DomaCom
FRACTIONAL PROPERTY INVESTING

7th October 2016

DomaCom IPO Fourth Supplementary Prospectus

Dear Investor

Please find attached the fourth supplementary prospectus that was lodged with ASIC today. The purpose of this Fourth Supplementary Prospectus is to:

- inform investors of the completion of the independent expert's report and the status of the ASX listing application;
- release the audited financial accounts of the Company for the year ended 30 June 2016;
- revise pro-forma statements of financial accounts disclosed in the Replacement Prospectus based on the audited financial accounts for the last financial year; and
- provide an update on the Company's business activities being:
    - 24 Book Builds have now been established and completed - 50% increase since 31st March 2016 (24 Sub-Funds each holding a single property asset). As at the date of this Fourth Supplementary Prospectus, the total FUM of the DomaCom Fund is $15.7 million.
    - 59 Book Builds with a target FUM of $58 - 60 million are now in progress:
        - 11 new Book Builds are in progress with active bids in place and a total target FUM if completed of $27 million;
        - further 43 new Book Builds have been created with marketing to commence with a target FUM if completed of $21 million; and
        - 5 new Book Builds have commenced to crowd-fund the purchase of the 5 apartments on The Block with an estimated FUM if completed of $10 - 12 million.
    - An application has been lodged with ASIC to vary DomaCom Australia's AFSL to accommodate the platform to offer the DomaCom Corporate Bonds under the AFSL.
    - The Company has won the 2016 Innovator Award in the CoreData SMSF Service Provider Awards 2016 - http://www.smsmagazine.com.au/articles/recognition-for-best-smsf-services.
    - DomaCom is finalising arrangements to have the DomaCom Fund made available on one of the largest SMSF channels in Australia. Further details are expected to be announced shortly.

The company expects that this will be the final supplementary prospectus that will be required and we are targeting a listing date of 28th October 2016 – the actual date will be confirmed by the ASX in the next week or two. Please note that, as of 23rd September, we have received $7.35 Million in cash and we expect to receive more before the offer is closed.

Best Regards

**Arthur Naoumidis** | **CEO** | DomaCom Ltd

DomaCom Limited
ACN 604 384 885

Level 6, 99 Queen Street, Melbourne VIC 3000
Level 11, 109 Pitt Street, Sydney NSW 2000

www.domacom.com.au

**DomaCom Limited**

**ACN 604 384 885**

**Fourth Supplementary Prospectus**

This supplementary prospectus is issued under section 719 of the *Corporations Act* 2001 (**Corporations Act**) (**Fourth Supplementary Prospectus**) and was lodged by DomaCom Limited ACN 604 384 885 (**Company**) with the Australian Securities and Investments Commission (**ASIC**). This Fourth Supplementary Prospectus supplements:

(a) the replacement prospectus dated 8 July 2016 (**Replacement Prospectus**);

(b) the first supplementary prospectus dated 2 August 2016;

(c) the second supplementary prospectus dated 12 August 2016; and

(d) the third supplementary prospectus dated 23 September 2016 (collectively, **Prospectuses**).

This Fourth Supplementary Prospectus must be read together with the Prospectuses.

This Fourth Supplementary Prospectus is dated 7 October 2016 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Fourth Supplementary Prospectus.

Words and expressions defined in the Replacement Prospectus have the same meaning in this Fourth Supplementary Prospectus.

## Reasons for this Fourth Supplementary Prospectus

The purpose of this Fourth Supplementary Prospectus is to:

- inform investors of the completion of the independent expert's report and the status of the ASX listing application;
- revise the tables for the Use of Funds raised under the Offer in the Replacement Prospectus;
- release the audited financial accounts of the Company for the year ended 30 June 2016;
- revise pro-forma statements of financial accounts disclosed in the Replacement Prospectus based on the audited financial accounts for the last financial year; and
- provide an update on the Company's business activities.

## Working Capital Requirement and Status of the Listing Application with ASX

In the Third Supplementary Prospectus, the Company informed investors of the refinement of its key business objective. The Company's business objective is to achieve a sustainable business model and breakeven level of FUM within 3 years - the Company has assessed the required level of FUM to achieve this business objective as being $275 million.

Also as disclosed in the Third Supplementary Prospectus, the Company appointed an independent expert to prepare an independent expert's report (**IER**). The IER has been completed and provided to ASX. The IER will be released to the market as a pre-quotation disclosure on the ASX Market Announcement Platform prior to the listing of the Company. The Company is in discussions with ASX to progress the listing application further.

The Directors remain of the view that the Company will have sufficient working capital to achieve its stated business objective upon completion of the listing and is, therefore, in compliance with ASX Listing Rule 1.3.3.

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## Audited Financial Accounts of the Company for the year ended 30 June 2016

Given that the 2016 financial year ended on 30 June 2016, the Company has prepared its audited financial accounts for the year ended 30 June 2016 which are included as Annexure A to this Fourth Supplementary Prospectus.

A reviewed pro forma statement of financial accounts with the final capital raising results will be provided to ASX prior to the Company's admission to the Official List and disclosed as part of pre-quotation disclosure on the ASX Market Announcement Platform.

## Update on Use of Funds raised under the Offer in the Replacement Prospectus

The minimum subscription amount under the Offer has increased from $5 million to $6 million. Accordingly, the Use of Funds tables in the Investment and Business Overview Section (page 18) and Section 11.2 (page 73) of the Replacement Prospectus have been replaced with the following table.

| **Capital raising ($'million)** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Cash proceeds from the issue of new shares | **6.0** | | **10.0** | | **15.7** | | **23.7** | |
| | | | | | | | | |
| **Uses of Funds** | | | | | | | | |
| Payments for the cost of the offer | (1.4) | 23% | (1.6) | 16% | (1.6) | 10% | (2.0) | 8% |
| Sell down by Existing Shareholders | | | | | (5.7) | 36% | (5.7) | 24% |
| Sales & Marketing (excluding staff costs) | (1.2) | 20% | (3.2) | 32% | (3.2) | 20% | (3.2) | 14% |
| Product Development (excluding staff costs) | (0.5) | 8% | (0.5) | 5% | (0.5) | 3% | (0.5) | 2% |
| Exploration of global opportunities | | | (0.5) | 5% | (0.5) | 3% | (0.5) | 2% |
| Platform Development | (2.1) | 36% | (2.8) | 28% | (2.8) | 18% | (2.8) | 12% |
| To provide further working capital for the business | (0.8) | 13% | (1.4) | 14% | (1.4) | 10% | (9.0) | 38% |
| Total use of funds | **(6.0)** | | **(10.0)** | | **(15.7)** | | **(23.7)** | |

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## Update on pro forma statements of financial accounts disclosed in the Replacement Prospectus

As a result of more recent financial information being available, certain information in Section 8 of the Replacement Prospectus is replaced as follows.

*Section 8.3 Financial Analysis based on the audited/reviewed accounts*

*Table 3 Historical consolidated income statement*

| | 2014<br>$<br>(i)(iv) | 2015<br>$<br>(ii)(iv) | 2016<br>$<br>(iii) |
|---|---|---|---|
| **Revenue** | - | 8,826 | 20,642 |
| **Other Income** [(v)] | 240,997 | 421,774 | 888,192 |
| **Business expenses** | (1,903,407) | (4,366,860) | (6,949,959) |
| **EBIT** [(vi)] | (1,662,410) | (3,936,260) | (6,041,125) |
| **Net Interest expense** | (23,631) | (83,285) | (19,433) |
| **Net Loss Before Tax** | (1,686,041) | (4,019,545) | (6,060,558) |
| **Income tax benefit / (expense)** | (147,738) | (44,132) | - |
| **Net Loss After Tax** | (1,833,779) | (4,063,677) | (6,060,558) |

(i) includes the results of DomaCom Australia Limited for the 12 months ended 30 June 2014

(ii) includes the consolidated results of DomaCom Australia Limited, DomaCom Limited, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited for the 12 months ended 30 June 2015

(iii) includes the historical consolidated results of DomaCom Australia Limited, DomaCom Limited, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited for 12 months ended 30 June 2016

(iv) includes restated balances as a result of a revision to the accounting policy for R&D grants

(v) Other Income – represents amounts received from the ATO for R&D claims for expenses that have not been capitalised

(vi) EBIT – represents earnings before interest and tax

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*Section 8.7 Pro forma historical consolidated statement of financial position*

*Table 7 Pro forma historical consolidated statement of financial position* (on page 45 of the Replacement Prospectus)

| | 2014 | 2015 | 2016 | Pro forma 30/06/2016 Minimum Subscription | Pro forma 30/06/2016 Current Subscription | Pro forma 30/06/2016 Maximum Subscription |
|---|---|---|---|---|---|---|
| | $ (i) | $ (i) | $ (i) | $ (ii) | $ (ii) | $ (ii) |
| **CURRENT ASSETS** | | | | | | |
| Cash and cash equivalents | 347,661 | 720,935 | 1,746,197 | 6,773,378 | 8,049,128 | 18,113,378 |
| Receivables | 968,896 | 951,095 | 1,417,403 | 1,417,403 | 1,417,403 | 1,417,403 |
| Prepayments and other assets | 35,341 | 98,371 | 92,803 | 92,803 | 92,803 | 92,803 |
| **TOTAL CURRENT ASSETS** | 1,351,898 | 1,770,401 | 3,256,403 | 8,283,584 | 9,559,334 | 19,623,584 |
| **NON-CURRENT ASSETS** | | | | | | |
| Property, plant and equipment | 8,742 | 14,045 | 51,456 | 51,456 | 51,456 | 51,456 |
| Intangible assets | 1,636,398 | 2,224,141 | 2,795,341 | 2,795,341 | 2,795,341 | 2,795,341 |
| **TOTAL NON-CURRENT ASSETS** | 1,645,140 | 2,238,186 | 2,846,797 | 2,846,797 | 2,846,797 | 2,846,797 |
| **TOTAL ASSETS** | 2,997,038 | 4,008,587 | 6,103,200 | 11,130,381 | 12,406,131 | 22,470,381 |
| **CURRENT LIABILITIES** | | | | | | |
| Payables | 326,771 | 440,625 | 645,464 | 645,464 | 645,464 | 645,464 |
| Provisions | 94,665 | 103,959 | 176,315 | 176,315 | 176,315 | 176,315 |
| Interest bearing liabilities | 826,666 | 800,000 | - | - | - | - |
| **TOTAL CURRENT LIABILITIES** | 1,248,102 | 1,344,584 | 821,779 | 821,779 | 821,779 | 821,779 |
| **NON-CURRENT LIABILITIES** | | | | | | |
| Provisions | 4,475 | 28,771 | 59,688 | 59,688 | 59,688 | 59,688 |
| **TOTAL NON-CURRENT** | 4,475 | 28,771 | 59,688 | 59,688 | 59,688 | 59,688 |
| **TOTAL LIABILITIES** | 1,252,577 | 1,373,355 | 881,467 | 881,467 | 881,467 | 881,467 |
| **NET ASSETS** | 1,744,461 | 2,635,232 | 5,221,733 | 10,248,914 | 11,524,664 | 21,588,914 |
| **EQUITY** | | | | | | |
| Issued capital | 3,885,050 | 8,838,435 | 16,791,037 | 22,136,428 | 23,407,132 | 33,436,676 |
| Reserves | 249,600 | 250,663 | 945,120 | 1,189,467 | 1,189,467 | 1,189,467 |
| Accumulated losses | (2,390,189) | (6,453,866) | (12,514,424) | (13,076,981) | (13,071,935) | (13,037,229) |
| **TOTAL EQUITY** | 1,744,461 | 2,635,232 | 5,221,733 | 10,248,914 | 11,524,664 | 21,588,914 |

(i) includes the historical statement of financial position.

(ii) includes historical consolidated statement of financial position at 30 June 2016 after the pro forma adjustments set out below based on a minimum subscription of $6,000,000, current subscription of $7,350,000 as of 23 September 2016 and a maximum subscription of $23,707,475.

*8.8 Pro forma consolidated historical statement of cash flows*

*Table 8 Pro forma historical consolidated statement of cash flows* (on page 46 of the Replacement Prospectus)

| | 2014 $ (i) | 2015 $ (ii) | 2016 $ (iii) |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | 68 | 6,709 | 20,642 |
| Payments to suppliers and employees | (2,134,971) | (4,358,281) | (5,670,892) |
| Research and development tax offset received | 602,626 | 963,396 | 1,186,197 |
| Finance costs | (1,008) | (100,402) | (104,372) |
| Net cash used in operating activities | (1,533,285) | (3,488,578) | (4,568,425) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for plant and equipment | (19,925) | (10,063) | (53,765) |
| Payments for intangible assets | (1,605,331) | (1,066,213) | (1,548,615) |
| Interest received | 3,975 | 28,149 | 47,240 |
| Net cash used in investing activities | (1,621,281) | (1,048,127) | (1,555,140) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Net proceeds from share issue | 2,585,000 | 4,909,252 | 7,952,702 |
| Proceeds from short term loans | 800,000 | 1,000,000 | - |
| Repayment of short term loans | - | (1,000,000) | (800,000) |
| Net cash provided by financing activities | 3,385,000 | 4,909,252 | 7,152,702 |
| Net increase in cash and cash equivalents | 230,434 | 372,547 | 1,029,037 |
| Cash and cash equivalents at the beginning of year | 117,227 | 347,661 | 720,935 |
| Net foreign exchange difference | - | 727 | (3,775) |
| **Cash and cash equivalents at the end of year** | 347,661 | 720,935 | 1,746,197 |

(i) includes the cash flows of DomaCom Australia Limited for the 12 months ended 30 June 2014

(ii) includes the consolidated cash flows of DomaCom Australia Limited, DomaCom Limited and DomaCom Singapore Private Limited for the 12 months ended 30 June 2015.

(iii) includes the historical cash flows of DomaCom Australia Limited, DomaCom Limited, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited for 12 months ended 30 June 2016.

*8.9 Comments on consolidated statement of financial position*

The pro forma historical consolidated statement of financial position includes:

- the restated statement of financial position of DomaCom Australia Limited at 30 June 2014;
- the restated consolidated statement of financial position of DomaCom Limited, DomaCom Australia Limited, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 30 June 2015;
- the historical consolidated statement of financial position of DomaCom Limited, DomaCom Australia Limited, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 30 June 2016; and
- the pro forma consolidated statement of financial position of DomaCom Limited, DomaCom Australia Limited, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 30 June 2016 showing the impact of a minimum subscription of $6,000,000, the current subscription of $7,350,000 as of 23 September 2016 and a maximum subscription of $23,707,475 under the Offer.

The key items included in the pro forma historical consolidated statement of financial position at 30 June 2016 are:

- Cash reflecting the balance of funds to be raised from the IPO;
- Intangible assets comprising capitalised development costs ($2,730,532) and computer software ($64,809). The capitalised development costs relating to the Fractional Property Investment Platform were amortised by $270,712 for the 12 months ended 30 June 2016 in accordance with the accounting policy. The useful economic life has been determined to be 10 years based on the requirements set out in *AASB 138 Intangible Assets*, including consideration of expected period of use, technical, technological and commercial obsolescence and changes in market demand for services supported by the assets;
- Payables relating mainly to payments due to suppliers for services incurred in the ordinary course of business and recurring payroll and superannuation payables; and
- Reserves consisting of the Equity Compensation Reserve ($939,124) set up as a result of the issue of Performance Rights, a separate Share Based Payments reserve ($249,600) and a Foreign Currency Translation Reserve ($743).

*8.10 Pro forma adjustments*

The following the transactions and events arising from the IPO which are to take place on or before the completion of the Offer, are referred to as pro forma adjustments and are presented as if they occurred on or before the 30 June 2016. IPO costs incurred at 30 June 2016 are included within historical costs and therefore are not included as pro forma adjustments.

*8.10.1 Description of Pro forma adjustments*

A minimum subscription of $6,000,000, a current subscription of $7,350,000 as of 23 September 2016 and a maximum subscription of $23,707,475 ($18,000,000 after $5,707,475 of funds raised are applied to a sell down by existing shareholders) have been included as 30 June 2016 pro forma adjustments.

- For the minimum subscription pro forma capital raising costs of $654,609 have been charged to Equity and $318,210 to Profit & Loss. For the current subscription pro forma capital raising costs of $733,905 have been charged to Equity and $313,164 to Profit & Loss. For the maximum subscription pro forma capital raising costs of $1,354,361 have been charged to Equity and $278,458 to Profit & Loss. These represent an estimate of the remaining costs required to undertake the capital raising and listing. The allocation of costs between Equity and Profit and Loss is based on the purpose of the expenditure. Costs directly attributable to issuing new Shares are deducted from Equity. Costs that relate to the ASX listing, or are otherwise not directly attributable to issuing new shares, are recorded in Profit & Loss.

- Performance Rights issued to employees and Directors with an IPO vesting condition have been expensed in full representing a pro forma adjustment of $244,347.

*8.10.2 Impact of pro forma adjustments on Cash and Cash Equivalents*

*Table 9 Impact of pro forma adjustments on Cash and Cash Equivalents*

| | Minimum Subscription of $6,000,000 $ | Current subscription of $7,350,000 $ | Maximum Subscription of $23,707,475 $ |
|---|---|---|---|
| **Cash and cash equivalents held at 30 June 2016** | **1,746,197** | **1,746,197** | **1,746,197** |
| Share Issue | 6,000,000 | 7,350,000 | 18,000,000 |
| Share Issue Costs | (972,819) | (1,047,069) | (1,632,819) |
| **Sub total pro forma adjustment** | **5,027,181** | **6,302,931** | **16,367,181** |
| **Pro forma cash and cash equivalents held as per the pro forma historical consolidated statement of financial position** | **6,773,378** | **8,049,128** | **18,113,378** |

The minimum subscription will result in a net increase to cash and cash equivalent of $5,027,181 being the net of cash raised of $6,000,000 and costs incurred in respect to the capital raise of $972,819.

The current subscription will result in a net increase to cash and cash equivalent of $6,302,931 being the net of cash raised of $7,350,000 as of 23 September 2016 and costs incurred in respect to the capital raise of $1,047,069.

The maximum subscription will result in a net increase to cash and cash equivalent of $16,367,181 being the net of cash raised of $18,000,000 and costs incurred in respect to the capital raise of $1,632,819.

