

28th April 2020

DomaCom advances development of new products during March quarter, sees strong year on year growth in FUM

Highlights

- Transitioned to remote working arrangements in response to Covid-19
- Progressed development of Equity Mortgage, Rent To Own, Essential Worker and Senior Equity Release products
- Released a new investor presentation and presented it at Emergence 2020, Wholesale Investor and CRIISP's flagship investment conference
- Funds Under Management of A\$64.2m as of March 31 2020, up 37% YoY and is steady during the Covid-19 pandemic
- DomaCom's cash position at the end of the March quarter was A\$2.114m

Fractional investment platform provider **DomaCom Limited (ASX:DCL)** ('DomaCom' or 'the Company') is pleased to provide its Appendix 4C for the quarter ended 31 March 2020 (Q3 FY20) along with the following operational update.

During the quarter, DomaCom transitioned to remote working arrangements in response to Covid-19 and continued the development of key products which are expected to drive future revenue growth.

Covid-19 operational impact minimal

At the end of the quarter, DomaCom advised that the operational impact on DomaCom has been minimal as the Company is cloud-based and thus well-positioned to operate remotely [ASX Announcement: 27 March 2020].

Regarding the Company's property fund operations, the DomaCom Fund is in good shape as most properties are not leveraged, the sub-funds generally have internal rent reserves to cover 3-4 months of rent in case of vacancies, and well-defined processes are in place to raise top-up capital for sub-funds if required.

Product development ramps up

During the quarter, the Company made progress across four products currently in development: Equity Mortgage, Rent to Own, Essential Worker, and Senior Equity Release.

Equity Mortgage: This product is being developed to be Shariah compliant and is targeting the Australian Islamic community and other communities that are prohibited from borrowing money. As this product is aiming to provide a method of obtaining leverage for people wishing to purchase a home, it is not believed to be as exposed to negative property investment segment as normal property investment is expected to be. The Company is targeting a launch in June 2020.

Rent to Own: Work on this product is continuing with the Company's first transaction expected to occur in early May 2020. This product uses the developer distribution margin to provide a discount to investors whilst gifting equity to tenants each year.

Essential Worker: DomaCom is progressing its Essential Worker affordable housing product with one of Australia's leading Community Housing Providers. This product aims to leverage the Government's affordable housing lending facility to deliver a Rent To Own product for essential workers with a 25% discounted rent. This product is expected to be attractive due to low vacancy risk stemming from the security of the tenants' employment (nurses, firefighters, teachers, police) in addition to the emotional impact of supporting our essential workers at this time. The targeted launch period for this product is Q3 CY20.

Senior Equity Release: Adviser accreditation for the Company's Senior Equity Release product has commenced with the first group of advisers having completed the accreditation these past few weeks. The product is now on Approved Product Lists of four financial planning firms. DomaCom is currently preparing a campaign direct to the retirees to help identify those needing equity from their homes. Covid-19's recent impact on self-funded retirees income has increased the market for this product.

Corporate

Funds Under Management increased from A\$46.9m to \$64.2m in the one-year period ended 31 March 2020. Although year on year growth was strong, there was some slowdown in FUM growth during Q3 FY20 due to delays on completion of several key transactions.

Payment of remuneration to executive and non-executive directors and their related parties amounted to \$184,000 during the quarter ended 31 March 2020.

As part of facilitating the completion of the Avery's Green property development being carried out for a sub-Fund within the DomaCom Fund, DomaCom Australia paid a limited number of supplier invoices on behalf of the sub-Fund totalling \$112,000 in the current quarter and \$696,000 in the previous quarter. These amounts will be reimbursed once Stage 1 of the project completes anticipated to occur in May/June 2020. DomaCom Australia, a subsidiary of DomaCom Limited, operates the DomaCom Fund. The DomaCom Fund is a separate legal entity with separate investors. It is designated a related party as DomaCom Australia is the Investment Manager.

DomaCom continued to carefully control costs during the quarter. Staff and administrative costs fell to \$716,000 compared to \$837,000 in the previous quarter. The payments classified as Capitalised Development costs have remained at a similar level of \$145,000 compared to \$141,000 in the previous quarter reflecting DomaCom's continuing commitment to enhancing the DomaCom Platform.

During the quarter, DomaCom released a new investor presentation for Emergence 2020, Wholesale Investor and CRIISP's flagship investment conference [ASX Announcement: February 26 2020]. The presentation highlights the DomaCom investment opportunity across its current and in-development product portfolio.

DomaCom's cash position at the end of the March quarter was A\$2.114m with another \$800K expected to be repaid from the Avery's project in June 2020 which leaves us with an effective \$2.9 million in funding. While the current environment remains challenging, the Company will not need to raise capital in the near term, having completed a raising at the end of 2019.

DomaCom CEO Arthur Naoumidis said: "We are very pleased with our progress during the March quarter. While the current environment is a challenging one, we have seen very strong interest in our Senior Equity Release product due to the recent Covid-19-driven market volatility and its impact on self-funded retirees. These retirees are now struggling with the prospects of reduced income and asset values and are interested in how DomaCom can help them. We look forward to continuing the development of our new products and providing the market with updated timelines for their launches soon."

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

Ends

About DomaCom

DomaCom Limited (ASX:DCL) owns and operates a fractional investment platform that provides real solutions for SMSF's, retirees and new home buyers. Using the DomaCom platform, investors can make fractional investments in a range of asset classes including property-related investments, mortgage-backed securities, renewables, affordable housing, disability accommodation and debt securities via a unique trust structure tailored to them.

DomaCom runs a crowdfunding campaign process in which investors can commit as much as they want towards the purchase of assets together with other like-minded investors. When a campaign is complete, DomaCom purchases the asset, places it in a sub-fund, and issues the investors with units in proportion to the amount they invested.

DomaCom's proprietary platform allows Australians to invest in almost any asset class, empowering them to create diversified portfolios with comparatively lower minimum investments and competitive cost structures.

To learn more, please visit: www.domacom.com.au

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