



# Rent-to-Own

## A model like no other for investors and tenants

- 📍 Investors receive a significant developer discount
- 📍 Tenants receive up to 10% equity from the developer

DomaCom have negotiated with developers to share in the profit and ownership of new properties to give investors a head start on growth and tenants a pathway to ownership.

Rent-to-Own enables investors and tenants to leverage off DomaCom's unique fractional investment technology, a modern form of syndication that shares ownership in high value assets like property. Investors can share income and capital growth in proportion to their contribution, from as little as \$2,500.

## At an attractive discount for investors

One of the key features of this offering is that Developers will gift the equity investors some of their retained equity which will result in an effective discount to investors of up to 15%. This reflects the low cost to the developer of selling a line of stock in one transaction rather than the cost of individual sales.

## A unique pathway to home ownership for renters

The DomaCom Fund offers an opportunity for tenants to build equity whilst renting a property of their choice from a list of new and modern housing developments.

In conjunction with major residential developers DomaCom have created a mechanism enabling tenants to secure incremental equity ownership during the life of the tenancy so they can be a property owner, not just a tenant.

It also provides an opportunity for investors to invest in the equity component at a discount and receive attractive investment returns over the medium to long term.

All parties, developer, tenant and investor, hold units in the sub-fund that holds the property.

## Rent-to-Own is a win/win for everyone.

Developers can sell lines of housing stock, investors have rental properties with secure tenancy and minimal risk and tenants build equity over time in two ways.

The first is, the developer will gift 1% of the equity per annum to the tenant for up to 10 years, resulting in the tenant owning up to 10% of the property over a 10-year period.

The second is, tenants can purchase additional units over time from the developer and the other equity investors at their own pace when and how they can afford to do so, gradually increasing their equity ownership.

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### How does Rent-to-Own work?

- Developers list properties that have an indicative gross rental yield of around 4% and have investors and tenant equity bonuses
- DomaCom verifies indicative yield with an initial review by an independent property manager
- DomaCom completes property due diligence incorporating legal review, building inspections and independent valuations
- DomaCom creates a syndicate campaign for each individual property.
- Developers retain up to 40% of the units in the syndicate.
- Investors collectively contribute 20-40% of the purchase price (a potential tenant can contribute as much of this as they choose).
- A loan is established by the Fund for the remaining amount of the purchase price.

### Fees

#### Platform fee

DomaCom charge an annual platform fee of **0.66%** incl GST on the value of the property in the sub-fund, and a 1% syndication fee.

#### Due diligence

DomaCom undertake due diligence with a legal review of the contract of sale, a formal valuation and a build/property inspection. The cost is shared across the unit holders in proportion to the number of units held and is estimated at approximately \$1,500.

### How do you participate?

Simply go to <https://domacom.com.au/public-crowdfunding-campaigns/> and click on any **Rent-to-Own** campaign.

### Benefits for investors

- Build equity with an investment from as little as \$2,500
- Developers discount the price to investors by up to 15% by gifting some of their retained equity
- Investors share rental income and future capital growth
- Tenants with equity reduces tenant risk for investors
- Tenants with equity increase market depth in the event investors wish to sell their units
- The Rent-to-Own model offers further diversification in residential property sector

### Benefits for renters

- No mortgage required by the tenant therefore no loan serviceability tests
- Tenants receive 1% equity from the developer each year they remain a tenant, up to a maximum of 10%
- Tenants can buy units in the sub-fund that holds property at any time using their income or savings
- The Rent-to-Own model does not affect any future entitlement to the Government First Home Buyers Grant



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