*8.10.3 Impact of pro forma adjustments on Issued Capital*

*Table 10 Impact of pro forma adjustments on Issued Capital*

| | Minimum Subscription of $6,000,000 $ | Current subscription of $7,350,000 $ | Maximum Subscription of $23,707,475 $ |
|---|---|---|---|
| **Shares on issue at 30 June 2016** | **16,791,037** | **16,791,037** | **16,791,037** |
| Share Issue | 6,000,000 | 7,350,000 | 18,000,000 |
| Share Issue Costs | (654,609) | (733,905) | (1,354,361) |
| **Sub total pro forma adjustment** | **5,345,391** | **6,616,095** | **16,645,639** |
| **Pro forma shares on issue as per the pro forma historical consolidated statement of financial position** | **22,136,428** | **23,407,132** | **33,436,676** |

The minimum subscription will increase issued capital by $6,000,000. Costs directly attributable to the capital raising of $654,609 are charged to equity. The impact of the pro forma adjustments on issued capital under the minimum subscription is an increase of $5,345,391.

The current subscription will increase issued capital by $7,350,000 based on the current subscription of $7,350,000 as at 23 September 2016. Costs directly attributable to the capital raising of $733,905 are charged to equity. The impact of the pro forma adjustments on issued capital under the minimum subscription is an increase of $6,616,095.

The maximum subscription will increase issued capital by $18,000,000 as $5,707,475 of the $23,707,475 maximum subscription will be the transfer of existing shares currently held by Existing Shareholders to Applicants. Costs directly attributable to the capital raising of $1,354,361 are charged to equity. The impact of the pro forma adjustments on issued capital under the minimum subscription is an increase of $16,645,639.

*8.10.4 Impact of pro forma adjustments on Reserves*

*Table 11 Impact of pro forma adjustments on Reserves*

| | Minimum Subscription of $6,000,000 $ | Current subscription of $7,350,000 $ | Maximum Subscription of $23,707,475 $ |
|---|---|---|---|
| **Reserves at 30 June 2016** | **945,120** | **945,120** | **945,120** |
| Performance Rights vesting | 244,347 | 244,347 | 244,347 |
| **Sub total pro forma adjustment** | **244,347** | **244,347** | **244,347** |
| **Reserves per the pro forma historical consolidated statement of financial position** | **1,189,467** | **1,189,467** | **1,189,467** |

Performance Rights issued to staff and Directors with an IPO vesting condition have been allocated to Reserves representing a pro forma adjustment of $244,347.

*8.10.5 Impact of pro forma adjustments on Accumulated Losses*

*Table 12 Impact of pro forma adjustments on Accumulated Losses*

| | Minimum Subscription of $6,000,000 $ | Current subscription of $7,350,000 $ | Maximum Subscription of $23,707,475 $ |
|---|---|---|---|
| **Accumulated Losses at 30 June 2016** | **(12,514,424)** | **(12,514,424)** | **(12,514,424)** |
| Performance Rights vesting | (244,347) | (244,347) | (244,347) |
| Share Issue Costs charged to profit and loss | (318,210) | (313,164) | (278,458) |
| **Sub total pro forma adjustment** | **(562,557)** | **(557,511)** | **(522,805)** |
| **Pro forma accumulated losses as per the pro forma historical consolidated statement of financial position** | **(13,076,981)** | **(13,071,935)** | **(13,037,229)** |

Performance Rights issued to staff and Directors that vest on the ASX listing of the Company have been expensed in full representing a pro forma adjustment of $244,347. Costs that relate to the ASX listing, or are otherwise not directly attributable to issuing new Shares, are recorded in Profit & Loss. The impact on Accumulated Losses will depend on the amount raised under the Offer:

- the impact on Accumulated Losses under the minimum subscription is an increase of $318,210. Accumulated losses have increased by $562,557 under the minimum subscription.
- the impact on Accumulated Losses under the minimum subscription is an increase of $313,164. Accumulated losses have increased by $557,511 under the minimum subscription.
- The impact on Accumulated Losses under the maximum subscription is an increase of $278,458. Accumulated losses have increased by $522,805 under the maximum subscription.

## Updates on DomaCom Business

Since the Replacement Prospectus was lodged with ASIC on 8 July 2016, a number of significant business activities have taken place and the following is a summary of these activities.

- 24 Book Builds have now been established and completed - 50% increase since 31st March 2016 (24 Sub-Funds each holding a single property asset). As at the date of this Fourth Supplementary Prospectus, the total FUM of the DomaCom Fund is $15.7 million.
- 59 Book Builds with a target FUM of $58 - 60 million are now in progress:
  - 11 new Book Builds are in progress with active bids in place and a total target FUM if completed of $27 million;
  - further 43 new Book Builds have been created with marketing to commence with a target FUM if completed of $21 million; and
  - 5 new Book Builds have commenced to crowd-fund the purchase of the 5 apartments on The Block with an estimated FUM if completed of $10 - 12 million.
- An application has been lodged with ASIC to vary DomaCom Australia's AFSL to accommodate the platform to offer the DomaCom Corporate Bonds under the AFSL.
- The Company has won the 2016 Innovator Award in the CoreData SMSF Service Provider Awards 2016 - http://www.smsmagazine.com.au/articles/recognition-for-best-smsf-services.
- DomaCom is finalising arrangements to have the DomaCom Fund made available on one of the largest SMSF channels in Australia. Further details are expected to be announced shortly.

## Consent and authorisation

In accordance with section 720 of the Corporations Act, each Director of the Company has given, and has not withdrawn, their consent to the lodgement of this Supplementary Prospectus with ASIC.

Grant Thornton Audit Pty Ltd ACN 130 913 594 has consented to being named as the Auditor of the DomaCom Group.

Signed for and on behalf of the Company

Arthur Naoumidis
Chief Executive Officer

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**Annexure A Audited Financial Accounts for the Financial Year ended 30 June 2016**

# DomaCom Limited

Annual Report for the
year ended 30 June 2016

ABN 69 604 384 885

**DOMACOM LIMITED**
**ABN 69 604 384 885**

# DIRECTORS' REPORT
# 30 JUNE 2016

Your directors present their report on DomaCom Limited (the "Company") and its Controlled Entities (the "Group") for the year ended 30 June 2016.

## 1. Directors

The names of the directors in office throughout the year and to the date of this financial report are Mr David H Archbold, Mr Graeme A Billings, Mr Grahame D Evans, Mr Ross A Laidlaw and Mr Arthur Naoumidis. Mr Peter C Church was also a director at the date of this financial report after being appointed on 1 August 2015. The name of the company secretary in office at the end of financial year and to the date of this financial report is Mr Philip J R Chard. Details of qualifications, experience and special responsibilities of the Directors are as follows:

**Grahame D Evans – Chairman and Non-Executive Chairman**
Grahame has been extensively involved with the financial services industry for over 30 years.

He has held a variety of board positions including Chairman of Australian, Canadian, Singaporean & Chinese investment & advisory businesses and also as a director of Malaysian and New Zealand companies. He is a regular speaker at conferences both in Australia and overseas and holds an MBA from the prestigious Australian Graduate School of Management, voted in the top 10 management schools in the Asian region. Grahame's executive roles have included CEO Investments for Tower Australia, Managing Director, AMP Consulting and Group Managing Director of Centrepoint Wealth. He is currently an executive director of GPS Wealth.

**Arthur Naoumidis – Chief Executive Officer**
After 20 years as an IT consultant, Arthur spent 5 years at JB Were and BNP Paribas building and operating investment administration systems and businesses. Using the combined technology and investment administration background, Arthur founded the now ASX Listed Praemium (ASX:PPS). Arthur grew Praemium into a business with 500 client firms (accountants, financial planners, stockbrokers, SMSF administrators and institutions) in Australia administering over $43 Billion as well as partnering with Blackrock Australia to launch Australia's first online separately managed account (SMA) platform. As a result of listing Praemium on the ASX, Arthur took the Praemium SMA concept to the UK and successfully launched the SMA platform business of Praemium UK.

Arthur is now taking some of the advanced equity concepts he pioneered in the equity markets during his Praemium days into a market that has been relatively untouched by technology and business process improvements – the property market.

**David H Archbold – Non-Executive Director**
David has over 45 years' experience in the property industry in Australia. Prior to the establishment of International Property Group Pty Limited in 1991, David was Executive Director - International, for Colliers Jardine and Executive General Manager of Hooker Corporation. For 17 years prior he was Managing Director of Baillieu Knight Frank (SA) Pty Ltd, then Managing Director of Baillieu Knight Frank (NSW) and a Director/Partner of the Australian Company.

David has extensive experience in property consultancy throughout Australia and South East Asia with Corporate and large family owned businesses.

**Graeme A Billings – Non-Executive Director**
Graeme has been a chartered accountant since 1980. He retired from PricewaterhouseCoopers in 2011 after 34 years where he was a senior partner in the Assurance practice. Graeme is a former head of the Melbourne Assurance practice as well as leading the Firm's Australian and Global Industrial Products businesses. He has extensive experience in providing assurance, governance, transaction and consulting services to multi-national and national companies in the automotive, manufacturing, consumer goods and construction industries. Graeme was also a regular media commentator on the Industrial Products sector.

Graeme is now an advisor to various companies as well as acting as a non-executive director for a number of public and private companies in the financial services, manufacturing, retail and construction sectors.

**Peter C Church OAM – Non-Executive Director**
Peter Church OAM FAICD is a lawyer and corporate adviser who has spent much of his career in South East Asia and India where he advises a wide range of clients. He has written a number of books on the region and is an Adjunct Professor in the Business School of Curtin University. He was awarded the Medal of the Order of Australia (OAM) in 1994 by the Australian Government for the promotion of business relations between Australian and South East Asia. He is also a Fellow of the Australian Institute of Company Directors (FAICD). His current appointments include Executive Chairman of AFG Venture Group, Special Counsel to the English law firm, Stephenson Harwood, Non-Executive Director of OM Holdings Limited (ASX), Elara Capital PLC and the Singapore international Chamber of Commerce Limited.

**Ross A Laidlaw – Executive Director**
Ross has spent over 25 years in Financial Services, and has deep and expansive experience within markets in Australasia, Europe and America.

His strength lies in the development of start-up or green field developments and driving them into fully fledged and profitable businesses. Ross was CEO of the successful Skandia Platform for over 7 years, developing it into a leading Platform that was well supported by independent financial advisers.

Prior to being transferred to Skandia's European business the business had grown organically to over $5 billion in assets under management and employed over 200 staff. Ross has held a number of directorships including the Australian businesses, Skandia's joint venture in Mainland China, Skandia's Fund Management Company in Ireland and American Skandia's Broker Dealer group.

Ross is qualified Chartered Accountant, and Fellow of the Financial Services Institute of Australasia and his key role at DomaCom is as Chief Operating Officer and Chief Financial Officer.

**Philip JR Chard – Financial Controller, Company Secretary**
Philip has over 20 years of experience in the financial services industry. As a senior manager at Deloitte he provided assurance and advisory services within the funds management and investment banking sectors. Subsequently he has held a broad range of financial control and reporting positions within the property, funds management and banking sectors, including senior roles with Bank of Tokyo-Mitsubishi and APN Property Group Limited. He has a strong understanding of the requirements of highly regulated industries and the reporting obligations of listed companies. He has a proven track record of designing and implementing robust internal control and reporting systems.

## 2. Directors meetings

The number of Directors' meetings and the number of meetings attended by the Directors of the Company during the year ended 30 June 2016 were:

| | Board of Directors | | Audit Committee | | Risk Management | |
|---|---|---|---|---|---|---|
| | Held | Attended | Held | Attended | Held | Attended |
| Mr David H Archbold | 12 | 11 | 2 | 2 | 1 | 1 |
| Mr Graeme A Billings | 12 | 12 | 2 | 2 | 1 | 1 |
| Mr Peter C Church* | 11 | 8 | - | - | 1 | 1 |
| Mr Grahame D Evans | 12 | 12 | - | - | 1 | 1 |
| Mr Ross A Laidlaw | 12 | 11 | 2 | 2 | 1 | 1 |
| Mr Arthur Naoumidis | 12 | 12 | - | - | 1 | 1 |

* Appointed 1 August 2015

## 3. Principal activity

During the year, the principal activities of entities within the Group were the development of a software platform to be used for the trading of fractional interests in property.

## 4. Operating results

The Group has incurred an operating loss of $6,060,558.

## 5. Distributions paid or declared

No distributions were declared or paid in the current year.

## 6. Review of operations and financial results

The Group is a participant in the financial services market in Australia.

DomaCom Limited (formerly known as DomaCom Holdings) was incorporated on 23 February 2015 as a holding company and on 27 March 2015 combined with DomaCom Australia Limited and DomaCom Singapore Private Limited to form the DomaCom Group.

DomaCom Australia Limited, a 100% owned subsidiary, is the investment manager of the DomaCom Fund (Managed Investment Scheme). The Fund is unique in that it allows investors to hold fractional interests in properties, that they themselves or their advisers on their behalf have selected. Their interests are held as separate classes of units or separate sub-funds within a managed investment scheme. The investors receive the specific returns related to that particular sub-fund holding the underlying property. This is very different to a traditional property trust, where the investment manager selects the properties on behalf of the investor and investors receive a blended return from a range of properties. In our platform the adviser and their clients determine which property or properties they wish to invest in which meets their asset allocation and risk profile.

The DomaCom Fund is primarily targeted to advisers, accountants and other intermediaries that are working with clients holding assets in Superannuation and in particular Self-managed Superannuation Funds. This area of the Australian superannuation market is one of the fastest growing areas and now has assets of $621 billion as at 30 June 2016*. The total pool of Superannuation assets is now in excess of $2.1 trillion*, making Australia one of the largest pension funds in the world.

The Group continues to make solid progress into its primary distribution channel Licensed Financial Advisory firms. The Group has now been approved by over 37 different Licensed Financial PIanning groups, which represents over 850 advisers in total, in relation to this the number of advisers we have now accredited is over 365 advisers with a further 170 advisers to be accredited. At the time of writing the DomaCom fund now holds 21 different properties, each held within their own sub-fund on behalf of investors. A further 13 book builds with active bids have been established including the Kidman Property representing the potential for further growth in Funds under Management. In addition to this there are a further 40 book builds currently with no active bids that are just in the process of being marketed.

The Group continues to work on product enhancements to our existing products and one area of note has been the work to allow applications to be completed by the adviser and/or investors online, with a digital signature. This new development has been important particularly as the company has embarked upon the public crowd funding of some high profile assets, such as the Kidman Agricultural property, the largest landholding of cattle farms in Australia representing 100,000 square kilometers and over 150,000 head of cattle. Also we are currently involved in the high profile Channel 9 Block television show and will allow the public to purchase a fractional interest in one or more of the apartments that are currently under construction.

We have also been working on new product developments and in particular our Equity Release product, that is subject to obtaining relief from the Australian Securities and Investment Committee and are also in the process of varying our Australian Financial Services Licence, so that we are able to offer a new product in the form of fractional Corporate Bonds.

*APRA June 2016 Quarterly Superannuation Performance

## 7. Significant Changes in State of Affairs

There were no other significant changes in the state of affairs of the Group during the year.

## 8. Post Balance Date Events

Subsequent to balance date and prior to the issuing of this report, the following events have occurred:

- The Group's Research and Development tax incentive claim was lodged with AusIndustry on 16 September 2016 for an amount of $1,286,823.
- The Group is currently going through the process of seeking further capital through a listing on the Australian Stock Exchange.

No other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## 9. Future Developments

The Group is expected to continue to develop its software platform and increase the level of assets under management in the DomaCom Fund (Managed Investment Scheme) for which the Group will earn management fees for its role as Investment Manager.

## 10. Environmental Issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth and State.

## 11. Indemnification and insurance of Officers or Auditor

During or since the end of the financial year, the Group has given indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

During the year, the Group has paid premiums in respect of an insurance contract to indemnify officers against liabilities that may arise from their position as officers of the Group. Officers indemnified include all directors and all executive officers participating in the management of the Group.

Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the contract.

## 12. Performance Rights

On 14 December 2015 342,484 performance rights were granted to directors with a $nil exercise price and an expiry date of 30 November 2018. The performance rights were issued under the programs described in Note 12 to the financial statements. No other options were granted or are outstanding at the date of this report.

## 13. Proceedings on Behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of their proceedings. The Group was not a party to any such proceedings during the year.

## 14. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is set out in the following report.

Signed in accordance with a resolution of the Board of Directors:

**Arthur Naoumidis**
Director
23 September 2016

**Graeme A Billings**
Director

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W www.grantthornton.com.au

## Auditor's Independence Declaration
## To the Directors of DomaCom Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of DomaCom Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Brad Taylor
Partner - Audit & Assurance

Melbourne, 23 September 2016

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**DOMACOM LIMITED**
**ABN 69 604 384 885**

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 $ | Period from 23 February 2015 to 30 June 2015 $ |
|---|---|---|---|
| Revenue | | 20,642 | 4,363 |
| Other Income | 4 | 888,192 | 135,779 |
| Interest Income | | 47,240 | 4,270 |
| | | 956,074 | 144,412 |
| **Expenses** | | | |
| Employee benefits expenses | 12 | (3,460,943) | (659,122) |
| Fund administration | | (293,601) | (95,986) |
| Rent | | (237,126) | (51,493) |
| Depreciation | | (310,899) | (6,483) |
| Insurance | | (114,437) | (15,765) |
| Advertising | | (1,057,457) | (132,273) |
| Travel expenses | | (214,467) | (40,219) |
| IT and telephone expenditure | | (114,403) | (3,601) |
| Professional fees | | (506,935) | (132,379) |
| Finance costs | | (66,673) | (37,699) |
| Director Fees | | (166,533) | (33,584) |
| Other expenses | | (473,158) | (50,069) |
| **Total Expenses** | | (7,016,632) | (1,258,673) |
| **Loss before income tax** | | (6,060,558) | (1,114,261) |
| Income tax expense | 5 | - | (8,407) |
| **Loss for the period** | | (6,060,558) | (1,122,668) |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to profit and loss* | | | |
| Exchange differences on translating foreign operations | | (320) | 1,063 |
| **Other comprehensive income for the period** | | (320) | 1,063 |
| **Total comprehensive loss for the period** | | (6,060,878) | (1,121,605) |

This statement should be read in conjunction with the notes to the financial statements.

