



# Rent-to-Own<sup>1</sup>

## A model like no other for investors and tenants

- 🏠 Investors receive a significant developer discount
- 🏠 Tenants receive up to 5% equity in the DomaCom Sub-Fund that will be exposed to the capital and income of the property (“Property Sub-Fund”) from the developer

## A unique pathway to home ownership for renters

DomaCom have negotiated with developers to share in the developers margin of new properties to give investors a head start on growth and tenants a pathway to indirect property investment.

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 \$1,000.

## An attractive discount for investors

One of the key features of this offering is that Developers will rebate a portion of the distribution margin to the equity investors in the Property Sub-Fund 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 indirect property investment for renters

The DomaCom Fund offers an opportunity for tenants to build indirect 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 indirect exposure to the capital and income of the property during the life of the tenancy so they can be an investor (in the Sub-Fund that will own the property), not just a tenant.

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

**The tenant and investors 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 indirect exposure to rental properties with secure tenancy and reduced vacancy risk and tenants build indirect exposure to the capital and income of the property over time in two ways.

The first is, 1% of the equity in the **Property Sub-Fund** per annum will be gifted to the tenant for up to 5 years, resulting in the tenant owning up to 5% of the Property Sub-Fund that will be exposed to the property over a 10-year period.

The second is, tenants can purchase additional units in the **Property Sub-Fund** that will be exposed to the property over time from the equity investors at their own pace when and how they can afford to do so, gradually increasing their equity.



**DomaCom**  
FRACTIONAL INVESTING

<sup>1</sup> Not direct ownership of the property but rather Indirect exposure to property by holding units in a sub-fund of the DomaCom Fund that will be exposed to the capital and income of the property

# Rent-to-Own

## A model like no other for investors and tenants

### 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.
- 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.
- DomaCom creates a trust that holds the 5% tenant 'gifting reserve' called the DomaCom RTO Trust ("RTO Reserve"). This trust then distributes 1% equity to the tenant annually until the 5% is exhausted

### 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 5%
- 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



**MELBOURNE**  
Level 6, 99 Queen Street  
Melbourne VIC 3000  
(03) 9452 0230

**SYDNEY**  
Level 11, 109 Pitt Street  
Sydney NSW 2000  
(02) 8004 6142

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