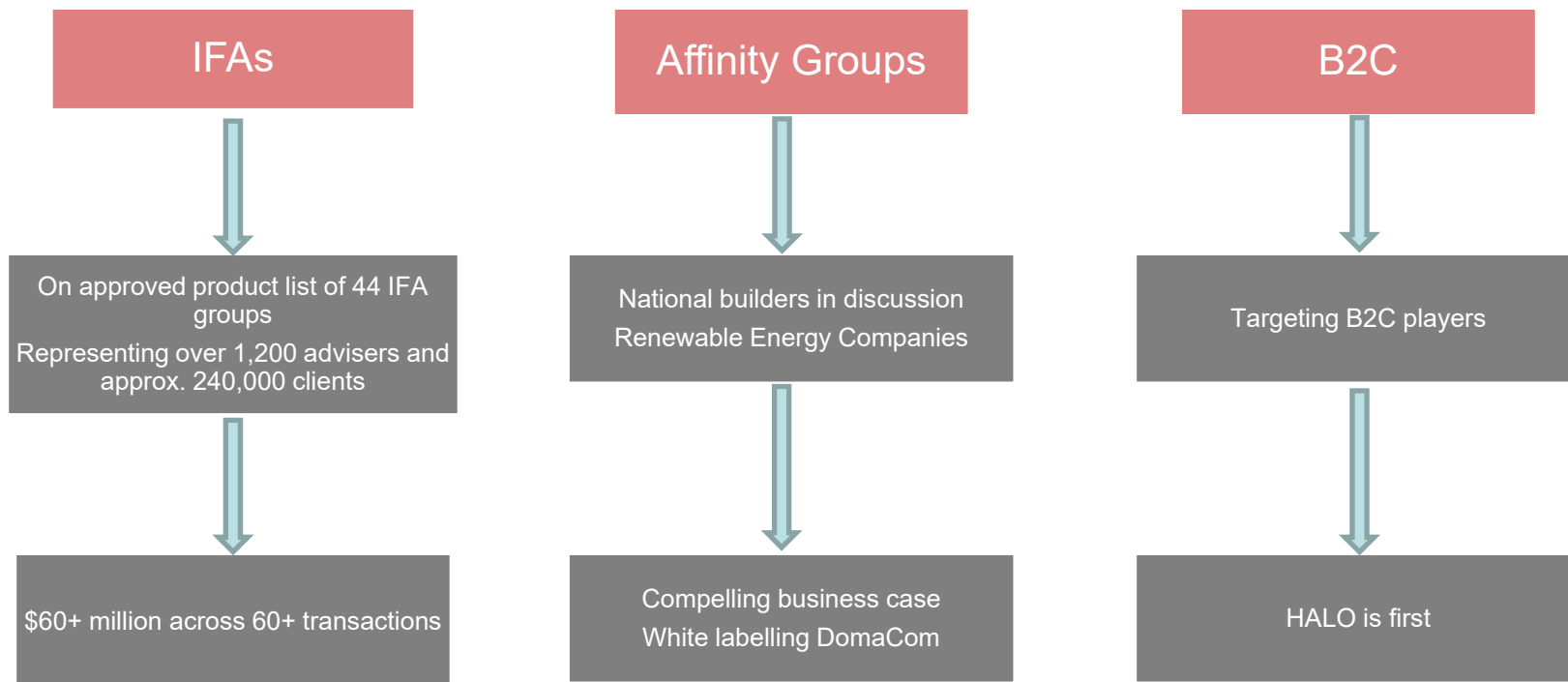


Fractional Investing through DomaCom's platform makes it easy to **create a diverse property portfolio**