**DOMACOM LIMITED**
**ABN 69 604 384 885**

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2016

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 6 | 1,746,197 | 720,935 |
| Receivables | 7 | 1,417,403 | 951,095 |
| Prepayments and other assets | | 92,803 | 98,371 |
| **TOTAL CURRENT ASSETS** | | 3,256,403 | 1,770,401 |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 8 | 51,456 | 14,045 |
| Intangible assets | 9 | 2,795,341 | 2,224,141 |
| **TOTAL NON-CURRENT ASSETS** | | 2,846,797 | 2,238,186 |
| **TOTAL ASSETS** | | 6,103,200 | 4,008,587 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Payables | 10 | 645,464 | 440,625 |
| Provisions | 11 | 176,315 | 103,959 |
| Borrowings | 13 | - | 800,000 |
| **TOTAL CURRENT LIABILITIES** | | 821,779 | 1,344,584 |
| **NON-CURRENT LIABILITIES** | | | |
| Provisions | 11 | 59,688 | 28,771 |
| **TOTAL NON-CURRENT LIABILITIES** | | 59,688 | 28,771 |
| **TOTAL LIABILITIES** | | 881,467 | 1,373,355 |
| **NET ASSETS** | | 5,221,733 | 2,635,232 |
| **EQUITY** | | | |
| Issued Capital | 14 | 16,791,037 | 8,838,435 |
| Reserves | 15 | 945,120 | 250,663 |
| Accumulated Losses | | (12,514,424) | (6,453,866) |
| **TOTAL EQUITY** | | 5,221,733 | 2,635,232 |

This statement should be read in conjunction with the notes to the financial statements.

**DOMACOM LIMITED**
**ABN 69 604 384 885**

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 $ | Period from 23 February 2015 to 30 June 2015 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 20,642 | 2,246 |
| Payments to suppliers and employees | | (5,670,892) | (1,185,655) |
| Research and development tax offset received | | 1,186,197 | - |
| Finance costs | | (104,372) | - |
| Net cash used in operating activities | | (4,568,425) | (1,183,409) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for plant and equipment | | (53,765) | (13,869) |
| Payments for intangible assets | | (1,548,615) | (353,938) |
| Interest Received | | 47,240 | 4,270 |
| Net cash used in investing activities | | (1,555,140) | (363,537) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from share issue | | 7,952,702 | 207,977 |
| Proceeds from short term loans | | - | 800,000 |
| Repayment of short term loans | | (800,000) | - |
| Net cash provided by financing activities | | 7,152,702 | 1,007,977 |
| Net increase in cash and cash equivalents | | 1,029,037 | (538,969) |
| Cash and cash equivalents at the beginning of period | | 720,935 | - |
| Cash and cash equivalents at date of group reorganisation | | - | 1,260,507 |
| Net foreign exchange difference | | (3,775) | (603) |
| **Cash and cash equivalents at the end of period** | 6 | 1,746,197 | 720,935 |

This statement should be read in conjunction with the notes to the financial statements.

**DOMACOM LIMITED**
**ABN 69 604 384 885**

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2016

| 2016 | Issued Capital $ | Reserves $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|
| **Opening balance at 1 July 2015** | 8,838,435 | 250,663 | (5,737,388) | 3,351,710 |
| Prior period adjustment (Note 3) | | | (716,478) | (716,478) |
| **Adjusted opening balance at 1 July 2015** | 8,838,435 | 250,663 | (6,453,866) | 2,635,232 |
| Issue of share capital | 7,952,602 | - | - | 7,952,602 |
| Share based payments | - | 694,777 | - | 694,777 |
| | 16,791,037 | 945,440 | (6,453,866) | 11,282,611 |
| **Transactions with owners recorded directly in equity:** | | | | |
| Loss for the period to 30 June 2016 | - | - | (6,060,558) | (6,060,558) |
| Other comprehensive income | - | (320) | - | (320) |
| **Balance at 30 June 2016** | 16,791,037 | 945,120 | (12,514,424) | 5,221,733 |

| Period from 23 February 2015 to 30 June 2015 | Issued Capital $ | Reserves $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|
| **Opening Balance** | - | - | - | - |
| Business Combination | 8,622,050 | - | - | 8,622,050 |
| Transfer of reserves on business combination | - | 249,600 | (5,331,198) | (5,081,598) |
| Issue of share capital | 216,385 | - | - | 216,385 |
| | 8,838,435 | 249,600 | (5,331,198) | 3,756,837 |
| **Transactions with owners recorded directly in equity:** | | | | |
| Loss for the period to 30 June 2015 | - | - | (1,122,668) | (1,122,668) |
| Other comprehensive income | - | 1,063 | - | 1,063 |
| **Balance at 30 June 2015** | 8,838,435 | 250,663 | (6,453,866) | 2,635,232 |

This statement should be read in conjunction with the notes to the financial statements.

## NOTE 1: GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

The financial report includes the financial statements and notes of DomaCom Limited (the "Company") and its Controlled Entities (the "Group"). DomaCom Limited (formerly known as DomaCom Holdings) was incorporated on 23 February 2015 as a holding company and on 27 March 2015 combined with DomaCom Australia Limited and DomaCom Singapore Private Limited to form the Group.

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). DomaCom Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 30 June 2016 were approved and authorised for issue by the Board of Directors on 23rd September 2016.

## NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT BEEN ADOPTED EARLY BY THE GROUP

The following standards and interpretations have been recently issued or amended but are not yet effective, and have not been early adopted by the Group for the year ended 30 June 2016.

AASB 9 Financial Instruments (December 2014)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a) Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
- the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

**NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT BEEN ADOPTED EARLY BY THE GROUP (CONTINUED)**

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:
• classification and measurement of financial liabilities; and
• derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 1057 Application of Australian Accounting Standards

In May 2015, the AASB decided to revise Australian Accounting Standards that incorporate IFRSs to minimise Australian-specific wording even further. The AASB noted that IFRSs do not contain application paragraphs that identify the entities and financial reports to which the Standards (and Interpretations) apply. As a result, the AASB decided to move the application paragraphs previously contained in each Australian Accounting Standard (or Interpretation), unchanged, into a new Standard AASB 1057 Application of Australian Accounting Standards.

When this standard is adopted for the year ending 30 June 2017, there will be no impact on the financial statements.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: AASB 15

- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

**NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT BEEN ADOPTED EARLY BY THE GROUP (CONTINUED)**

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and some lease-related Interpretations. AASB 16

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to AASB 116 prohibit the use of a revenue based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:

1) The intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or

2) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

## NOTE 3: SUMMARY OF ACCOUNTING POLICIES

### (a) Period of account

The period of account is for the 12 month period ended 30 June 2016. DomaCom Limited was incorporated on 23 February 2015 as a holding company and on 27 March 2015 combined with DomaCom Australia Limited and DomaCom Singapore Private Limited to form the Group. As such the comparative period of account is for 23 February 2015 to 30 June 2015, including the results of the consolidated subsidiaries from 27 March 2015 to 30 June 2015.

### (b) Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

### (c) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2016. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group Companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of Subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Parent and the non-controlling interests based on their respective ownership interests.

### (d) Business Combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

**NOTE 3: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(e) Foreign currency translation**

**Functional and presentation currency**
The consolidated financial statements are presented in Australian Dollars ($AUD), which is also the functional currency of the Parent Company.

**Foreign currency transactions and balances**
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**Foreign operations**
In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the $AUD are translated into $AUD upon consolidation. The functional currency of the Entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into $AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into $AUD at the closing rate. Income and expenses have been translated into $AUD at the average rate over the reporting period. Exchange differences are charged / credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

**(f) Revenue**

Revenue arises from the investment management services provided to the DomaCom Fund and recognised on an accruals basis. Interest income and expense are reported on an accruals basis.

The DomaCom Group may be entitled to claim a refundable tax credit for eligible research and development expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The DomaCom Group accounts for a claim as an offset against eligible capitalised R&D expenditure. To the extent the claim relates to costs that were expensed as they did not meet the capitalisation criteria under AASB 138 Intangible Assets, this amount is recognised as Other Income.

**(g) Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

**NOTE 3: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(h) Intangible assets**

***Recognition of other intangible assets***

**Acquired intangible assets**

Acquired computer software is capitalised on the basis of the costs incurred to acquire and install the specific software.

**Internally developed intangibles**

Expenditure on the research phase of projects to develop the software platform is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the asset
- the software will generate probable future economic benefits

Development costs not meeting these criteria for capitalisation are expensed as incurred.

***Subsequent measurement***

All intangible assets, including the internally developed software platform, are accounted for using the cost model whereby capitalised costs are amortised on a systematic basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. Any capitalised internally developed asset that is not yet complete is not amortised but is subject to impairment testing. The following useful lives are applied:

- Software: 5 years
- Software platform costs: 10 years

The DomaCom Group may be entitled to claim a refundable tax credit for eligible research and development expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The DomaCom Group accounts for a claim as an offset against eligible capitalised R&D expenditure to the extent the claim relates to capitalised expenditure.

Subsequent expenditures on the maintenance of computer software and the software platform will be expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

**NOTE 3: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(i) Property, plant and equipment**

Plant and equipment is initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Plant and equipment is subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of plant and equipment. The following useful lives are applied:

- Furniture & fittings: 5 years
- Plant & office equipment: 5 years
- Computer equipment: 3 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

**(j) Leased assets**

***Operating leases***

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

**(k) Impairment testing of intangible assets and property, plant and equipment**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

**NOTE 3: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(l) Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.
A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in Companies, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified company.

***Classification and subsequent measurement of financial liabilities***

The Group’s financial liabilities include trade and other payables, and related party loans

***Financial Liabilities***

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

**(m) Income taxes**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

**NOTE 3: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(m) Income taxes (continued)**

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

**(n) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**(o) Equity, reserves and dividend payments**

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings includes all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

**(p) Employee benefits**

***Short-term employee benefits***

Short-term employee benefits, including annual leave entitlement, are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

***Share-based payments***

Share-based compensation benefits are provided to employees via the Group or Shareholders for no cash consideration.

The fair value of shares granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the shares.

**NOTE 3: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(q) Provisions, contingent liabilities and contingent assets**

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

**(r) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

**(s) Going Concern**

As a developing business the Group has experienced a loss of $6,060,558. The Group has net working capital of $2,434,624.

The continuing viability of the Group and its ability to continue as a going concern is dependent upon the Group being successful in its continuing efforts in accessing additional sources of capital.

In particular significant matters considered by the Directors in determining that it is appropriate for the financial report to be prepared on a going concern basis include:

- The Group's Research and Development tax incentive claim was lodged with AusIndustry on 16 September 2016 for an amount of $1,286,823.
- The Group is currently going through the process of seeking further capital through a listing on the Australian Stock Exchange.

If these matters are not achieved, there may be significant uncertainty as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report. The Directors believe that the Group will be able to access sufficient sources of funds and, accordingly, have prepared the financial report on a going concern basis.

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

**NOTE 3: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(t) Significant management judgement in applying accounting policies and estimation uncertainty**

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

**Significant management judgments**

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

**Capitalisation of internally developed software platform**

Distinguishing the research and development phases of the internally developed software platform and determining whether the recognition requirements for the capitalisation of development costs are met requires judgment. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

**Useful economic life of internally developed software platform**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of software. During the year management determined that the internally developed Fractional Property software should be depreciated and the useful economic life was assessed as 10 years.

**Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions. No deferred tax assets were recognized due to uncertainty of recoverability.

## NOTE 4: CHANGE IN ACCOUNTING POLICY

| Statement of financial position (extract) | 2015 Previous amount $ | 2015 Restated amount $ |
|---|---|---|
| Intangible asset | 3,996,819 | 2,224,141 |
| Deferred tax asset | 125,585 | - |
| Deferred tax liability | (1,181,786) | - |
| Accumulated losses | (5,737,388) | (6,453,866) |
| **Statement of profit and loss and other comprehensive income (extract)** | | |
| Other Income | - | 135,779 |
| Income tax benefit/(expense) | (189,390) | (8,407) |

The DomaCom Group has made a change to its accounting policy in respect to R&D claims. Under the previous accounting policy any claims submitted to AusIndustry and the ATO would be recognised in full as a tax credit in the period for which the claim was made. Under the revised accounting policy, the claim is offset against eligible capitalised R&D expenditure. To the extent the claim relates to costs that were expensed as they did not meet the capitalisation criteria under AASB 138 Intangible Assets, this amount is recognised as Other Income. The purpose of the change in accounting policy is to match the treatment of the claims with the underlying expenditure. The revised treatment is consistent with best practice and provides a clearer representation of the linked transactions. The change in accounting policy requires the restatement of prior year financial statements as summarised above.

With the change in accounting policy resulting in a deferred tax liability no longer being recognised, an adjustment has also been made to remove the deferred tax asset of $125,585 at 30 June 2015 from the Statement of Financial Position as it is not considered appropriate to recognise this asset in the absence of a corresponding deferred tax liability due to uncertainty of recoverability.

## NOTE 5: INCOME TAX EXPENSE

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **Prima facie tax on loss before income tax** | | (6,060,558) | (1,114,261) |
| Prima facie tax on loss before income tax at 30% | | 1,818,167 | 334,278 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | | |
| Non-deductible research and development expenses | | 455,257 | 40,734 |
| Non-assessable research & development income | | 266,458 | - |
| Other non-deductible expenses | | (211,669) | (520) |
| Research and development tax grant received | | (1,047,385) | (191,423) |
| Effect of different tax rate of subsidiaries operating in other jurisdiction (17%) | | (38,837) | (10,254) |
| Unused tax losses not recognised as DTAs | | (1,244,425) | (262,153) |
| Tax offset not recognised for deferred tax | | 2,434 | 80,931 |
| Income tax expense | | - | (8,407) |
| **Components of tax expense** | | | |
| Temporary differences | | - | (8,407) |
| | | - | (8,407) |

The amounts disclosed in the table below have not been recognised due to uncertainty over future taxable profits in the consolidated tax group.

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **Deferred tax assets not recognised at the reporting date:** | | | |
| Unused tax losses | | 2,717,260 | 1,472,835 |
| Equity raising and company restructure costs | | 204,917 | 33,896 |
| Accruals & Provisions | | 97,729 | 91,689 |
| | | 3,019,906 | 1,598,420 |

## NOTE 6: CASH AND CASH EQUIVALENTS

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| Cash at bank | | 64,812 | 186,483 |
| Cash on deposit | | 1,681,385 | 534,452 |
| | | 1,746,197 | 720,935 |

Cash and cash equivalents carries a weighted average effective interest rate of 1.9% (2015: 1.9%).

## NOTE 7: RECEIVABLES

| | | | |
|---|---|---|---|
| CURRENT | | | |
| Amount receivable from R&D taxation rebate | | 1,286,823 | 891,942 |
| Amount receivable from related party | 17 | 29,149 | - |
| Other debtors | | 111,431 | 59,153 |
| | | 1,417,403 | 951,095 |

Receivables are non-interest bearing. There are no receivables where the fair value would be materially different from the current carrying value.

The Group reviews all receivables for impairment. Any receivables which are doubtful have been provided for. Based on past experience all receivables where no impairment has been recognised are not considered to be impaired. No other class of financial asset are past due.

## NOTE 8: PLANT AND EQUIPMENT

| | Furniture & fittings | Plant and office equipment | Computer Equipment | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Year ended 30 June 2015** | | | | |
| Opening net book amount | - | - | - | - |
| Assets acquired as part of group reorganisation | 5,326 | 2,043 | 6,107 | 13,476 |
| Additions | - | 2,616 | 1,633 | 4,249 |
| Depreciation charge | (2,980) | (318) | (382) | (3,680) |
| Closing net book value | 2,346 | 4,341 | 7,358 | 14,045 |
| **At 30 June 2015** | | | | |
| Cost | 9,677 | 4,241 | 8,852 | 22,770 |
| Accumulated depreciation | (5,419) | (1,812) | (1,494) | (8,725) |
| Net book value | 4,258 | 2,429 | 7,358 | 14,045 |
| **Year ended 30 June 2016** | | | | |
| Opening net book amount | 4,258 | 2,429 | 7,358 | 14,045 |
| Additions | - | - | 53,765 | 53,765 |
| Exchange differences | - | 19 | - | 19 |
| Depreciation charge | (1,936) | (848) | (13,589) | (16,373) |
| Closing net book value | 2,322 | 1,600 | 47,534 | 51,456 |
| **At 30 June 2016** | | | | |
| Cost | 9,677 | 4,260 | 62,616 | 76,553 |
| Accumulated depreciation | (7,355) | (2,660) | (15,082) | (25,097) |
| Net book value | 2,322 | 1,600 | 47,534 | 51,456 |

| NOTE 9: INTANGIBLE ASSET | Software platform | Computer software | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Year ended 30 June 2015** | | | |
| Opening net book amount | - | - | - |
| Assets acquired as part of group reorganisation | 1,975,850 | 26,808 | 2,002,658 |
| Amounts capitalised and additions | 190,757 | 41,320 | 232,077 |
| Less R&D offset | | | |
| Amortisation | - | (2,803) | (2,803) |
| Closing net book value | 2,166,607 | 57,534 | 2,224,141 |
| **At 30 June 2015** | | | |
| Cost | 2,166,607 | 71,320 | 2,237,927 |
| Accumulated depreciation | | (13,786) | (13,786) |
| Net book value | 2,166,607 | 57,534 | 2,224,141 |
| **Year ended 30 June 2016** | | | |
| Opening net book amount | 2,166,607 | 57,534 | 2,224,141 |
| Amounts capitalised and additions | 834,637 | 31,092 | 865,729 |
| Amortisation | (270,712) | (23,817) | (294,529) |
| Closing net book value | 2,730,532 | 64,809 | 2,795,341 |
| **At 30 June 2016** | | | |
| Cost | 3,001,244 | 102,412 | 3,103,656 |
| Accumulated depreciation | (270,712) | (37,603) | (308,315) |
| Net book value | 2,730,532 | 64,809 | 2,795,341 |

***Amortisation methods and useful lives***

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Software platform costs 10 years
- Computer software 5 years

See Note 3(t) for management's judgement applied in determining the useful life of intangible assets.

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **NOTE 10: PAYABLES** | | | |
| CURRENT | | | |
| Trade creditors | | 561,625 | 333,216 |
| Sundry creditors and other accruals | | 83,839 | 107,409 |
| | | 645,464 | 440,625 |

Payables are non-interest bearing.

