DomaCom
FRACTIONAL INVESTING

Rental Property Accelerator

Formerly Rent-To-Own

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.

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.

Rental Property Accelerator (RPA) 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.

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How does Rental Property Accelerator work?

- Developers list properties that have an indicative gross rental yield of around 4%.
- 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 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.
- 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

How do you participate?

Simply go to https://domacom.com.au/public-crowdfunding-campaigns/ and click on any 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 Rental Property Accelerator model does not affect any future entitlement to the Government First Home Buyers Grant

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.

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For further information contact:

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

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

domacom.com.au