

16th February, 2017

ASX and Media Release

DomaCom Limited Financial Report for the half-year ended 31 December 2016

Achievements during this period

- The company successfully listed on the Australian Securities Exchange in November, 2016. The company raised \$7.3 million as part of the initial public offer (IPO).
- The funds under management of the DomaCom Fund, from which the company derives investment management fees increased by 65% during the last 6 months from \$13.7 million as at 30 June 2016 to \$22.6 million as at 31 December, 2016.
- The company received a \$1.3 million government grant (as anticipated) during the last quarter in accordance with its Research and Development claim for the year ended 30 June 2016. The company expects to continue to receive government grants from its Research and Development activities involved in the development of its Fractional Investment Platform.
- The company completed a restructure of the proposed cost base of the company in line with the revised Supplementary Prospectuses issued prior to our listing in November 2016. The proposed cost base was reduced by \$1.7 million annually from the original plans.
- The operating result of the Group for the half-year ended 31 December 2016 was a loss of \$3.4 million compared to a loss of \$2.6 million in the corresponding period ended 31 December 2015. The increased loss arose through one off costs related to the IPO and redundancy costs.
- The DomaCom Fund received an “Approved” investment rating from one of Australia’s most awarded research houses, Lonsec. This Lonsec rating is expected to be a major driver of growth in Approved Product Listings over the 2017/2018 years.
- DomaCom announced a distribution agreement with SuperConcepts, whereby the DomaCom product becomes the Property option within SuperConcepts iSaver product– this is a major component of our strategy to grow our Funds under Management in 2017/2018.

Major Developments post Balance Date

- DomaCom received approval by the Australian Securities & Investments Commission (ASIC) to vary its Australian Financial Services Licence (AFSL) to allow the company to “deal in securities”. The regulator’s decision to allow DomaCom to vary its AFSL opens up new investment opportunities for the clients of financial planners who have supported DomaCom’s core business activity in property.

The varied AFS Licence will allow us to offer the fractional investment model for corporate bonds and other securities, which is a significant development to drive our funds under management and in turn the revenue based on management fees from the assets under management.

- DomaCom has signed a 12 month exclusive distribution agreement with Prodigy Network, the leading real estate crowdfunding platform in the United States. Following the variation in our AFSL, where DomaCom can deal in securities, Australian investors and advisors will have the opportunity to invest in prime commercial real estate assets located in Manhattan.

“Whilst crowdfunding is still a relatively new phenomenon in Australia it is gaining significant ground overseas. There are over 125 such businesses globally with the 2015 transactions estimated to be around US\$2.5 billion up from only US\$20 million 4 years ago”, said Mr Naoumidis.

DomaCom believes Australia is slowly realising the power of the crowd and the opportunities that it presents to investors and hopes to demonstrate this working with overseas crowdfunders like Prodigy Network.

“Enormous buying power exists in our large industry and retail superannuation funds and our growing A\$600 billion self-managed superannuation fund (SMSF) market. There are vast sums of money sitting there looking for an opportunity to invest in global real estate markets” said Mr Naoumidis

Strategy

The major ongoing focus of the company is to increase the Funds Under Management by:

- Working to engage the dealer groups who have approved the DomaCom Fund and not yet used our product so that we can increase the number of advisers who are doing business with us.
- Leveraging off the Lonsec research rating and the SuperConcepts deal to enable the company to attract new dealer groups using our fund.
- Quickly expanding our product range following the amendment to our AFSL, this includes leveraging the opportunity with Prodigy and corporate bonds.
- Working with ASIC to amend our ASIC Relief instrument to allow the company to offer an equity release product for the Australian Retiree market.
- Working with the ATO to confirm the treatment of the DomaCom Fund within the Superannuation Industry (Supervision) Act 1993 (SIS Act) and what, if any, restrictions may exist on who the tenant can be on properties owned by sub-funds where SMSFs are unit holders. We believe this will be an important outcome and a viable solution to the affordable housing crisis.

For and on behalf of the Board of DomaCom Limited.

Arthur Naoumidis
CEO