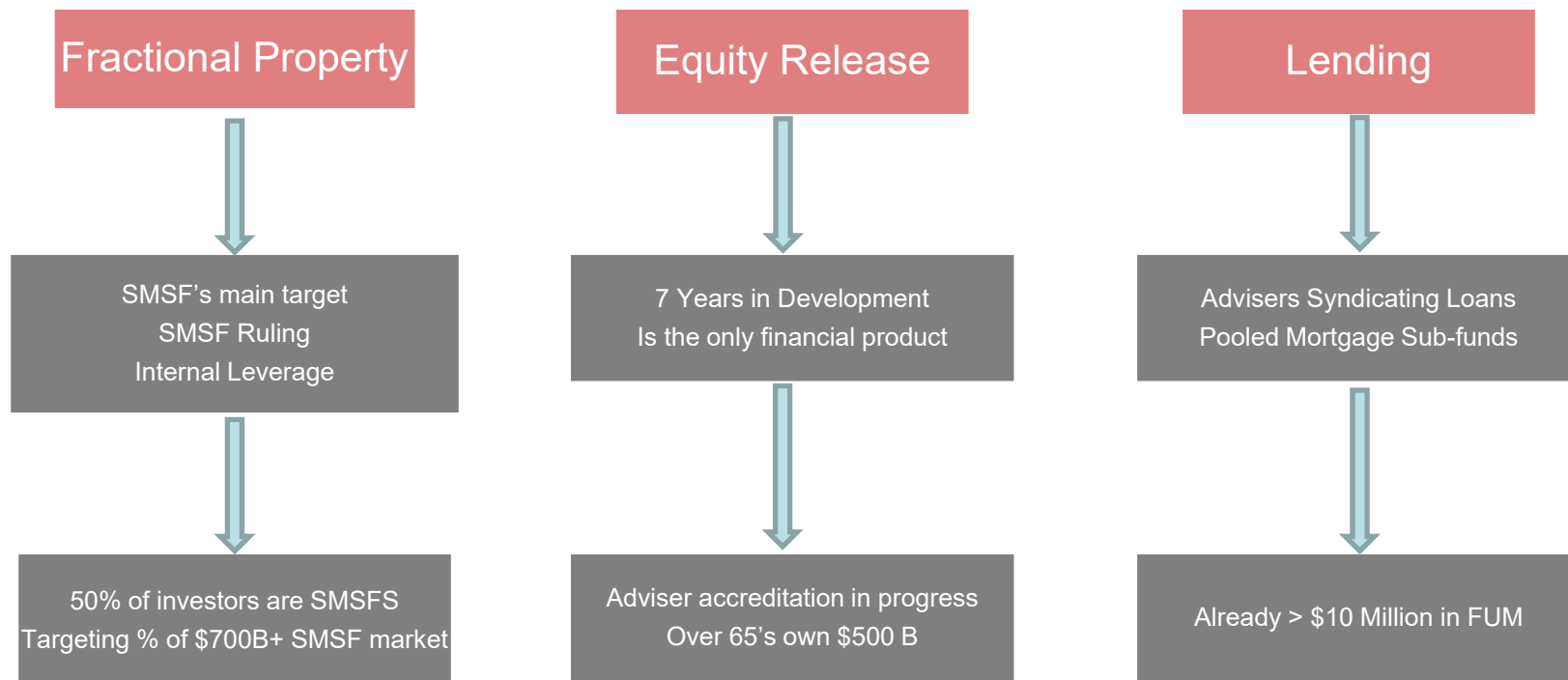


Fractional investing **overcomes traditional barriers to entry** in property investing