There are no payables where the fair value would be materially different from the current carrying value.

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **NOTE 11: PROVISIONS** | | | |
| CURRENT: | | | |
| Employee entitlements | | 176,315 | 103,959 |
| NON-CURRENT | | | |
| Employee entitlements | | 59,688 | 28,771 |

**NOTE 12: EMPLOYEE REMUNERATION**

| | $ | $ |
|---|---|---|
| Wages, salaries | 2,310,545 | 547,838 |
| Pensions - defined contribution plans | 203,883 | 32,825 |
| Share based payments | 694,778 | - |
| Other employment benefits | 251,737 | 78,459 |
| | 3,460,943 | 659,122 |

The Director Long Term Incentive Plan and Employee Long Term Incentive Plan (LTIP) was established as a retention strategy and an incentive for staff and directors to continue to work hard for the DomaCom Group. Through obtaining equity, staff are motivated to strive to make the DomaCom Group successful as they will ultimately share in the success.

All Directors (excluding the CEO) and employees who were employed on 14th of December 2015 have been granted performance rights. Mr Naoumidis, who is the key founder of DomaCom and as at the Prospectus Date is its largest shareholder did not participate in the LTIP.

The Performance Rights granted to the non-executive Directors and employees (other than CFO/COO Ross Laidlaw) in December 2015 will vest if the Company lists on the ASX. Vesting gives the holder of a Performance Right the right to convert some or all of their Performance Rights into ordinary shares. Each Performance Right entitles its owner to one ordinary share in the Company on conversion. The performance rights expire on 30 November 2018 and may be exercised at any time after the Company is listed up to that date.

The performance rights under the employee and non-executive director and executive director programs have an exercise price of $nil.

The Performance Rights granted to the Company's Chief Operating Officer, Executive Director Ross Laidlaw, will vest following achievement of each of the following milestones:

- the Company is admitted to the official list of ASX;
- FUM in the DomaCom Fund has reached $100 million; and
- the price at which ordinary shares in the Company have traded has reached $1.00.

**NOTE 12: EMPLOYEE REMUNERATION (CONTINUED)**

Performance rights were granted as follows for the reporting periods presented:

| | Employee & non-executive director program Number of rights | Executive director program Number of rights |
|---|---|---|
| Outstanding at 1 July 2015 | - | - |
| Granted | 1,871,593 | 213,929 |
| Outstanding at 30 June 2016 | 1,871,593 | 213,929 |

The fair value of performance rights granted under the executive director program was determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The fair value of performance rights granted under the employee and non-executive director program was based on the estimated share price at grant date. The following principal assumptions were used in the valuations:

| | Employee & non-executive director program | Executive director program |
|---|---|---|
| Grant date | 14 December 2015 | 14 December 2015 |
| Vesting period ends | Up to 30 November 2018 | Up to 30 November 2018 |
| Share price at date of grant (estimate as unlisted) | $0.50 | $0.50 |
| Volatility | - | 46%-60% |
| Performance right life | Up to 3 years | Up to 3 years |
| Dividend yield | - | - |
| Risk free investment rate | - | 1.91-2.06% |
| Fair value at grant date | $0.50 | $0.08 |
| Exercise price at grant date | $0.00 | $0.00 |
| Exercisable from | Variable | Variable |
| Exercisable to | Up to 30 November 2018 | Up to 30 November 2018 |

In total, $694,778 (2015: $nil) of employee remuneration expense (all of which related to equity-settled share-based payment transactions) has been included in profit or loss and credited to equity compensation reserve.

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **NOTE 13: INTEREST BEARING LIABILITIES** | | | |
| CURRENT: | | | |
| Short term loans | | - | 800,000 |

The short term loan is interest bearing at 10% per quarter.

| | | | |
|---|---|---|---|
| **NOTE 14: ISSUED CAPITAL** | | | |
| Ordinary shares fully paid | (a) | 16,791,037 | 50 |
| K shares fully paid | (b) | - | 8,838,385 |
| | | 16,791,037 | 8,838,435 |

**(a) Ordinary shares**

| | No. | $ |
|---|---|---|
| **2016** | | |
| Opening balance | 25,000,000 | 50 |
| Ordinary shares converted from K-class during the period | 66,605,641 | 12,560,052 |
| Ordinary shares fully paid issued during the period | 9,190,000 | 4,595,000 |
| Share issue cost | - | (364,065) |
| Closing balance as at 30 June 2016 | 100,795,641 | 16,791,037 |
| **2015** | | |
| Opening balance | - | - |
| Ordinary shares fully paid issued during the period | 25,000,000 | 50 |
| Closing balance as at 30 June 2016 | 25,000,000 | 50 |

**(b) K shares**

| | | |
|---|---|---|
| **2016** | | |
| Opening balance | 58,667,862 | 8,838,385 |
| K shares fully paid issued during the period | 7,937,779 | 3,721,667 |
| K-class shares converted to Ordinary shares during the period | (66,605,641) | (12,560,052) |
| Closing balance as at 30 June 2016 | - | - |
| **2015** | | |
| K shares fully paid issued during the period | 58,667,862 | 8,858,001 |
| Share issue cost | - | (19,616) |
| Closing balance as at 30 June 2016 | 58,667,862 | 8,838,385 |

In preparation for an ASX listing a resolution was passed in a Special General Meeting on 18 November 2015 to approve the conversion of the K class preference shares to ordinary shares. On 2 December 2015 each K class

## NOTE 14: ISSUED CAPITAL (CONTINUED)

preference share was converted into an ordinary share. The existing rights attaching to the ordinary shares remained unchanged as a result of this transaction.

The amount of franking credits available for subsequent reporting periods are:

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Deferred debit balance of franking account at the beginning of the reporting period | 2,457,964 | - |
| Deferred debt balance at date of Group reorganisation | - | 1,566,022 |
| Deferred debit that will arise from the receipt of the R&D tax offset for the current year | 1,286,823 | 891,942 |
| Balance of franking account adjusted for deferred debits arising from past R&D offsets received and expected R&D tax offset to be received for the current year | 3,744,787 | 2,457,964 |

The Group has the capital management objective of ensuring the Group's ability to continue as a going concern.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares.

## NOTE 15: RESERVES

| | | |
|---|---|---|
| Share based payment reserve | 249,600 | 249,600 |
| Equity Compensation Reserve | 694,777 | - |
| Foreign Currency Translation Reserve | 743 | 1,063 |
| | 945,120 | 250,663 |

| **2016** | Share based payment reserve | Equity Compensation Reserve | Foreign Currency Translation Reserve |
|---|---|---|---|
| Opening balance | 249,600 | - | 1,063 |
| Recognition of performance rights issued during the period | - | 694,777 | - |
| Translation of foreign operation net assets and results | - | - | (320) |
| Closing balance | 249,600 | 694,777 | 743 |

## NOTE 15: RESERVES (CONTINUED)

| 2015 | Share based payment reserve | Equity Compensation Reserve | Foreign Currency Translation Reserve |
|---|---|---|---|
| Opening balance | - | - | - |
| Transfer from business combination | 249,600 | - | - |
| Translation of foreign operation net assets and results | - | - | 1,063 |
| Closing balance | 249,600 | - | 1,063 |

Share based payment reserve is used to recognise the grant date fair value of shares issued to employees by the Group or Shareholders. The equity compensation reserve represents amounts expensed over the vesting period for performance rights issues to staff and directors. Exchange differences relating to the translation of results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised in other comprehensive income and accumulated in the foreign currency reserve.

## NOTE 16: AUDITOR REMUNERATION

| | 2016 $ | 2015 $ |
|---|---|---|
| **Audit and review of financial statements** | | |
| Auditors of DomaCom Limited - Grant Thornton Australia | 44,035 | 39,264 |
| Overseas Grant Thornton network firms | 7,947 | - |
| Remuneration from audit and review of financial statements | 51,982 | 39,264 |
| **Other Services** | | |
| Auditors of DomaCom Limited - Grant Thornton Australia | | |
| - taxation compliance | 70,802 | 80,360 |
| - due diligence services | 30,720 | - |
| Total other service remuneration | 101,522 | 80,360 |
| Total auditor's remuneration | 153,504 | 119,624 |

## NOTE 17: RELATED PARTY TRANSACTIONS

| | | |
|---|---|---|
| **Key management personnel compensation** | | |
| Wages, salaries | 575,342 | 143,836 |
| Pensions - defined contribution plans | 54,658 | 13,664 |
| Share based payments | 17,114 | - |
| | 647,114 | 157,500 |

The term of the share based payments in the form of performance rights are set out in Note 11. Key management personnel are employees of DomaCom Australia Limited, a controlled entity of the Company

## NOTE 17: RELATED PARTY TRANSACTIONS (CONTINUED)

### Transactions between the Group and its related parties

During the financial year ended 30 June 2016, the following transactions occurred between the Group and its other related parties:

DomaCom Australia Limited, a controlled entity of the Company, received management fees for managing the DomaCom Fund. Management fees received during the financial year were $20,642 (2015: $4,363).

DomaCom Australia Limited held cash in the DomaCom Fund. Interest earned during the financial year was $32,785 (2015: $3,567). At 30 June 2016, cash held in the DomaCom Fund amounted to $1,681,385 (2015: $534,452).

DomaCom Australia had an unsecured receivable balance with the DomaCom Fund of $29,149 (2015: $nil) representing upfront sub-fund set-up costs to be subsequently reimbursed by the DomaCom Fund.

## NOTE 18: CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the period.

| NOTE 19: COMMITMENTS | Note | $ | $ |
|---|---|---|---|
| Operating lease commitments: | | | |
| No later than 12 months | | 221,496 | 204,736 |
| Between 12 months and 5 years | | 16,901 | 16,158 |
| Greater than 5 years | | - | - |
| Minimum lease payments | | 238,397 | 220,894 |

Operating leases entered into by the Group relate to its office rental obligations (Melbourne, Sydney, Adelaide and Singapore offices).

## NOTE 20: INTERESTS IN SUBSIDIARIES

| Name of Subsidiary | Country of incorporation and principal place of business | Principal activity | Proportion of ownership interests held by the Group |
|---|---|---|---|
| DomaCom Australia Limited | Australia | Provision of Investment Management Services and development of platform to fractionalize assets | 100% |
| DomaCom Singapore Private Limited | Singapore | Sales and marketing of fractionalized asset product | 100% |
| DomaCom Platform Services Pty Ltd | Australia | Development of platform to fractionalize assets | 100% |

The Parent Entity is to enter into a deed of cross guarantee with DomaCom Singapore that has net liabilities of SGD$ 230,673 at the period end.

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **NOTE 21: FINANCIAL INSTRUMENTS** | | | |
| **Categories of financial instruments** | | | |
| **Financial Assets** | | | |
| Cash and cash equivalents | 6 | 1,746,197 | 720,935 |
| Trade and other receivables # | 7 | 1,417,403 | 951,095 |
| | | 3,163,600 | 1,672,030 |
| **Financial Liabilities** | | | |
| Current borrowings # | 13 | - | 800,000 |
| Trade and other payables # | 10 | 561,625 | 333,216 |
| | | 561,625 | 1,133,216 |

# Carried at amortised cost and repayable within 6 months

**Risk management objectives and policies**

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised above. The main types of risks are liquidity risk, credit risk and market risk.

The Company's risk management is coordinated through the Chief Compliance and Risk Officer, in close cooperation with the Board of Directors (the "Board") and the Financial Controller.

**Liquidity risk analysis**

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day business. Net cash requirements are compared to available cash in order to maintain a cash surplus. Funding for long-term liquidity needs sourced through additional capital raising.

The Group's financial liabilities have contractual maturities (including interest payments where applicable) of less than 6 months.

**Credit Risk Analysis**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised in Note 7.

The Group continuously monitors defaults of customers and other counterparties, identified either by individual or group and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

## NOTE 21: FINANCIAL INSTRUMENTS (CONTINUED)

### Credit Risk Analysis (continued)

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

### Market risk analysis

The Group is exposed to market risk through currency and interest rate risk.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those translated into $AUD at the closing rate:

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **Foreign Currency Sensitivity** | | | |
| **SGD** | | | |
| Financial assets | | 11,837 | 64,276 |
| Financial liabilities | | - | - |
| Total Exposure | | 11,837 | 64,276 |

The following table illustrates the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities and the $SGD/$AUD exchange rate 'all other things being equal'. It includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a change in foreign currency rates. It assumes a +/- 10% change of the $SGD/$AUD exchange rate for the year ended at 30 June 2016 (2015: 10%).

If the $SGD had strengthened against the $AUD by 10% (2015: 10%) this would have had the following impact through an increase in the Foreign Currency Translation Reserve:

| | 2016 $ | 2015 $ |
|---|---|---|
| Equity | 1,187 | 6,867 |

For a 10% weakening of $SGD against $AUD there would be a comparable reduction in the Foreign Currency Translation Reserve.

## NOTE 21: FINANCIAL INSTRUMENTS (CONTINUED)

### Interest Rate Sensitivity

The Company's policy is to minimise interest rate risk exposures. Interest income is earned on deposits held. The rate is reviewed on a regular basis to ensure it remains in line with the expected rate of return. Interest expense incurred on any short term borrowings is assessed to ensure it is in line with market expectations. The Company's policy is not to enter into any long term borrowing.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2015: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

| | Loss for the period $ +1% | Loss for the period $ -1% |
|---|---|---|
| 30 June 2016 | (22,897) | 22,897 |
| 30 June 2015 | (1,177) | 1,177 |

## NOTE 22: PARENT ENTITY INFORMATION

| | | |
|---|---|---|
| Current Assets | 1,277,270 | 65,000 |
| Total Assets | 17,364,191 | 9,879,628 |
| Current Liabilities | - | 800,000 |
| Total Liabilities | - | 800,000 |
| Net Assets | 17,364,191 | 9,079,628 |
| | | |
| Issued Capital | 16,791,037 | 8,838,435 |
| Reserves | 944,377 | 249,600 |
| Retained earnings | (371,223) | (8,407) |
| Total Equity | 17,364,191 | 9,079,628 |

## NOTE 23: SUBSEQUENT EVENTS

Subsequent to balance date and prior to the issuing of this report, the following events have occurred:

- The Group's Research and Development tax incentive claim was lodged with AusIndustry on 16 September 2016 for an amount of $1,286,823.
- The Group is currently going through the process of seeking further capital through a listing on the Australian Stock Exchange.

There have been no other events subsequent to period end that require disclosure.

## NOTE 24: COMPANY DETAILS

The registered office and the principal place of business of the Company is:
Level 6
99 Queen Street
Melbourne, VIC 3000

**DOMACOM LIMITED**
**ABN 69 604 384 885**

## DIRECTORS' DECLARATION

In the opinion of the directors of DomaCom Limited

a the consolidated financial statements and notes of DomaCom Limited are in accordance with the *Corporations Act 2001*, including:

i giving a true and fair view of its financial position as at 30 June 2016 and of its performance for the financial period ended on that date; and

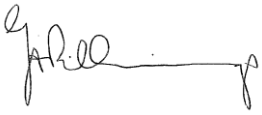
ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

b there are reasonable grounds to believe that DomaCom Limited will be able to pay its debts as and when they become due and payable, and

c DomaCom Limited has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

**Arthur Naoumidis**
Director



**Graeme A Billings**
Director

Dated the 23rd of September 2016

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

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E info.vic@au.gt.com
W www.grantthornton.com.au

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOMACOM LIMITED

We have audited the accompanying financial report of DomaCom Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

## Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, the financial statements comply with International Financial Reporting Standards.

## Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

Grant Thornton Audit Pty Ltd ACN 130 913 594
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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### Auditor's Opinion

In our opinion:

a the financial report of DomaCom Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3(s) of the financial report which indicates uncertainties regarding the going concern assumption. The conditions outlined in Note 3(s) indicate the need to obtain additional capital to continue as a going concern. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Brad Taylor
Partner - Audit & Assurance

Melbourne, 23 September 2016

**SellerCo Limited**

**ACN 612 713 452**

**Fourth Supplementary Prospectus**

This supplementary prospectus is issued under section 719 of the *Corporations Act* 2001 (**Corporations Act**) (**Fourth Supplementary Prospectus**) and was lodged by SellerCo Limited ACN 612 713 452 (**Company**) with the Australian Securities and Investments Commission (**ASIC**). This Fourth Supplementary Prospectus supplements:

(a) the replacement prospectus dated 8 July 2016 (**Replacement Prospectus**);

(b) the first supplementary prospectus dated 2 August 2016;

(c) the second supplementary prospectus dated 12 August 2016; and

(d) the third supplementary prospectus dated 23 September 2016 (collectively, **Prospectuses**).

This Fourth Supplementary Prospectus must be read together with the Prospectuses.

This Fourth Supplementary Prospectus is dated 7 October 2016 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Fourth Supplementary Prospectus.

Words and expressions defined in the Replacement Prospectus have the same meaning in this Fourth Supplementary Prospectus.

## Reasons for this Fourth Supplementary Prospectus

The purpose of this Fourth Supplementary Prospectus is to:

- inform investors of the completion of the independent expert's report and the status of the ASX listing application;
- revise the tables for the Use of Funds raised under the Offer in the Replacement Prospectus;
- release the audited financial accounts of the Company for the year ended 30 June 2016;
- revise pro-forma statements of financial accounts disclosed in the Replacement Prospectus based on the audited financial accounts for the last financial year; and
- provide an update on the Company's business activities.

## Working Capital Requirement and Status of the Listing Application with ASX

In the Third Supplementary Prospectus, the Company informed investors of the refinement of its key business objective. The Company's business objective is to achieve a sustainable business model and breakeven level of FUM within 3 years - the Company has assessed the required level of FUM to achieve this business objective as being $275 million.

Also as disclosed in the Third Supplementary Prospectus, the Company appointed an independent expert to prepare an independent expert's report (**IER**). The IER has been completed and provided to ASX. The IER will be released to the market as a pre-quotation disclosure on the ASX Market Announcement Platform prior to the listing of the Company. The Company is in discussions with ASX to progress the listing application further.

The Directors remain of the view that the Company will have sufficient working capital to achieve its stated business objective upon completion of the listing and is, therefore, in compliance with ASX Listing Rule 1.3.3.

