

31 July 2020

DomaCom completes first Rent-To-Own transaction, sees 11.2% growth in FUM in June quarter

Highlights

- Completed first Rent-To-Own (RTO) transaction, commenced assessing properties for second transaction
- Progressed the Essential Worker, Equity Mortgage, and Senior Equity Release products
- Funds Under Management of A\$71.4m as of 30 June 2020, up 11.2% during June quarter
- DomaCom's cash position at the end of the June quarter was A\$1.45m

Fractional investment platform provider **DomaCom Limited (ASX:DCL)** ('DomaCom' or 'the Company') is pleased to provide its Appendix 4C for the quarter ended 30 June 2020 (Q4 FY20) along with the following operational update.

During the quarter, DomaCom continued with remote working arrangements due to Covid-19 and progressed the development of key products which are expected to drive future revenue growth. The Company also saw a strong growth in Funds Under Management (FUM), which rose 11.2 per cent in Q4 FY20 to A\$71.4m.

Product development ramps up

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

Rent to Own: The Rent to Own (RTO) product documentation was completed in the June quarter along with the acquisition of the first RTO property. The Company is now looking for its second property to be acquired in Sydney. 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 an RTO 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 essential workers at this time. The targeted launch period for this product is Q3 CY20.

Equity Mortgage: Work is ongoing to deliver a Shariah-compliant mortgage product that is targeting Australian Islamic communities who, in accordance with their religion, are prohibited from borrowing money. This product is believed to be less exposed to the current negative property environment as it is aiming to provide a method of obtaining leverage for those who wish to purchase a home but cannot borrow.

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Discussions are ongoing with a key B2C partner whilst the Company seeks regulatory approval for changes this product requires. The targeted launch period for this product is between late 2020 and early 2021.

Senior Equity Release: Adviser accreditation for the Company's Senior Equity Release (SER) product has progressed with a dozen advisers having completed accreditation. DomaCom has commenced a direct marketing campaign aimed at the retirees to help identify those needing equity from their homes. Covid-19s recent impact on self-funded retirees' income has increased the market for this product and the Company is now seeking to obtain regulatory clarity on how the SER product works with the Government's Downsizer legislation.

Corporate

FUM increased from A\$64.2 to A\$71.4m in the quarter ended 30 June 2020.

Payment of remuneration to executive and non-executive directors and their related parties amounted to \$184,000 during the quarter ended 30 June 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 during the year ended 30 June 2020. In the 30 June quarter, these amounts were repaid by the DomaCom Fund resulting in a net inflow of \$802,000 in the current quarter. 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 \$709,000 compared to \$716,000 in the previous quarter. Advertising and marketing costs increased to \$143,000 in the current quarter compared to \$90,000 in the previous quarter as the Company introduced the market to new product offerings.

DomaCom's cash position at the end of the June quarter was A\$1.45m. The Company has refreshed its placement capacity via the EGM that was conducted 22 July 2020 and discussions are now progressing with an institution regarding a placement to top up the cash position.

DomaCom CEO Arthur Naoumidis said: "While the current environment is a challenging one, we are pleased that several of our key products are starting to gain traction in this environment. In particular, the ability to complete our first RTO syndication in the middle of the pandemic is a promising result. Encouragingly, we have seen significant investor interest in further RTO syndications and we are currently assessing potential acquisitions in Sydney."

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.

Retirees can sell a fraction of their house to investors, possibly family members, to help them improve their retirement income.

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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