# Routes to Market – “Intel Inside”



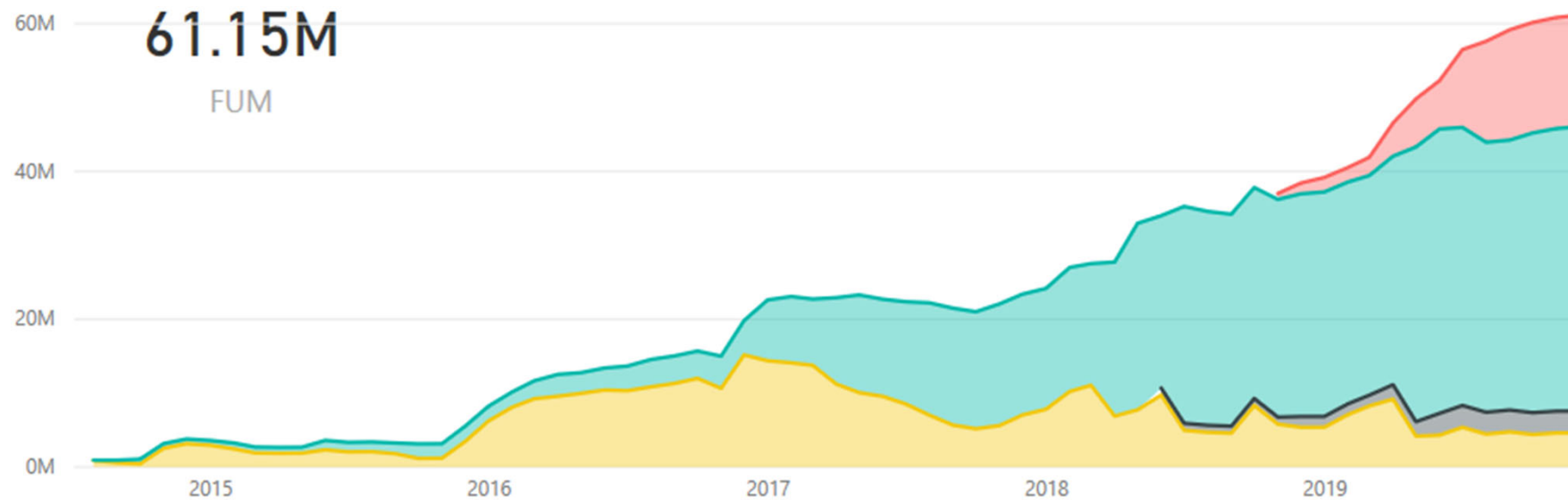
# Multiple Products



# We are growing with multiple asset types



Value ● Cash ● Loan ● Property ● Special Opportunity



# Key Milestones – Sole Purpose Test



- DomaCom wins Full Federal Court Appeal on Sole Purpose Test on August 10<sup>th</sup> 2018 & ATO did not appeal to the High Court
- ATO provides clarification to DomaCom on 31 October 2019 :
  - SMSF Investment strategy allowing residential property
  - The property is acquired, managed and rented on an arms length commercial basis
  - SMSF Trustee confirms objective of investment into the property is to provide benefits to members upon retirement or death
  - SMSF Trustee confirms decision to invest was not influenced for collateral purpose of allowing a related party to rent the property
  - SMSF Trustee does not influence rental of property to related party
- SMSF's & their families can invest up to 50% and have a related party rent subject to above declaration
- Large FUM potential once DomaCom can commence marketing



# Key Milestones – La Trobe Loan facility



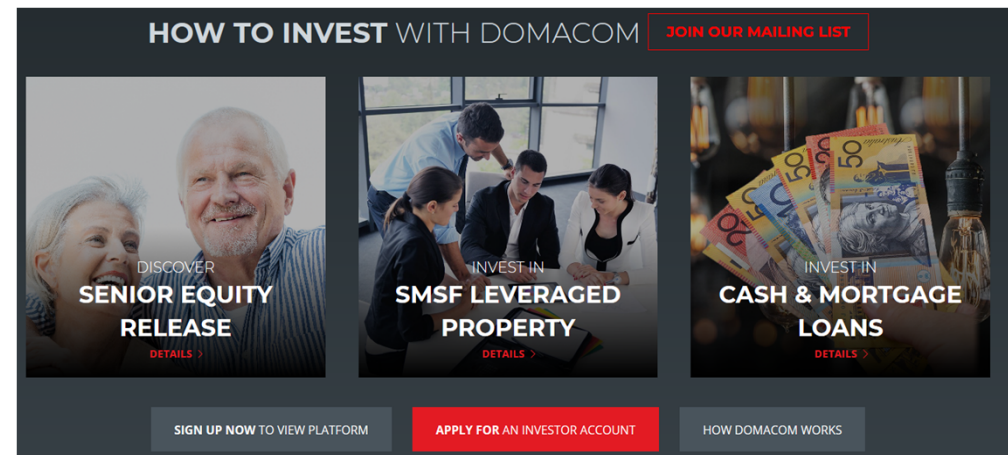
- La Trobe has agreed to provide a residential and commercial loan facility to DomaCom Fund
- Initial size is \$50 Million – will extend
- Commercial Loan terms – 5.99% & Interest Only
- True non-recourse loan in Australia – secured only by the asset
- Solves key problem for DomaCom
  - Advisers need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