## Audited Financial Accounts of the Company for the year ended 30 June 2016

Given that the 2016 financial year ended on 30 June 2016, the Company has prepared its audited financial accounts for the year ended 30 June 2016 which are included as Annexure A to this Fourth Supplementary Prospectus.

A reviewed pro forma statement of financial accounts with the final capital raising results will be provided to ASX prior to the Company's admission to the Official List and disclosed as part of pre-quotation disclosure on the ASX Market Announcement Platform.

## Update on Use of Funds raised under the Offer in the Replacement Prospectus

The minimum subscription amount under the Offer has increased from $5 million to $6 million. Accordingly, the Use of Funds tables in the Investment and Business Overview Section (page 18) and Section 11.2 (page 73) of the Replacement Prospectus have been replaced with the following table.

**Capital raising ($'million)**

| Cash proceeds from the issue of new shares | **6.0** | | **10.0** | | **15.7** | | **23.7** | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| **Uses of Funds** | | | | | | | | |
| Payments for the cost of the offer | (1.4) | 23% | (1.6) | 16% | (1.6) | 10% | (2.0) | 8% |
| Sell down by Existing Shareholders | | | | | (5.7) | 36% | (5.7) | 24% |
| Sales & Marketing (excluding staff costs) | (1.2) | 20% | (3.2) | 32% | (3.2) | 20% | (3.2) | 14% |
| Product Development (excluding staff costs) | (0.5) | 8% | (0.5) | 5% | (0.5) | 3% | (0.5) | 2% |
| Exploration of global opportunities | | | (0.5) | 5% | (0.5) | 3% | (0.5) | 2% |
| Platform Development | (2.1) | 36% | (2.8) | 28% | (2.8) | 18% | (2.8) | 12% |
| To provide further working capital for the business | (0.8) | 13% | (1.4) | 14% | (1.4) | 10% | (9.0) | 38% |
| Total use of funds | **(6.0)** | | **(10.0)** | | **(15.7)** | | **(23.7)** | |

## Update on pro forma statements of financial accounts disclosed in the Replacement Prospectus

As a result of more recent financial information being available, certain information in Section 8 of the Replacement Prospectus is replaced as follows.

*Section 8.3 Financial Analysis based on the audited/reviewed accounts*

*Table 3 Historical consolidated income statement*

| | 2014 $ (i)(iv) | 2015 $ (ii)(iv) | 2016 $ (iii) |
|---|---|---|---|
| **Revenue** | - | 8,826 | 20,642 |
| **Other Income** [(v)] | 240,997 | 421,774 | 888,192 |
| **Business expenses** | (1,903,407) | (4,366,860) | (6,949,959) |
| **EBIT** [(vi)] | (1,662,410) | (3,936,260) | (6,041,125) |
| **Net Interest expense** | (23,631) | (83,285) | (19,433) |
| **Net Loss Before Tax** | (1,686,041) | (4,019,545) | (6,060,558) |
| **Income tax benefit / (expense)** | (147,738) | (44,132) | - |
| **Net Loss After Tax** | (1,833,779) | (4,063,677) | (6,060,558) |

(i) includes the results of DomaCom Australia Limited for the 12 months ended 30 June 2014

(ii) includes the consolidated results of DomaCom Australia Limited, DomaCom Limited, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited for the 12 months ended 30 June 2015

(iii) includes the historical consolidated results of DomaCom Australia Limited, DomaCom Limited, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited for 12 months ended 30 June 2016

(iv) includes restated balances as a result of a revision to the accounting policy for R&D grants

(v) Other Income – represents amounts received from the ATO for R&D claims for expenses that have not been capitalised

(vi) EBIT – represents earnings before interest and tax

*Section 8.7 Pro forma historical consolidated statement of financial position*

*Table 7 Pro forma historical consolidated statement of financial position* (on page 45 of the Replacement Prospectus)

| | 2014 | 2015 | 2016 | Pro forma 30/06/2016 Minimum Subscription | Pro forma 30/06/2016 Current Subscription | Pro forma 30/06/2016 Maximum Subscription |
|---|---|---|---|---|---|---|
| | $ (i) | $ (i) | $ (i) | $ (ii) | $ (ii) | $ (ii) |
| **CURRENT ASSETS** | | | | | | |
| Cash and cash equivalents | 347,661 | 720,935 | 1,746,197 | 6,773,378 | 8,049,128 | 18,113,378 |
| Receivables | 968,896 | 951,095 | 1,417,403 | 1,417,403 | 1,417,403 | 1,417,403 |
| Prepayments and other assets | 35,341 | 98,371 | 92,803 | 92,803 | 92,803 | 92,803 |
| **TOTAL CURRENT ASSETS** | 1,351,898 | 1,770,401 | 3,256,403 | 8,283,584 | 9,559,334 | 19,623,584 |
| **NON-CURRENT ASSETS** | | | | | | |
| Property, plant and equipment | 8,742 | 14,045 | 51,456 | 51,456 | 51,456 | 51,456 |
| Intangible assets | 1,636,398 | 2,224,141 | 2,795,341 | 2,795,341 | 2,795,341 | 2,795,341 |
| **TOTAL NON-CURRENT ASSETS** | 1,645,140 | 2,238,186 | 2,846,797 | 2,846,797 | 2,846,797 | 2,846,797 |
| **TOTAL ASSETS** | 2,997,038 | 4,008,587 | 6,103,200 | 11,130,381 | 12,406,131 | 22,470,381 |
| **CURRENT LIABILITIES** | | | | | | |
| Payables | 326,771 | 440,625 | 645,464 | 645,464 | 645,464 | 645,464 |
| Provisions | 94,665 | 103,959 | 176,315 | 176,315 | 176,315 | 176,315 |
| Interest bearing liabilities | 826,666 | 800,000 | - | - | - | - |
| **TOTAL CURRENT LIABILITIES** | 1,248,102 | 1,344,584 | 821,779 | 821,779 | 821,779 | 821,779 |
| **NON-CURRENT LIABILITIES** | | | | | | |
| Provisions | 4,475 | 28,771 | 59,688 | 59,688 | 59,688 | 59,688 |
| **TOTAL NON-CURRENT** | 4,475 | 28,771 | 59,688 | 59,688 | 59,688 | 59,688 |
| **TOTAL LIABILITIES** | 1,252,577 | 1,373,355 | 881,467 | 881,467 | 881,467 | 881,467 |
| **NET ASSETS** | 1,744,461 | 2,635,232 | 5,221,733 | 10,248,914 | 11,524,664 | 21,588,914 |
| **EQUITY** | | | | | | |
| Issued capital | 3,885,050 | 8,838,435 | 16,791,037 | 22,136,428 | 23,407,132 | 33,436,676 |
| Reserves | 249,600 | 250,663 | 945,120 | 1,189,467 | 1,189,467 | 1,189,467 |
| Accumulated losses | (2,390,189) | (6,453,866) | (12,514,424) | (13,076,981) | (13,071,935) | (13,037,229) |
| **TOTAL EQUITY** | 1,744,461 | 2,635,232 | 5,221,733 | 10,248,914 | 11,524,664 | 21,588,914 |

(i) includes the historical statement of financial position.

(ii) includes historical consolidated statement of financial position at 30 June 2016 after the pro forma adjustments set out below based on a minimum subscription of $6,000,000, current subscription of $7,350,000 as of 23 September 2016 and a maximum subscription of $23,707,475.

*8.8 Pro forma consolidated historical statement of cash flows*

*Table 8 Pro forma historical consolidated statement of cash flows* (on page 46 of the Replacement Prospectus)

| | 2014 $ (i) | 2015 $ (ii) | 2016 $ (iii) |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | 68 | 6,709 | 20,642 |
| Payments to suppliers and employees | (2,134,971) | (4,358,281) | (5,670,892) |
| Research and development tax offset received | 602,626 | 963,396 | 1,186,197 |
| Finance costs | (1,008) | (100,402) | (104,372) |
| Net cash used in operating activities | (1,533,285) | (3,488,578) | (4,568,425) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for plant and equipment | (19,925) | (10,063) | (53,765) |
| Payments for intangible assets | (1,605,331) | (1,066,213) | (1,548,615) |
| Interest received | 3,975 | 28,149 | 47,240 |
| Net cash used in investing activities | (1,621,281) | (1,048,127) | (1,555,140) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Net proceeds from share issue | 2,585,000 | 4,909,252 | 7,952,702 |
| Proceeds from short term loans | 800,000 | 1,000,000 | - |
| Repayment of short term loans | - | (1,000,000) | (800,000) |
| Net cash provided by financing activities | 3,385,000 | 4,909,252 | 7,152,702 |
| Net increase in cash and cash equivalents | 230,434 | 372,547 | 1,029,037 |
| Cash and cash equivalents at the beginning of year | 117,227 | 347,661 | 720,935 |
| Net foreign exchange difference | - | 727 | (3,775) |
| **Cash and cash equivalents at the end of year** | 347,661 | 720,935 | 1,746,197 |

(i) includes the cash flows of DomaCom Australia Limited for the 12 months ended 30 June 2014

(ii) includes the consolidated cash flows of DomaCom Australia Limited, DomaCom Limited and DomaCom Singapore Private Limited for the 12 months ended 30 June 2015.

(iii) includes the historical cash flows of DomaCom Australia Limited, DomaCom Limited, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited for 12 months ended 30 June 2016.

*8.9 Comments on consolidated statement of financial position*

The pro forma historical consolidated statement of financial position includes:

- the restated statement of financial position of DomaCom Australia Limited at 30 June 2014;
- the restated consolidated statement of financial position of DomaCom Limited, DomaCom Australia Limited, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 30 June 2015;
- the historical consolidated statement of financial position of DomaCom Limited, DomaCom Australia Limited, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 30 June 2016; and

- the pro forma consolidated statement of financial position of DomaCom Limited, DomaCom Australia Limited, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 30 June 2016 showing the impact of a minimum subscription of $6,000,000, the current subscription of $7,350,000 as of 23 September 2016 and a maximum subscription of $23,707,475 under the Offer.

The key items included in the pro forma historical consolidated statement of financial position at 30 June 2016 are:

- Cash reflecting the balance of funds to be raised from the IPO;
- Intangible assets comprising capitalised development costs ($2,730,532) and computer software ($64,809). The capitalised development costs relating to the Fractional Property Investment Platform were amortised by $270,712 for the 12 months ended 30 June 2016 in accordance with the accounting policy. The useful economic life has been determined to be 10 years based on the requirements set out in *AASB 138 Intangible Assets*, including consideration of expected period of use, technical, technological and commercial obsolescence and changes in market demand for services supported by the assets;
- Payables relating mainly to payments due to suppliers for services incurred in the ordinary course of business and recurring payroll and superannuation payables; and
- Reserves consisting of the Equity Compensation Reserve ($939,124) set up as a result of the issue of Performance Rights, a separate Share Based Payments reserve ($249,600) and a Foreign Currency Translation Reserve ($743).

*8.10 Pro forma adjustments*

The following the transactions and events arising from the IPO which are to take place on or before the completion of the Offer, are referred to as pro forma adjustments and are presented as if they occurred on or before the 30 June 2016. IPO costs incurred at 30 June 2016 are included within historical costs and therefore are not included as pro forma adjustments.

*8.10.1 Description of Pro forma adjustments*

A minimum subscription of $6,000,000, a current subscription of $7,350,000 as of 23 September 2016 and a maximum subscription of $23,707,475 ($18,000,000 after $5,707,475 of funds raised are applied to a sell down by existing shareholders) have been included as 30 June 2016 pro forma adjustments.

- For the minimum subscription pro forma capital raising costs of $654,609 have been charged to Equity and $318,210 to Profit & Loss. For the current subscription pro forma capital raising costs of $733,905 have been charged to Equity and $313,164 to Profit & Loss. For the maximum subscription pro forma capital raising costs of $1,354,361 have been charged to Equity and $278,458 to Profit & Loss. These represent an estimate of the remaining costs required to undertake the capital raising and listing. The allocation of costs between Equity and Profit and Loss is based on the purpose of the expenditure. Costs directly attributable to issuing new Shares are deducted from Equity. Costs that relate to the ASX listing, or are otherwise not directly attributable to issuing new shares, are recorded in Profit & Loss.

- Performance Rights issued to employees and Directors with an IPO vesting condition have been expensed in full representing a pro forma adjustment of $244,347.

*8.10.2 Impact of pro forma adjustments on Cash and Cash Equivalents*

*Table 9 Impact of pro forma adjustments on Cash and Cash Equivalents*

| | Minimum Subscription of $6,000,000 $ | Current subscription of $7,350,000 $ | Maximum Subscription of $23,707,475 $ |
|---|---|---|---|
| **Cash and cash equivalents held at 30 June 2016** | **1,746,197** | **1,746,197** | **1,746,197** |
| Share Issue | 6,000,000 | 7,350,000 | 18,000,000 |
| Share Issue Costs | (972,819) | (1,047,069) | (1,632,819) |
| **Sub total pro forma adjustment** | **5,027,181** | **6,302,931** | **16,367,181** |
| **Pro forma cash and cash equivalents held as per the pro forma historical consolidated statement of financial position** | **6,773,378** | **8,049,128** | **18,113,378** |

The minimum subscription will result in a net increase to cash and cash equivalent of $5,027,181 being the net of cash raised of $6,000,000 and costs incurred in respect to the capital raise of $972,819.

The current subscription will result in a net increase to cash and cash equivalent of $6,302,931 being the net of cash raised of $7,350,000 as of 23 September 2016 and costs incurred in respect to the capital raise of $1,047,069.

The maximum subscription will result in a net increase to cash and cash equivalent of $16,367,181 being the net of cash raised of $18,000,000 and costs incurred in respect to the capital raise of $1,632,819.

*8.10.3 Impact of pro forma adjustments on Issued Capital*

*Table 10 Impact of pro forma adjustments on Issued Capital*

| | Minimum Subscription of $6,000,000 $ | Current subscription of $7,350,000 $ | Maximum Subscription of $23,707,475 $ |
|---|---|---|---|
| **Shares on issue at 30 June 2016** | **16,791,037** | **16,791,037** | **16,791,037** |
| Share Issue | 6,000,000 | 7,350,000 | 18,000,000 |
| Share Issue Costs | (654,609) | (733,905) | (1,354,361) |
| **Sub total pro forma adjustment** | **5,345,391** | **6,616,095** | **16,645,639** |
| **Pro forma shares on issue as per the pro forma historical consolidated statement of financial position** | **22,136,428** | **23,407,132** | **33,436,676** |

The minimum subscription will increase issued capital by $6,000,000. Costs directly attributable to the capital raising of $654,609 are charged to equity. The impact of the pro forma adjustments on issued capital under the minimum subscription is an increase of $5,345,391.

The current subscription will increase issued capital by $7,350,000 based on the current subscription of $7,350,000 as at 23 September 2016. Costs directly attributable to the capital raising of $733,905 are charged to equity. The impact of the pro forma adjustments on issued capital under the minimum subscription is an increase of $6,616,095.

The maximum subscription will increase issued capital by $18,000,000 as $5,707,475 of the $23,707,475 maximum subscription will be the transfer of existing shares currently held by Existing Shareholders to Applicants. Costs directly attributable to the capital raising of $1,354,361 are charged to equity. The impact of the pro forma adjustments on issued capital under the minimum subscription is an increase of $16,645,639.

*8.10.4 Impact of pro forma adjustments on Reserves*

*Table 11 Impact of pro forma adjustments on Reserves*

| | Minimum Subscription of $6,000,000 $ | Current subscription of $7,350,000 $ | Maximum Subscription of $23,707,475 $ |
|---|---|---|---|
| **Reserves at 30 June 2016** | **945,120** | **945,120** | **945,120** |
| Performance Rights vesting | 244,347 | 244,347 | 244,347 |
| **Sub total pro forma adjustment** | **244,347** | **244,347** | **244,347** |
| **Reserves per the pro forma historical consolidated statement of financial position** | **1,189,467** | **1,189,467** | **1,189,467** |

Performance Rights issued to staff and Directors with an IPO vesting condition have been allocated to Reserves representing a pro forma adjustment of $244,347.

*8.10.5 Impact of pro forma adjustments on Accumulated Losses*

*Table 12 Impact of pro forma adjustments on Accumulated Losses*

| | Minimum Subscription of $6,000,000 $ | Current subscription of $7,350,000 $ | Maximum Subscription of $23,707,475 $ |
|---|---|---|---|
| **Accumulated Losses at 30 June 2016** | **(12,514,424)** | **(12,514,424)** | **(12,514,424)** |
| Performance Rights vesting | (244,347) | (244,347) | (244,347) |
| Share Issue Costs charged to profit and loss | (318,210) | (313,164) | (278,458) |
| **Sub total pro forma adjustment** | **(562,557)** | **(557,511)** | **(522,805)** |
| **Pro forma accumulated losses as per the pro forma historical consolidated statement of financial position** | **(13,076,981)** | **(13,071,935)** | **(13,037,229)** |

Performance Rights issued to staff and Directors that vest on the ASX listing of the Company have been expensed in full representing a pro forma adjustment of $244,347. Costs that relate to the

ASX listing, or are otherwise not directly attributable to issuing new Shares, are recorded in Profit & Loss. The impact on Accumulated Losses will depend on the amount raised under the Offer:

- the impact on Accumulated Losses under the minimum subscription is an increase of $318,210. Accumulated losses have increased by $562,557 under the minimum subscription.
- the impact on Accumulated Losses under the minimum subscription is an increase of $313,164. Accumulated losses have increased by $557,511 under the minimum subscription.
- The impact on Accumulated Losses under the maximum subscription is an increase of $278,458. Accumulated losses have increased by $522,805 under the maximum subscription.

## Updates on DomaCom Business

Since the Replacement Prospectus was lodged with ASIC on 8 July 2016, a number of significant business activities have taken place and the following is a summary of these activities.

