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29 October 2020

DomaCom continues development of key products, enters into transformational agreement during September quarter

Highlights

- Finalised $3.6 million in placements
- Signed AustAgri Agreement to add $300m FUM & $13 million in fees over 5 years
- ATO provides Downsizer ruling for DomaCom Senior Equity Release (SER)
- Progressed the Essential Worker, Equity Mortgage, and Senior Equity Release products
- DomaCom's cash position at the end of the September quarter was $2,233,000 with a further $1,600,000 receivable for placement subscriptions after quarter-end

Fractional investment platform provider **DomaCom Limited (ASX:DCL) ('DomaCom' or 'the Company')** is pleased to provide its Appendix 4C for the quarter ended 30 September 2020 (Q1 FY21) along with the following operational update.

During the quarter, DomaCom has continued the development of key products which are expected to drive future revenue growth – with a particular focus on the AustAgri transaction.

The Company also saw a continued growth in Funds Under Management (FUM), which rose 4.6% per cent in Q1 FY21 to A$74.7m from A$71.4m in Q4 FY20.

Transformational AustAgri agreement

DomaCom has reached an agreement with AustAgri in which the DomaCom Fund will acquire the AustAgri company who will then commit to paying $2.6 million in annual management fees for a fixed term of 5 years. On completion of this transaction, DomaCom will receive at least $13 million in the first 5 years for which AustAgri shareholders will receive 100 million shares in recognition of the cashflow to be delivered which will reduce the need to raise further capital. For a full overview of the agreement see the ASX Announcement dated 4 September 2020.

In an Extraordinary General Meeting held on 21st October 2020, DomaCom Shareholders approved the AustAgri transaction including the issue of the 100 million DCL shares conditional on the successful acquisition of AustAgri. DomaCom is now awaiting confirmation that AustAgri has completed the key foundation acquisitions before starting legal and financial due diligence of AustAgri.

Product development continues to build

During the quarter, the Company made progress across four products currently in development: Rental Property Accelerator, Essential Worker, Equity Mortgage, and Senior Equity Release.

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Rental Property Accelerator: As there have been some historic uses of the term "Rent-To-Own", DomaCom decided to rename this product Rental Property Accelerator (RPA) to better reflect the use of developer discounts to "accelerate" property investment for both tenants and investors. Additionally, the Company has completed syndication on the second RPA product and work has commenced on the third.

Essential Worker: DomaCom is close to finalising an agreement that will allow the Company to move on to the syndication phase for the exciting Essential Worker pilot. This product aims to leverage the Government's affordable housing lending facility to deliver an RPA 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 in the midst of a pandemic. The targeted launch period for this product is Q1 2021.

Equity Mortgage: DomaCom is in the final stages of entering into an agreement with Australia's leading Islamic Finance group which will enable it to deliver a Shariah-compliant mortgage product. This will target the 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. The targeted launch period for this product is in the first half of 2021.

Senior Equity Release: August saw DomaCom receive a binding agreement from the ATO that confirms that retirees can use the DomaCom SER product to sell a fraction of their house and use up to $600k to top up their super using the Downsizer legislation.

Corporate

Payment of remuneration to executive and non-executive directors and their related parties amounted to $184,000 during the quarter ended 30 September 2020.

DomaCom continued to carefully control costs during the quarter. Net cash used in operating activities rose by $117,000 during the quarter ended 30 September 2020. This was mainly driven by the timing of payments around year end. Staff costs remain the largest cost at $419,000, rising from $413,000 in the previous quarter.

DomaCom's cash position at the end of the September quarter was $2.2m. $2.0m was raised through a placement on 4th September 2020. A further $1.6m was generated subsequently through a placement on 9th October 2020.

During the quarter, DomaCom released a new investor presentation outlining the Company's investment opportunity [ASX Announcement: 14 August 2020].

Post the quarter, the Company announced that its Annual General Meeting will be held on Wednesday, 2nd December 2020 at 11am AEDT via Zoom [ASX Announcement: October 2020].

DomaCom CEO Arthur Naoumidis said: "The September quarter has positioned the company with several very prospective transactions that could transform the outlook of the company going forward. If successful, the AustAgri transaction will add $300 FUM and significant cash flow which would place the company in a stable cash position and in sight of being cash flow positive. In addition, the Islamic and Affordable housing projects will then provide the opportunity for significant scaled FUM growth in the years to come."

Ends

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

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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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