

Affordable Rental Property Accelerator

A model like no other for investors and Australia's essential workers

- Investors receive a significant developer discount on the price of the property
- Essential worker tenants receive a 25% discount on rent plus up to 5% equity in the DomaCom Sub-Fund that will be exposed to the capital and income of the property ("Property Sub-Fund")

A unique pathway to home ownership for essential workers

DomaCom negotiate with developers to share in the developer's margin of new properties to give investors a head-start on growth and essential workers a pathway to indirect property investment through the affordable housing program and DomaCom's unique platform.

What is affordable housing?

Affordable housing offers essential or key workers such as nurses, police officers, firefighters and teachers a 25% discount on the commercial rent for a similar property in the same area. The property is managed by a Community Housing Provider who can access low cost finance through the National Housing Finance and Investment Corporation (NHFIC) at 2% pa.

DomaCom works with Community Housing Providers in making its platform available to fractionalise the property for investors, who may also include tenants. Investment starts at \$1,000.



How does the investment discount come about?

One of the key features of the Affordable Rental Property Accelerator is that Developers will rebate a portion of their 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.

Affordable Rental Property Accelerator is a win/win for everyone

- Developers win by selling multiple properties in the one development. The discount they offer is offset by lower distribution costs – marketing and sales.
- Tenants win in three ways; a rental discount of 25%, a gift of 1% equity pa for up to 5 years, and the ability to purchase units from investors as and when they can afford to do so.
- Investors win in three ways; by receiving a discount on the price of the property, in having secure tenants and increased market depth to on-sell their units to the tenants.

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How does the Affordable Rental Property Accelerator 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.
- The indicative gross rental yield is reduced by the affordable housing rent discount of 25%
- 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 to generally 30-50% 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. The loan provided by NHFIC to the Community Housing Provider at a reduced interest rate offsets the rental discount provided to the tenant.
- DomaCom creates a trust that holds the 5% tenant 'gifting reserve' called the DomaCom RPA Trust ("RPA Reserve"). This trust then distributes 1% equity to the tenant annually until the 5% is exhausted



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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% up front platform fee.

Due diligence

DomaCom undertake due diligence with a legal review of the contract of sale, a formal valuation and a building/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 Affordable Rental Property Accelerator campaign.

Benefits for investors

- Build equity with an investment from as little as \$1,000
- Developers discount the price to investors by up to 15%
- 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 Rental Property Accelerator model offers further diversification in the residential property sector

Benefits for renters

- No mortgage required by the tenant therefore no loan serviceability tests
- Tenants receive 1% equity from the DomaCom "gifting reserve" each year they remain a tenant up to a maximum of 5%
- Tenants can buy units in the sub-fund that holds the property at any time using their income or savings
- The Affordable Rental Property Accelerator model does not affect any future entitlement to the Government First Home Buyers Grant

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