- 24 Book Builds have now been established and completed - 50% increase since 31st March 2016 (24 Sub-Funds each holding a single property asset). As at the date of this Fourth Supplementary Prospectus, the total FUM of the DomaCom Fund is $15.7 million.
- 59 Book Builds with a target FUM of $58 - 60 million are now in progress:
  - 11 new Book Builds are in progress with active bids in place and a total target FUM if completed of $27 million;
  - further 43 new Book Builds have been created with marketing to commence with a target FUM if completed of $21 million; and
  - 5 new Book Builds have commenced to crowd-fund the purchase of the 5 apartments on The Block with an estimated FUM if completed of $10 - 12 million.
- An application has been lodged with ASIC to vary DomaCom Australia's AFSL to accommodate the platform to offer the DomaCom Corporate Bonds under the AFSL.
- The Company has won the 2016 Innovator Award in the CoreData SMSF Service Provider Awards 2016 - http://www.smsmagazine.com.au/articles/recognition-for-best-smsf-services.
- DomaCom is finalising arrangements to have the DomaCom Fund made available on one of the largest SMSF channels in Australia. Further details are expected to be announced shortly.

## Consent and authorisation

In accordance with section 720 of the Corporations Act, each Director of the Company has given, and has not withdrawn, their consent to the lodgement of this Supplementary Prospectus with ASIC.

Grant Thornton Audit Pty Ltd ACN 130 913 594 has consented to being named as the Auditor of the DomaCom Group.

Signed for and on behalf of the Company

Philip Chard
Company Secretary

## Annexure A Audited Financial Accounts for the Financial Year ended 30 June 2016

# DomaCom Limited

Annual Report for the
year ended 30 June 2016

ABN 69 604 384 885

**DOMACOM LIMITED**
**ABN 69 604 384 885**

# DIRECTORS' REPORT
# 30 JUNE 2016

Your directors present their report on DomaCom Limited (the "Company") and its Controlled Entities (the "Group") for the year ended 30 June 2016.

## 1. Directors

The names of the directors in office throughout the year and to the date of this financial report are Mr David H Archbold, Mr Graeme A Billings, Mr Grahame D Evans, Mr Ross A Laidlaw and Mr Arthur Naoumidis. Mr Peter C Church was also a director at the date of this financial report after being appointed on 1 August 2015. The name of the company secretary in office at the end of financial year and to the date of this financial report is Mr Philip J R Chard. Details of qualifications, experience and special responsibilities of the Directors are as follows:

**Grahame D Evans – Chairman and Non-Executive Chairman**
Grahame has been extensively involved with the financial services industry for over 30 years.

He has held a variety of board positions including Chairman of Australian, Canadian, Singaporean & Chinese investment & advisory businesses and also as a director of Malaysian and New Zealand companies. He is a regular speaker at conferences both in Australia and overseas and holds an MBA from the prestigious Australian Graduate School of Management, voted in the top 10 management schools in the Asian region. Grahame's executive roles have included CEO Investments for Tower Australia, Managing Director, AMP Consulting and Group Managing Director of Centrepoint Wealth. He is currently an executive director of GPS Wealth.

**Arthur Naoumidis – Chief Executive Officer**
After 20 years as an IT consultant, Arthur spent 5 years at JB Were and BNP Paribas building and operating investment administration systems and businesses. Using the combined technology and investment administration background, Arthur founded the now ASX Listed Praemium (ASX:PPS). Arthur grew Praemium into a business with 500 client firms (accountants, financial planners, stockbrokers, SMSF administrators and institutions) in Australia administering over $43 Billion as well as partnering with Blackrock Australia to launch Australia's first online separately managed account (SMA) platform. As a result of listing Praemium on the ASX, Arthur took the Praemium SMA concept to the UK and successfully launched the SMA platform business of Praemium UK.

Arthur is now taking some of the advanced equity concepts he pioneered in the equity markets during his Praemium days into a market that has been relatively untouched by technology and business process improvements – the property market.

**David H Archbold – Non-Executive Director**
David has over 45 years' experience in the property industry in Australia. Prior to the establishment of International Property Group Pty Limited in 1991, David was Executive Director - International, for Colliers Jardine and Executive General Manager of Hooker Corporation. For 17 years prior he was Managing Director of Baillieu Knight Frank (SA) Pty Ltd, then Managing Director of Baillieu Knight Frank (NSW) and a Director/Partner of the Australian Company.

David has extensive experience in property consultancy throughout Australia and South East Asia with Corporate and large family owned businesses.

**Graeme A Billings – Non-Executive Director**
Graeme has been a chartered accountant since 1980. He retired from PricewaterhouseCoopers in 2011 after 34 years where he was a senior partner in the Assurance practice. Graeme is a former head of the Melbourne Assurance practice as well as leading the Firm's Australian and Global Industrial Products businesses. He has extensive experience in providing assurance, governance, transaction and consulting services to multi-national and national companies in the automotive, manufacturing, consumer goods and construction industries. Graeme was also a regular media commentator on the Industrial Products sector.

Graeme is now an advisor to various companies as well as acting as a non-executive director for a number of public and private companies in the financial services, manufacturing, retail and construction sectors.

**Peter C Church OAM – Non-Executive Director**
Peter Church OAM FAICD is a lawyer and corporate adviser who has spent much of his career in South East Asia and India where he advises a wide range of clients. He has written a number of books on the region and is an Adjunct Professor in the Business School of Curtin University. He was awarded the Medal of the Order of Australia (OAM) in 1994 by the Australian Government for the promotion of business relations between Australian and South East Asia. He is also a Fellow of the Australian Institute of Company Directors (FAICD). His current appointments include Executive Chairman of AFG Venture Group, Special Counsel to the English law firm, Stephenson Harwood, Non-Executive Director of OM Holdings Limited (ASX), Elara Capital PLC and the Singapore international Chamber of Commerce Limited.

**Ross A Laidlaw – Executive Director**
Ross has spent over 25 years in Financial Services, and has deep and expansive experience within markets in Australasia, Europe and America.

His strength lies in the development of start-up or green field developments and driving them into fully fledged and profitable businesses. Ross was CEO of the successful Skandia Platform for over 7 years, developing it into a leading Platform that was well supported by independent financial advisers.

Prior to being transferred to Skandia's European business the business had grown organically to over $5 billion in assets under management and employed over 200 staff. Ross has held a number of directorships including the Australian businesses, Skandia's joint venture in Mainland China, Skandia's Fund Management Company in Ireland and American Skandia's Broker Dealer group.

Ross is qualified Chartered Accountant, and Fellow of the Financial Services Institute of Australasia and his key role at DomaCom is as Chief Operating Officer and Chief Financial Officer.

**Philip JR Chard – Financial Controller, Company Secretary**
Philip has over 20 years of experience in the financial services industry. As a senior manager at Deloitte he provided assurance and advisory services within the funds management and investment banking sectors. Subsequently he has held a broad range of financial control and reporting positions within the property, funds management and banking sectors, including senior roles with Bank of Tokyo-Mitsubishi and APN Property Group Limited. He has a strong understanding of the requirements of highly regulated industries and the reporting obligations of listed companies. He has a proven track record of designing and implementing robust internal control and reporting systems.

## 2. Directors meetings

The number of Directors' meetings and the number of meetings attended by the Directors of the Company during the year ended 30 June 2016 were:

| | Board of Directors | | Audit Committee | | Risk Management | |
|---|---|---|---|---|---|---|
| | Held | Attended | Held | Attended | Held | Attended |
| Mr David H Archbold | 12 | 11 | 2 | 2 | 1 | 1 |
| Mr Graeme A Billings | 12 | 12 | 2 | 2 | 1 | 1 |
| Mr Peter C Church* | 11 | 8 | - | - | 1 | 1 |
| Mr Grahame D Evans | 12 | 12 | - | - | 1 | 1 |
| Mr Ross A Laidlaw | 12 | 11 | 2 | 2 | 1 | 1 |
| Mr Arthur Naoumidis | 12 | 12 | - | - | 1 | 1 |

* Appointed 1 August 2015

## 3. Principal activity

During the year, the principal activities of entities within the Group were the development of a software platform to be used for the trading of fractional interests in property.

## 4. Operating results

The Group has incurred an operating loss of $6,060,558.

## 5. Distributions paid or declared

No distributions were declared or paid in the current year.

## 6. Review of operations and financial results

The Group is a participant in the financial services market in Australia.

DomaCom Limited (formerly known as DomaCom Holdings) was incorporated on 23 February 2015 as a holding company and on 27 March 2015 combined with DomaCom Australia Limited and DomaCom Singapore Private Limited to form the DomaCom Group.

DomaCom Australia Limited, a 100% owned subsidiary, is the investment manager of the DomaCom Fund (Managed Investment Scheme). The Fund is unique in that it allows investors to hold fractional interests in properties, that they themselves or their advisers on their behalf have selected. Their interests are held as separate classes of units or separate sub-funds within a managed investment scheme. The investors receive the specific returns related to that particular sub-fund holding the underlying property. This is very different to a traditional property trust, where the investment manager selects the properties on behalf of the investor and investors receive a blended return from a range of properties. In our platform the adviser and their clients determine which property or properties they wish to invest in which meets their asset allocation and risk profile.

The DomaCom Fund is primarily targeted to advisers, accountants and other intermediaries that are working with clients holding assets in Superannuation and in particular Self-managed Superannuation Funds. This area of the Australian superannuation market is one of the fastest growing areas and now has assets of $621 billion as at 30 June 2016*. The total pool of Superannuation assets is now in excess of $2.1 trillion*, making Australia one of the largest pension funds in the world.

The Group continues to make solid progress into its primary distribution channel Licensed Financial Advisory firms. The Group has now been approved by over 37 different Licensed Financial PIanning groups, which represents over 850 advisers in total, in relation to this the number of advisers we have now accredited is over 365 advisers with a further 170 advisers to be accredited. At the time of writing the DomaCom fund now holds 21 different properties, each held within their own sub-fund on behalf of investors. A further 13 book builds with active bids have been established including the Kidman Property representing the potential for further growth in Funds under Management. In addition to this there are a further 40 book builds currently with no active bids that are just in the process of being marketed.

The Group continues to work on product enhancements to our existing products and one area of note has been the work to allow applications to be completed by the adviser and/or investors online, with a digital signature. This new development has been important particularly as the company has embarked upon the public crowd funding of some high profile assets, such as the Kidman Agricultural property, the largest landholding of cattle farms in Australia representing 100,000 square kilometers and over 150,000 head of cattle. Also we are currently involved in the high profile Channel 9 Block television show and will allow the public to purchase a fractional interest in one or more of the apartments that are currently under construction.

We have also been working on new product developments and in particular our Equity Release product, that is subject to obtaining relief from the Australian Securities and Investment Committee and are also in the process of varying our Australian Financial Services Licence, so that we are able to offer a new product in the form of fractional Corporate Bonds.

*APRA June 2016 Quarterly Superannuation Performance

## 7. Significant Changes in State of Affairs

There were no other significant changes in the state of affairs of the Group during the year.

## 8. Post Balance Date Events

Subsequent to balance date and prior to the issuing of this report, the following events have occurred:

- The Group's Research and Development tax incentive claim was lodged with AusIndustry on 16 September 2016 for an amount of $1,286,823.
- The Group is currently going through the process of seeking further capital through a listing on the Australian Stock Exchange.

No other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## 9. Future Developments

The Group is expected to continue to develop its software platform and increase the level of assets under management in the DomaCom Fund (Managed Investment Scheme) for which the Group will earn management fees for its role as Investment Manager.

## 10. Environmental Issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth and State.

## 11. Indemnification and insurance of Officers or Auditor

During or since the end of the financial year, the Group has given indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

During the year, the Group has paid premiums in respect of an insurance contract to indemnify officers against liabilities that may arise from their position as officers of the Group. Officers indemnified include all directors and all executive officers participating in the management of the Group.

Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the contract.

## 12. Performance Rights

On 14 December 2015 342,484 performance rights were granted to directors with a $nil exercise price and an expiry date of 30 November 2018. The performance rights were issued under the programs described in Note 12 to the financial statements. No other options were granted or are outstanding at the date of this report.

## 13. Proceedings on Behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of their proceedings. The Group was not a party to any such proceedings during the year.

## 14. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is set out in the following report.

Signed in accordance with a resolution of the Board of Directors:

**Arthur Naoumidis**
Director
23 September 2016

**Graeme A Billings**
Director

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W www.grantthornton.com.au

## Auditor's Independence Declaration
## To the Directors of DomaCom Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of DomaCom Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Brad Taylor
Partner - Audit & Assurance

Melbourne, 23 September 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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**DOMACOM LIMITED**
**ABN 69 604 384 885**

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 $ | Period from 23 February 2015 to 30 June 2015 $ |
|---|---|---|---|
| Revenue | | 20,642 | 4,363 |
| Other Income | 4 | 888,192 | 135,779 |
| Interest Income | | 47,240 | 4,270 |
| | | 956,074 | 144,412 |
| **Expenses** | | | |
| Employee benefits expenses | 12 | (3,460,943) | (659,122) |
| Fund administration | | (293,601) | (95,986) |
| Rent | | (237,126) | (51,493) |
| Depreciation | | (310,899) | (6,483) |
| Insurance | | (114,437) | (15,765) |
| Advertising | | (1,057,457) | (132,273) |
| Travel expenses | | (214,467) | (40,219) |
| IT and telephone expenditure | | (114,403) | (3,601) |
| Professional fees | | (506,935) | (132,379) |
| Finance costs | | (66,673) | (37,699) |
| Director Fees | | (166,533) | (33,584) |
| Other expenses | | (473,158) | (50,069) |
| **Total Expenses** | | (7,016,632) | (1,258,673) |
| **Loss before income tax** | | (6,060,558) | (1,114,261) |
| Income tax expense | 5 | - | (8,407) |
| **Loss for the period** | | (6,060,558) | (1,122,668) |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to profit and loss* | | | |
| Exchange differences on translating foreign operations | | (320) | 1,063 |
| **Other comprehensive income for the period** | | (320) | 1,063 |
| **Total comprehensive loss for the period** | | (6,060,878) | (1,121,605) |

This statement should be read in conjunction with the notes to the financial statements.

**DOMACOM LIMITED**
**ABN 69 604 384 885**

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2016

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 6 | 1,746,197 | 720,935 |
| Receivables | 7 | 1,417,403 | 951,095 |
| Prepayments and other assets | | 92,803 | 98,371 |
| **TOTAL CURRENT ASSETS** | | 3,256,403 | 1,770,401 |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 8 | 51,456 | 14,045 |
| Intangible assets | 9 | 2,795,341 | 2,224,141 |
| **TOTAL NON-CURRENT ASSETS** | | 2,846,797 | 2,238,186 |
| **TOTAL ASSETS** | | 6,103,200 | 4,008,587 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Payables | 10 | 645,464 | 440,625 |
| Provisions | 11 | 176,315 | 103,959 |
| Borrowings | 13 | - | 800,000 |
| **TOTAL CURRENT LIABILITIES** | | 821,779 | 1,344,584 |
| **NON-CURRENT LIABILITIES** | | | |
| Provisions | 11 | 59,688 | 28,771 |
| **TOTAL NON-CURRENT LIABILITIES** | | 59,688 | 28,771 |
| **TOTAL LIABILITIES** | | 881,467 | 1,373,355 |
| **NET ASSETS** | | 5,221,733 | 2,635,232 |
| **EQUITY** | | | |
| Issued Capital | 14 | 16,791,037 | 8,838,435 |
| Reserves | 15 | 945,120 | 250,663 |
| Accumulated Losses | | (12,514,424) | (6,453,866) |
| **TOTAL EQUITY** | | 5,221,733 | 2,635,232 |

This statement should be read in conjunction with the notes to the financial statements.

**DOMACOM LIMITED**
**ABN 69 604 384 885**

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 $ | Period from 23 February 2015 to 30 June 2015 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 20,642 | 2,246 |
| Payments to suppliers and employees | | (5,670,892) | (1,185,655) |
| Research and development tax offset received | | 1,186,197 | - |
| Finance costs | | (104,372) | - |
| Net cash used in operating activities | | (4,568,425) | (1,183,409) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for plant and equipment | | (53,765) | (13,869) |
| Payments for intangible assets | | (1,548,615) | (353,938) |
| Interest Received | | 47,240 | 4,270 |
| Net cash used in investing activities | | (1,555,140) | (363,537) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from share issue | | 7,952,702 | 207,977 |
| Proceeds from short term loans | | - | 800,000 |
| Repayment of short term loans | | (800,000) | - |
| Net cash provided by financing activities | | 7,152,702 | 1,007,977 |
| Net increase in cash and cash equivalents | | 1,029,037 | (538,969) |
| Cash and cash equivalents at the beginning of period | | 720,935 | - |
| Cash and cash equivalents at date of group reorganisation | | - | 1,260,507 |
| Net foreign exchange difference | | (3,775) | (603) |
| **Cash and cash equivalents at the end of period** | 6 | 1,746,197 | 720,935 |

This statement should be read in conjunction with the notes to the financial statements.

**DOMACOM LIMITED**
**ABN 69 604 384 885**

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2016

| 2016 | Issued Capital $ | Reserves $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|
| **Opening balance at 1 July 2015** | 8,838,435 | 250,663 | (5,737,388) | 3,351,710 |
| Prior period adjustment (Note 3) | | | (716,478) | (716,478) |
| **Adjusted opening balance at 1 July 2015** | 8,838,435 | 250,663 | (6,453,866) | 2,635,232 |
| Issue of share capital | 7,952,602 | - | - | 7,952,602 |
| Share based payments | - | 694,777 | - | 694,777 |
| | 16,791,037 | 945,440 | (6,453,866) | 11,282,611 |
| **Transactions with owners recorded directly in equity:** | | | | |
| Loss for the period to 30 June 2016 | - | - | (6,060,558) | (6,060,558) |
| Other comprehensive income | - | (320) | - | (320) |
| **Balance at 30 June 2016** | 16,791,037 | 945,120 | (12,514,424) | 5,221,733 |

| Period from 23 February 2015 to 30 June 2015 | Issued Capital $ | Reserves $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|
| **Opening Balance** | - | - | - | - |
| Business Combination | 8,622,050 | - | - | 8,622,050 |
| Transfer of reserves on business combination | - | 249,600 | (5,331,198) | (5,081,598) |
| Issue of share capital | 216,385 | - | - | 216,385 |
| | 8,838,435 | 249,600 | (5,331,198) | 3,756,837 |
| **Transactions with owners recorded directly in equity:** | | | | |
| Loss for the period to 30 June 2015 | - | - | (1,122,668) | (1,122,668) |
| Other comprehensive income | - | 1,063 | - | 1,063 |
| **Balance at 30 June 2015** | 8,838,435 | 250,663 | (6,453,866) | 2,635,232 |

This statement should be read in conjunction with the notes to the financial statements.