# Key Milestones – Senior Equity Release



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

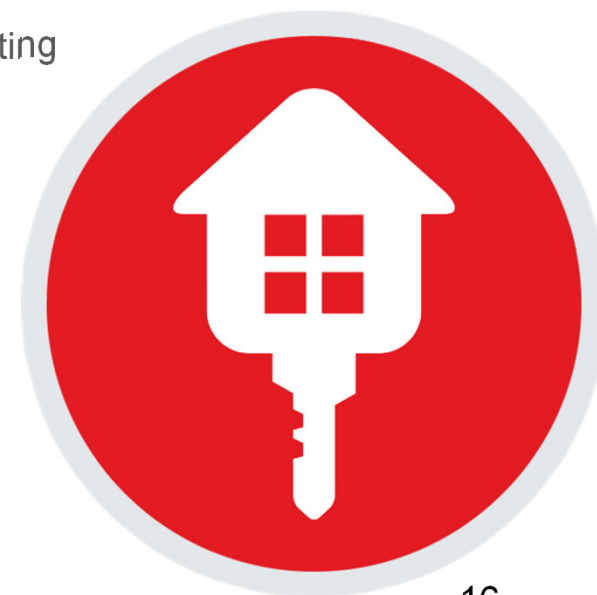
- After lengthy consultation with the regulator the product is now live
- SER is a **financial product** for advisers that helps many retirees solve their retirement funding problem
- Ideal product for advisers to affect multi generational wealth planning and property transfer
- Addressable market of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



# B2C Strategy



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





# Supportive Landscape

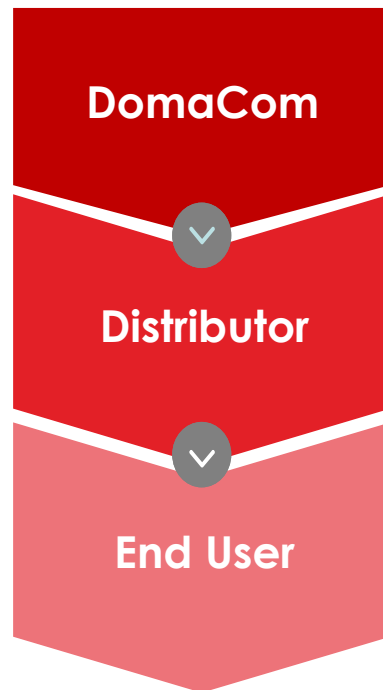
Supportive Landscape that DomaCom can capitalise on



# Growth Strategy



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



## Financial Planners

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

## Large Institutions

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

## Cash-poor retirees

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

## SMSF Clients

Continue to build market share within SMSF market to drive FUM growth, 50% of current investors are SMSF<sup>18</sup>

# Pricing Strategy



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

Property Assets	Mortgage Assets	Cash
0.88% p.a.  (On gross value of property)	0.44% p.a.	0.22% p.a.

Fees are inclusive of GST

# Recapitalisation In progress



- \$8.75 Million raised since December 2018
- \$3 Million Rights announced – 1 new DCL for every 4.72 DCL shares @ 7 cents/share
- This will address remaining growth hurdle – our balance sheet!
- Only 10% of our clients are using the platform – this will rise rapidly once the balance sheet is addressed
- Operating Cash Cost<sup>1</sup> based reduced from circa \$7.5 million in 2016 to circa \$4.3 million in 2019
- Reduced Cost base to remain at around \$4.3 Million
- Legal costs to dramatically reduce
- Funds can now be directed to Marketing & Sales



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

# Corporate Overview



ASX Ticker	DCL
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Share price as at 8 November 2019	\$0.10
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Shares on issue	202.2m
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Market Capitalisation as at 8 November 2019	\$20.2m
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FUM as at 8 November 2019	\$61.2m
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Capital Raised since December 2018	\$8.75m
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# Key Takeaways



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

## **Funded for growth**

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



## **Huge addressable market**

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

## **Experienced management**

Leadership team with a track record of successfully commercialising platforms

## **Regulatory Clarity/Certainty**

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

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