## NOTE 1: GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

The financial report includes the financial statements and notes of DomaCom Limited (the "Company") and its Controlled Entities (the "Group"). DomaCom Limited (formerly known as DomaCom Holdings) was incorporated on 23 February 2015 as a holding company and on 27 March 2015 combined with DomaCom Australia Limited and DomaCom Singapore Private Limited to form the Group.

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). DomaCom Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 30 June 2016 were approved and authorised for issue by the Board of Directors on 23rd September 2016.

## NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT BEEN ADOPTED EARLY BY THE GROUP

The following standards and interpretations have been recently issued or amended but are not yet effective, and have not been early adopted by the Group for the year ended 30 June 2016.

AASB 9 Financial Instruments (December 2014)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a) Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
- the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

**NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT BEEN ADOPTED EARLY BY THE GROUP (CONTINUED)**

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:
• classification and measurement of financial liabilities; and
• derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 1057 Application of Australian Accounting Standards

In May 2015, the AASB decided to revise Australian Accounting Standards that incorporate IFRSs to minimise Australian-specific wording even further. The AASB noted that IFRSs do not contain application paragraphs that identify the entities and financial reports to which the Standards (and Interpretations) apply. As a result, the AASB decided to move the application paragraphs previously contained in each Australian Accounting Standard (or Interpretation), unchanged, into a new Standard AASB 1057 Application of Australian Accounting Standards.

When this standard is adopted for the year ending 30 June 2017, there will be no impact on the financial statements.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: AASB 15

- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

**NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT BEEN ADOPTED EARLY BY THE GROUP (CONTINUED)**

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and some lease-related Interpretations. AASB 16

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to AASB 116 prohibit the use of a revenue based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:

1) The intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or

2) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

## NOTE 3: SUMMARY OF ACCOUNTING POLICIES

### (a) Period of account

The period of account is for the 12 month period ended 30 June 2016. DomaCom Limited was incorporated on 23 February 2015 as a holding company and on 27 March 2015 combined with DomaCom Australia Limited and DomaCom Singapore Private Limited to form the Group. As such the comparative period of account is for 23 February 2015 to 30 June 2015, including the results of the consolidated subsidiaries from 27 March 2015 to 30 June 2015.

### (b) Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

### (c) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2016. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group Companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of Subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Parent and the non-controlling interests based on their respective ownership interests.

### (d) Business Combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

**NOTE 3: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(e) Foreign currency translation**

**Functional and presentation currency**
The consolidated financial statements are presented in Australian Dollars ($AUD), which is also the functional currency of the Parent Company.

**Foreign currency transactions and balances**
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**Foreign operations**
In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the $AUD are translated into $AUD upon consolidation. The functional currency of the Entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into $AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into $AUD at the closing rate. Income and expenses have been translated into $AUD at the average rate over the reporting period. Exchange differences are charged / credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

**(f) Revenue**

Revenue arises from the investment management services provided to the DomaCom Fund and recognised on an accruals basis. Interest income and expense are reported on an accruals basis.

The DomaCom Group may be entitled to claim a refundable tax credit for eligible research and development expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The DomaCom Group accounts for a claim as an offset against eligible capitalised R&D expenditure. To the extent the claim relates to costs that were expensed as they did not meet the capitalisation criteria under AASB 138 Intangible Assets, this amount is recognised as Other Income.

**(g) Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

**NOTE 3: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(h) Intangible assets**

***Recognition of other intangible assets***

**Acquired intangible assets**

Acquired computer software is capitalised on the basis of the costs incurred to acquire and install the specific software.

**Internally developed intangibles**

Expenditure on the research phase of projects to develop the software platform is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the asset
- the software will generate probable future economic benefits

Development costs not meeting these criteria for capitalisation are expensed as incurred.

***Subsequent measurement***

All intangible assets, including the internally developed software platform, are accounted for using the cost model whereby capitalised costs are amortised on a systematic basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. Any capitalised internally developed asset that is not yet complete is not amortised but is subject to impairment testing. The following useful lives are applied:

- Software: 5 years
- Software platform costs: 10 years

The DomaCom Group may be entitled to claim a refundable tax credit for eligible research and development expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The DomaCom Group accounts for a claim as an offset against eligible capitalised R&D expenditure to the extent the claim relates to capitalised expenditure.

Subsequent expenditures on the maintenance of computer software and the software platform will be expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

**NOTE 3: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(i) Property, plant and equipment**

Plant and equipment is initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Plant and equipment is subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of plant and equipment. The following useful lives are applied:

- Furniture & fittings: 5 years
- Plant & office equipment: 5 years
- Computer equipment: 3 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

**(j) Leased assets**

***Operating leases***

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

**(k) Impairment testing of intangible assets and property, plant and equipment**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

**NOTE 3: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(l) Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.
A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in Companies, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified company.

***Classification and subsequent measurement of financial liabilities***

The Group’s financial liabilities include trade and other payables, and related party loans

***Financial Liabilities***

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

**(m) Income taxes**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

**NOTE 3: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(m) Income taxes (continued)**

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

**(n) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**(o) Equity, reserves and dividend payments**

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings includes all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

**(p) Employee benefits**

***Short-term employee benefits***

Short-term employee benefits, including annual leave entitlement, are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

***Share-based payments***

Share-based compensation benefits are provided to employees via the Group or Shareholders for no cash consideration.

The fair value of shares granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the shares.

**NOTE 3: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(q) Provisions, contingent liabilities and contingent assets**

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

**(r) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

**(s) Going Concern**

As a developing business the Group has experienced a loss of $6,060,558. The Group has net working capital of $2,434,624.

The continuing viability of the Group and its ability to continue as a going concern is dependent upon the Group being successful in its continuing efforts in accessing additional sources of capital.

In particular significant matters considered by the Directors in determining that it is appropriate for the financial report to be prepared on a going concern basis include:

- The Group's Research and Development tax incentive claim was lodged with AusIndustry on 16 September 2016 for an amount of $1,286,823.
- The Group is currently going through the process of seeking further capital through a listing on the Australian Stock Exchange.

If these matters are not achieved, there may be significant uncertainty as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report. The Directors believe that the Group will be able to access sufficient sources of funds and, accordingly, have prepared the financial report on a going concern basis.

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

**NOTE 3: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**(t) Significant management judgement in applying accounting policies and estimation uncertainty**

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

**Significant management judgments**

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

**Capitalisation of internally developed software platform**

Distinguishing the research and development phases of the internally developed software platform and determining whether the recognition requirements for the capitalisation of development costs are met requires judgment. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

**Useful economic life of internally developed software platform**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of software. During the year management determined that the internally developed Fractional Property software should be depreciated and the useful economic life was assessed as 10 years.

**Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions. No deferred tax assets were recognized due to uncertainty of recoverability.

## NOTE 4: CHANGE IN ACCOUNTING POLICY

| Statement of financial position (extract) | 2015 Previous amount $ | 2015 Restated amount $ |
|---|---|---|
| Intangible asset | 3,996,819 | 2,224,141 |
| Deferred tax asset | 125,585 | - |
| Deferred tax liability | (1,181,786) | - |
| Accumulated losses | (5,737,388) | (6,453,866) |
| **Statement of profit and loss and other comprehensive income (extract)** | | |
| Other Income | - | 135,779 |
| Income tax benefit/(expense) | (189,390) | (8,407) |

The DomaCom Group has made a change to its accounting policy in respect to R&D claims. Under the previous accounting policy any claims submitted to AusIndustry and the ATO would be recognised in full as a tax credit in the period for which the claim was made. Under the revised accounting policy, the claim is offset against eligible capitalised R&D expenditure. To the extent the claim relates to costs that were expensed as they did not meet the capitalisation criteria under AASB 138 Intangible Assets, this amount is recognised as Other Income. The purpose of the change in accounting policy is to match the treatment of the claims with the underlying expenditure. The revised treatment is consistent with best practice and provides a clearer representation of the linked transactions. The change in accounting policy requires the restatement of prior year financial statements as summarised above.

With the change in accounting policy resulting in a deferred tax liability no longer being recognised, an adjustment has also been made to remove the deferred tax asset of $125,585 at 30 June 2015 from the Statement of Financial Position as it is not considered appropriate to recognise this asset in the absence of a corresponding deferred tax liability due to uncertainty of recoverability.

## NOTE 5: INCOME TAX EXPENSE

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **Prima facie tax on loss before income tax** | | (6,060,558) | (1,114,261) |
| Prima facie tax on loss before income tax at 30% | | 1,818,167 | 334,278 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | | |
| Non-deductible research and development expenses | | 455,257 | 40,734 |
| Non-assessable research & development income | | 266,458 | - |
| Other non-deductible expenses | | (211,669) | (520) |
| Research and development tax grant received | | (1,047,385) | (191,423) |
| Effect of different tax rate of subsidiaries operating in other jurisdiction (17%) | | (38,837) | (10,254) |
| Unused tax losses not recognised as DTAs | | (1,244,425) | (262,153) |
| Tax offset not recognised for deferred tax | | 2,434 | 80,931 |
| Income tax expense | | - | (8,407) |
| **Components of tax expense** | | | |
| Temporary differences | | - | (8,407) |
| | | - | (8,407) |

The amounts disclosed in the table below have not been recognised due to uncertainty over future taxable profits in the consolidated tax group.

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **Deferred tax assets not recognised at the reporting date:** | | | |
| Unused tax losses | | 2,717,260 | 1,472,835 |
| Equity raising and company restructure costs | | 204,917 | 33,896 |
| Accruals & Provisions | | 97,729 | 91,689 |
| | | 3,019,906 | 1,598,420 |

## NOTE 6: CASH AND CASH EQUIVALENTS

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| Cash at bank | | 64,812 | 186,483 |
| Cash on deposit | | 1,681,385 | 534,452 |
| | | 1,746,197 | 720,935 |

Cash and cash equivalents carries a weighted average effective interest rate of 1.9% (2015: 1.9%).

## NOTE 7: RECEIVABLES

| | | | |
|---|---|---|---|
| CURRENT | | | |
| Amount receivable from R&D taxation rebate | | 1,286,823 | 891,942 |
| Amount receivable from related party | 17 | 29,149 | - |
| Other debtors | | 111,431 | 59,153 |
| | | 1,417,403 | 951,095 |

Receivables are non-interest bearing. There are no receivables where the fair value would be materially different from the current carrying value.

The Group reviews all receivables for impairment. Any receivables which are doubtful have been provided for. Based on past experience all receivables where no impairment has been recognised are not considered to be impaired. No other class of financial asset are past due.

## NOTE 8: PLANT AND EQUIPMENT

| | Furniture & fittings | Plant and office equipment | Computer Equipment | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Year ended 30 June 2015** | | | | |
| Opening net book amount | - | - | - | - |
| Assets acquired as part of group reorganisation | 5,326 | 2,043 | 6,107 | 13,476 |
| Additions | - | 2,616 | 1,633 | 4,249 |
| Depreciation charge | (2,980) | (318) | (382) | (3,680) |
| Closing net book value | 2,346 | 4,341 | 7,358 | 14,045 |
| **At 30 June 2015** | | | | |
| Cost | 9,677 | 4,241 | 8,852 | 22,770 |
| Accumulated depreciation | (5,419) | (1,812) | (1,494) | (8,725) |
| Net book value | 4,258 | 2,429 | 7,358 | 14,045 |
| **Year ended 30 June 2016** | | | | |
| Opening net book amount | 4,258 | 2,429 | 7,358 | 14,045 |
| Additions | - | - | 53,765 | 53,765 |
| Exchange differences | - | 19 | - | 19 |
| Depreciation charge | (1,936) | (848) | (13,589) | (16,373) |
| Closing net book value | 2,322 | 1,600 | 47,534 | 51,456 |
| **At 30 June 2016** | | | | |
| Cost | 9,677 | 4,260 | 62,616 | 76,553 |
| Accumulated depreciation | (7,355) | (2,660) | (15,082) | (25,097) |
| Net book value | 2,322 | 1,600 | 47,534 | 51,456 |

| NOTE 9: INTANGIBLE ASSET | Software platform | Computer software | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Year ended 30 June 2015** | | | |
| Opening net book amount | - | - | - |
| Assets acquired as part of group reorganisation | 1,975,850 | 26,808 | 2,002,658 |
| Amounts capitalised and additions | 190,757 | 41,320 | 232,077 |
| Less R&D offset | | | |
| Amortisation | - | (2,803) | (2,803) |
| Closing net book value | 2,166,607 | 57,534 | 2,224,141 |
| **At 30 June 2015** | | | |
| Cost | 2,166,607 | 71,320 | 2,237,927 |
| Accumulated depreciation | | (13,786) | (13,786) |
| Net book value | 2,166,607 | 57,534 | 2,224,141 |
| **Year ended 30 June 2016** | | | |
| Opening net book amount | 2,166,607 | 57,534 | 2,224,141 |
| Amounts capitalised and additions | 834,637 | 31,092 | 865,729 |
| Amortisation | (270,712) | (23,817) | (294,529) |
| Closing net book value | 2,730,532 | 64,809 | 2,795,341 |
| **At 30 June 2016** | | | |
| Cost | 3,001,244 | 102,412 | 3,103,656 |
| Accumulated depreciation | (270,712) | (37,603) | (308,315) |
| Net book value | 2,730,532 | 64,809 | 2,795,341 |

***Amortisation methods and useful lives***

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Software platform costs 10 years
- Computer software 5 years

See Note 3(t) for management's judgement applied in determining the useful life of intangible assets.

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **NOTE 10: PAYABLES** | | | |
| CURRENT | | | |
| Trade creditors | | 561,625 | 333,216 |
| Sundry creditors and other accruals | | 83,839 | 107,409 |
| | | 645,464 | 440,625 |

Payables are non-interest bearing.

There are no payables where the fair value would be materially different from the current carrying value.

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **NOTE 11: PROVISIONS** | | | |
| CURRENT: | | | |
| Employee entitlements | | 176,315 | 103,959 |
| NON-CURRENT | | | |
| Employee entitlements | | 59,688 | 28,771 |

**NOTE 12: EMPLOYEE REMUNERATION**

| | $ | $ |
|---|---|---|
| Wages, salaries | 2,310,545 | 547,838 |
| Pensions - defined contribution plans | 203,883 | 32,825 |
| Share based payments | 694,778 | - |
| Other employment benefits | 251,737 | 78,459 |
| | 3,460,943 | 659,122 |

The Director Long Term Incentive Plan and Employee Long Term Incentive Plan (LTIP) was established as a retention strategy and an incentive for staff and directors to continue to work hard for the DomaCom Group. Through obtaining equity, staff are motivated to strive to make the DomaCom Group successful as they will ultimately share in the success.

All Directors (excluding the CEO) and employees who were employed on 14th of December 2015 have been granted performance rights. Mr Naoumidis, who is the key founder of DomaCom and as at the Prospectus Date is its largest shareholder did not participate in the LTIP.

The Performance Rights granted to the non-executive Directors and employees (other than CFO/COO Ross Laidlaw) in December 2015 will vest if the Company lists on the ASX. Vesting gives the holder of a Performance Right the right to convert some or all of their Performance Rights into ordinary shares. Each Performance Right entitles its owner to one ordinary share in the Company on conversion. The performance rights expire on 30 November 2018 and may be exercised at any time after the Company is listed up to that date.

The performance rights under the employee and non-executive director and executive director programs have an exercise price of $nil.

The Performance Rights granted to the Company's Chief Operating Officer, Executive Director Ross Laidlaw, will vest following achievement of each of the following milestones:

- the Company is admitted to the official list of ASX;
- FUM in the DomaCom Fund has reached $100 million; and
- the price at which ordinary shares in the Company have traded has reached $1.00.

**NOTE 12: EMPLOYEE REMUNERATION (CONTINUED)**

Performance rights were granted as follows for the reporting periods presented:

| | Employee & non-executive director program Number of rights | Executive director program Number of rights |
|---|---|---|
| Outstanding at 1 July 2015 | - | - |
| Granted | 1,871,593 | 213,929 |
| Outstanding at 30 June 2016 | 1,871,593 | 213,929 |

The fair value of performance rights granted under the executive director program was determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The fair value of performance rights granted under the employee and non-executive director program was based on the estimated share price at grant date. The following principal assumptions were used in the valuations:

| | Employee & non-executive director program | Executive director program |
|---|---|---|
| Grant date | 14 December 2015 | 14 December 2015 |
| Vesting period ends | Up to 30 November 2018 | Up to 30 November 2018 |
| Share price at date of grant (estimate as unlisted) | $0.50 | $0.50 |
| Volatility | - | 46%-60% |
| Performance right life | Up to 3 years | Up to 3 years |
| Dividend yield | - | - |
| Risk free investment rate | - | 1.91-2.06% |
| Fair value at grant date | $0.50 | $0.08 |
| Exercise price at grant date | $0.00 | $0.00 |
| Exercisable from | Variable | Variable |
| Exercisable to | Up to 30 November 2018 | Up to 30 November 2018 |

In total, $694,778 (2015: $nil) of employee remuneration expense (all of which related to equity-settled share-based payment transactions) has been included in profit or loss and credited to equity compensation reserve.

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **NOTE 13: INTEREST BEARING LIABILITIES** | | | |
| CURRENT: | | | |
| Short term loans | | - | 800,000 |

The short term loan is interest bearing at 10% per quarter.

| | | | |
|---|---|---|---|
| **NOTE 14: ISSUED CAPITAL** | | | |
| Ordinary shares fully paid | (a) | 16,791,037 | 50 |
| K shares fully paid | (b) | - | 8,838,385 |
| | | 16,791,037 | 8,838,435 |

**(a) Ordinary shares**

| | No. | $ |
|---|---|---|
| **2016** | | |
| Opening balance | 25,000,000 | 50 |
| Ordinary shares converted from K-class during the period | 66,605,641 | 12,560,052 |
| Ordinary shares fully paid issued during the period | 9,190,000 | 4,595,000 |
| Share issue cost | - | (364,065) |
| Closing balance as at 30 June 2016 | 100,795,641 | 16,791,037 |
| **2015** | | |
| Opening balance | - | - |
| Ordinary shares fully paid issued during the period | 25,000,000 | 50 |
| Closing balance as at 30 June 2016 | 25,000,000 | 50 |

**(b) K shares**

| | | |
|---|---|---|
| **2016** | | |
| Opening balance | 58,667,862 | 8,838,385 |
| K shares fully paid issued during the period | 7,937,779 | 3,721,667 |
| K-class shares converted to Ordinary shares during the period | (66,605,641) | (12,560,052) |
| Closing balance as at 30 June 2016 | - | - |
| **2015** | | |
| K shares fully paid issued during the period | 58,667,862 | 8,858,001 |
| Share issue cost | - | (19,616) |
| Closing balance as at 30 June 2016 | 58,667,862 | 8,838,385 |

In preparation for an ASX listing a resolution was passed in a Special General Meeting on 18 November 2015 to approve the conversion of the K class preference shares to ordinary shares. On 2 December 2015 each K class

## NOTE 14: ISSUED CAPITAL (CONTINUED)

preference share was converted into an ordinary share. The existing rights attaching to the ordinary shares remained unchanged as a result of this transaction.

The amount of franking credits available for subsequent reporting periods are:

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Deferred debit balance of franking account at the beginning of the reporting period | 2,457,964 | - |
| Deferred debt balance at date of Group reorganisation | - | 1,566,022 |
| Deferred debit that will arise from the receipt of the R&D tax offset for the current year | 1,286,823 | 891,942 |
| Balance of franking account adjusted for deferred debits arising from past R&D offsets received and expected R&D tax offset to be received for the current year | 3,744,787 | 2,457,964 |

The Group has the capital management objective of ensuring the Group's ability to continue as a going concern.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares.

## NOTE 15: RESERVES

| | | |
|---|---|---|
| Share based payment reserve | 249,600 | 249,600 |
| Equity Compensation Reserve | 694,777 | - |
| Foreign Currency Translation Reserve | 743 | 1,063 |
| | 945,120 | 250,663 |

| **2016** | Share based payment reserve | Equity Compensation Reserve | Foreign Currency Translation Reserve |
|---|---|---|---|
| Opening balance | 249,600 | - | 1,063 |
| Recognition of performance rights issued during the period | - | 694,777 | - |
| Translation of foreign operation net assets and results | - | - | (320) |
| Closing balance | 249,600 | 694,777 | 743 |

## NOTE 15: RESERVES (CONTINUED)

| 2015 | Share based payment reserve | Equity Compensation Reserve | Foreign Currency Translation Reserve |
|---|---|---|---|
| Opening balance | - | - | - |
| Transfer from business combination | 249,600 | - | - |
| Translation of foreign operation net assets and results | - | - | 1,063 |
| Closing balance | 249,600 | - | 1,063 |

Share based payment reserve is used to recognise the grant date fair value of shares issued to employees by the Group or Shareholders. The equity compensation reserve represents amounts expensed over the vesting period for performance rights issues to staff and directors. Exchange differences relating to the translation of results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised in other comprehensive income and accumulated in the foreign currency reserve.

## NOTE 16: AUDITOR REMUNERATION

| | 2016 $ | 2015 $ |
|---|---|---|
| **Audit and review of financial statements** | | |
| Auditors of DomaCom Limited - Grant Thornton Australia | 44,035 | 39,264 |
| Overseas Grant Thornton network firms | 7,947 | - |
| Remuneration from audit and review of financial statements | 51,982 | 39,264 |
| **Other Services** | | |
| Auditors of DomaCom Limited - Grant Thornton Australia | | |
| - taxation compliance | 70,802 | 80,360 |
| - due diligence services | 30,720 | - |
| Total other service remuneration | 101,522 | 80,360 |
| Total auditor's remuneration | 153,504 | 119,624 |

## NOTE 17: RELATED PARTY TRANSACTIONS

| | | |
|---|---|---|
| **Key management personnel compensation** | | |
| Wages, salaries | 575,342 | 143,836 |
| Pensions - defined contribution plans | 54,658 | 13,664 |
| Share based payments | 17,114 | - |
| | 647,114 | 157,500 |

The term of the share based payments in the form of performance rights are set out in Note 11. Key management personnel are employees of DomaCom Australia Limited, a controlled entity of the Company

## NOTE 17: RELATED PARTY TRANSACTIONS (CONTINUED)

### Transactions between the Group and its related parties

During the financial year ended 30 June 2016, the following transactions occurred between the Group and its other related parties:

DomaCom Australia Limited, a controlled entity of the Company, received management fees for managing the DomaCom Fund. Management fees received during the financial year were $20,642 (2015: $4,363).

DomaCom Australia Limited held cash in the DomaCom Fund. Interest earned during the financial year was $32,785 (2015: $3,567). At 30 June 2016, cash held in the DomaCom Fund amounted to $1,681,385 (2015: $534,452).

DomaCom Australia had an unsecured receivable balance with the DomaCom Fund of $29,149 (2015: $nil) representing upfront sub-fund set-up costs to be subsequently reimbursed by the DomaCom Fund.

## NOTE 18: CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the period.

| NOTE 19: COMMITMENTS | Note | $ | $ |
|---|---|---|---|
| Operating lease commitments: | | | |
| No later than 12 months | | 221,496 | 204,736 |
| Between 12 months and 5 years | | 16,901 | 16,158 |
| Greater than 5 years | | - | - |
| Minimum lease payments | | 238,397 | 220,894 |

Operating leases entered into by the Group relate to its office rental obligations (Melbourne, Sydney, Adelaide and Singapore offices).

## NOTE 20: INTERESTS IN SUBSIDIARIES

| Name of Subsidiary | Country of incorporation and principal place of business | Principal activity | Proportion of ownership interests held by the Group |
|---|---|---|---|
| DomaCom Australia Limited | Australia | Provision of Investment Management Services and development of platform to fractionalize assets | 100% |
| DomaCom Singapore Private Limited | Singapore | Sales and marketing of fractionalized asset product | 100% |
| DomaCom Platform Services Pty Ltd | Australia | Development of platform to fractionalize assets | 100% |

The Parent Entity is to enter into a deed of cross guarantee with DomaCom Singapore that has net liabilities of SGD$ 230,673 at the period end.

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **NOTE 21: FINANCIAL INSTRUMENTS** | | | |
| **Categories of financial instruments** | | | |
| **Financial Assets** | | | |
| Cash and cash equivalents | 6 | 1,746,197 | 720,935 |
| Trade and other receivables # | 7 | 1,417,403 | 951,095 |
| | | 3,163,600 | 1,672,030 |
| **Financial Liabilities** | | | |
| Current borrowings # | 13 | - | 800,000 |
| Trade and other payables # | 10 | 561,625 | 333,216 |
| | | 561,625 | 1,133,216 |

# Carried at amortised cost and repayable within 6 months

**Risk management objectives and policies**

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised above. The main types of risks are liquidity risk, credit risk and market risk.

The Company's risk management is coordinated through the Chief Compliance and Risk Officer, in close cooperation with the Board of Directors (the "Board") and the Financial Controller.

**Liquidity risk analysis**

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day business. Net cash requirements are compared to available cash in order to maintain a cash surplus. Funding for long-term liquidity needs sourced through additional capital raising.

The Group's financial liabilities have contractual maturities (including interest payments where applicable) of less than 6 months.

**Credit Risk Analysis**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised in Note 7.

The Group continuously monitors defaults of customers and other counterparties, identified either by individual or group and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

## NOTE 21: FINANCIAL INSTRUMENTS (CONTINUED)

### Credit Risk Analysis (continued)

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

### Market risk analysis

The Group is exposed to market risk through currency and interest rate risk.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those translated into $AUD at the closing rate:

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **Foreign Currency Sensitivity** | | | |
| **SGD** | | | |
| Financial assets | | 11,837 | 64,276 |
| Financial liabilities | | - | - |
| Total Exposure | | 11,837 | 64,276 |

The following table illustrates the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities and the $SGD/$AUD exchange rate 'all other things being equal'. It includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a change in foreign currency rates. It assumes a +/- 10% change of the $SGD/$AUD exchange rate for the year ended at 30 June 2016 (2015: 10%).

If the $SGD had strengthened against the $AUD by 10% (2015: 10%) this would have had the following impact through an increase in the Foreign Currency Translation Reserve:

| | 2016 $ | 2015 $ |
|---|---|---|
| Equity | 1,187 | 6,867 |

For a 10% weakening of $SGD against $AUD there would be a comparable reduction in the Foreign Currency Translation Reserve.

## NOTE 21: FINANCIAL INSTRUMENTS (CONTINUED)

### Interest Rate Sensitivity

The Company's policy is to minimise interest rate risk exposures. Interest income is earned on deposits held. The rate is reviewed on a regular basis to ensure it remains in line with the expected rate of return. Interest expense incurred on any short term borrowings is assessed to ensure it is in line with market expectations. The Company's policy is not to enter into any long term borrowing.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2015: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

| | Loss for the period $ +1% | Loss for the period $ -1% |
|---|---|---|
| 30 June 2016 | (22,897) | 22,897 |
| 30 June 2015 | (1,177) | 1,177 |

## NOTE 22: PARENT ENTITY INFORMATION

| | | |
|---|---|---|
| Current Assets | 1,277,270 | 65,000 |
| Total Assets | 17,364,191 | 9,879,628 |
| Current Liabilities | - | 800,000 |
| Total Liabilities | - | 800,000 |
| Net Assets | 17,364,191 | 9,079,628 |
| | | |
| Issued Capital | 16,791,037 | 8,838,435 |
| Reserves | 944,377 | 249,600 |
| Retained earnings | (371,223) | (8,407) |
| Total Equity | 17,364,191 | 9,079,628 |

## NOTE 23: SUBSEQUENT EVENTS

Subsequent to balance date and prior to the issuing of this report, the following events have occurred:

- The Group's Research and Development tax incentive claim was lodged with AusIndustry on 16 September 2016 for an amount of $1,286,823.
- The Group is currently going through the process of seeking further capital through a listing on the Australian Stock Exchange.

There have been no other events subsequent to period end that require disclosure.

## NOTE 24: COMPANY DETAILS

The registered office and the principal place of business of the Company is:
Level 6
99 Queen Street
Melbourne, VIC 3000

**DOMACOM LIMITED**
**ABN 69 604 384 885**

## DIRECTORS' DECLARATION

In the opinion of the directors of DomaCom Limited

a the consolidated financial statements and notes of DomaCom Limited are in accordance with the *Corporations Act 2001*, including:

i giving a true and fair view of its financial position as at 30 June 2016 and of its performance for the financial period ended on that date; and

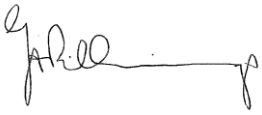
ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

b there are reasonable grounds to believe that DomaCom Limited will be able to pay its debts as and when they become due and payable, and

c DomaCom Limited has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

**Arthur Naoumidis**
Director



**Graeme A Billings**
Director

Dated the 23rd of September 2016

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W www.grantthornton.com.au

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOMACOM LIMITED

We have audited the accompanying financial report of DomaCom Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

## Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, the financial statements comply with International Financial Reporting Standards.

## Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### Auditor's Opinion

In our opinion:

a the financial report of DomaCom Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3(s) of the financial report which indicates uncertainties regarding the going concern assumption. The conditions outlined in Note 3(s) indicate the need to obtain additional capital to continue as a going concern. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Brad Taylor
Partner - Audit & Assurance

Melbourne, 23 September 2016

DomaCom
FRACTIONAL PROPERTY INVESTING

23rd September 2016

DomaCom IPO Third Supplementary Prospectus

Dear Investor

Please find attached the third supplementary prospectus that was lodged with ASIC today. As previously disclosed, we have been asked by the ASX to prepare an Independent Expert Report(IER) which is expected to be completed early next week. At that time, we will issue another Supplementary Prospectus which will include details of this IER along with an update on the business.

The reason why we are required to issue an interim Third Supplementary Prospectus is that we need to refresh the time period allowed for our IPO which we need to do today. This refresh also requires the company to reopen the offer for a period of 30 days which we have done. This has shifted the anticipated listing date which we now expect to be late October however we will update you on this as we continue to progress our listing application.

The IPO has raised approximately $7.35 million and we will recommence the marketing of this IPO during this open period with a view to completing the targeted $10 million raising.

As stated above, we will be providing a detailed update on the business next week and I thank you for your patience.

Best Regards

**Arthur Naoumidis** | **CEO** | DomaCom Ltd

**DomaCom Limited**

**ACN 604 384 885**

**Third Supplementary Prospectus**

This supplementary prospectus is issued under section 719 of the *Corporations Act* 2001 (**Corporations Act**) (**Third Supplementary Prospectus**) and was lodged by DomaCom Limited ACN 604 384 885 (**Company**) with the Australian Securities and Investments Commission (**ASIC**). This Third Supplementary Prospectus supplements:

(a) the replacement prospectus dated 8 July 2016 (**Replacement Prospectus**);

(b) the first supplementary prospectus dated 2 August 2016; and

(c) the second supplementary prospectus dated 12 August 2016 (**Second Supplementary Prospectus**).

This Third Supplementary Prospectus must be read together with the Replacement Prospectus and the other two Supplementary Prospectuses.

**As set out below, since the date of the Replacement Prospectus the Company has refined its key business objective and revised its assessment of its "breakeven" level of FUM. Also as set out below, the Company has engaged an independent expert at the request of ASX to prepare a report (IER) on the adequacy of the Company's working capital to achieve its key business objective as now refined. The Company expects that the IER will be finalised early next week and at that time the Company will issue a further supplementary prospectus.**

This Third Supplementary Prospectus is dated 23 September 2016 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Third Supplementary Prospectus.

Words and expressions defined in the Replacement Prospectus have the same meaning in this Third Supplementary Prospectus.

**Reasons for this Third Supplementary Prospectus**

The purpose of this Third Supplementary Prospectus is to:

- provide an update on the status of the Offer
- reopen the Offer;
- provide an update on the status of the ASX listing application and the preparation of an independent expert's report;
- inform investors of the refinement of the Company's key business objective and change in its assessment of "breakeven" level of FUM;
- refresh the time period within which the quotation condition should be satisfied; and
- update the table of key dates.

**Status of the Offer and Reopening of the Offer to rely on ASIC LI 2016/70**

The Offer under the Replacement Prospectus had a minimum subscription of $5,000,000 which was subsequently increased to $6,000,000 under the Second Supplementary Prospectus. The Offer closed on 19 August 2016. As of the date of this Third Supplementary Prospectus, the Company has received 504 Applications totalling approximately $7.35 million of Application Monies (**Initial Capital Raising**) to satisfy the minimum subscription condition.

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For the reasons stated below, the Company is unlikely to comply with all the conditions required to achieve listing under the ASX Listing Rules (**Listing Rules**) within the statutory period of 3 months from the date of the original prospectus lodged with ASIC on 24 June 2016. Section 723(3) of the Corporations Act requires a person offering securities under a disclosure document which states or implies that the securities are to be quoted on a financial market, to refund any application monies if those securities are not quoted within three (3) months of the date of the disclosure document (**Quotation Condition**). The strict application of section 723(3) means that the Company must be listed on ASX by 24 September 2016 and if not, the Application Monies should be refunded. Section 723(3) has been, however, modified by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70 (**ASIC LI 2016/70**) which allows an issuer of a disclosure document to refresh the relevant statutory time periods (i.e, 3 months) subject to certain conditions being met. The Company intends to rely on ASIC LI 2016/70 to extend the period within which the Quotation Condition is required to be met.

One of the conditions under ASIC LI 2016/70 is to give applicants who have previously submitted an Application Form one (1) month to withdraw their application and be repaid, should they wish to do so. ASIC LI 2016/70 also requires the Offer to remain open until the end of this withdrawal period. In light of these requirements, the Company reopens the Offer to obtain further applications to replace any applications that may be withdrawn and to satisfy the condition to leave the Offer open until the end of the one month withdrawal period. The reopening and closing dates, as well as other updated key dates, are set out below.

**Status of the Listing Application with ASX and Independent Expert's Report**

As disclosed in the Second Supplementary Prospectus, ASX indicated that it would not accept the minimum subscription amount of $5 million as meeting ASX listing requirements. The Company subsequently increased the minimum subscription to $6 million. Notwithstanding this increased minimum subscription amount and receipt of the Initial Capital Raising, ASX is of the view that the Company may not be in compliance with Listing Rule 1.3.3(a). Listing Rule 1.3.3(a) requires a statement in a disclosure document that "the entity has enough working capital to carry out its stated objectives" and if such a statement is not included, an independent expert's report should be prepared. In order to address ASX's concerns, ASX has requested the Company to engage an independent expert to prepare an independent expert's report (**IER**). The IER is required to express an opinion, subject only to qualifications acceptable to ASX that, having received the Initial Capital Raising, the Company has enough working capital to achieve its stated objectives.

The Company has accordingly engaged an independent expert to prepare an IER. We expect that the IER will be finalised early next week and at that time the Company will issue a further supplementary prospectus.

**Refinement of key business objective and change to "breakeven" level of FUM**

The Replacement Prospectus provided information in respect of the projected level of FUM of the DomaCom Fund required to be achieved in order to generate sufficient revenues to support its operating costs. The projected level of required FUM is stated in the Replacement Prospectus to be "at least $600 million to $700 million, depending on the underlying makeup of the assets (property, bonds or cash) and assuming a base level of expenditure" (on page 31 of the Replacement Prospectus).

The Company has considered further the formulation of its key business objective and its core operating level of expenditure required to achieve its stated objective – that objective is now stated to be: "**to achieve a sustainable business model and "breakeven" level of FUM within 3 years**".

Over this period, in order to seek to achieve this objective the Company will:

- continue to operate its existing product (**Fractional Property Investment Product**) which (as described in the Replacement Prospectus) facilitates the fractionalisation of property interests; and
- pursue the completion of its DomaCom Corporate Bond and Equity Release products from a development and regulatory perspective.

If the Company has not been successful in achieving budgeted FUM by the end of 2017, the Company will move within a 2-month timeframe to maintaining only the Fractional Property Investment Product and reduce its cost structure in line with running and maintaining only one product – the Company's modelling shows that this "core operating cost" is $2.2 million per annum. If this was to occur, the Company would not look to further commercialise the DomaCom Corporate Bond and Equity Release products until such time as the FUM can support development of these products.

Based on the Company's analysis, total funds under management of **$275 million** in the DomaCom Fund offering the Fractional Property Investment Product (with core operating costs of $2.2 million per annum), would allow the Company to achieve its stated objective within 3 years, whereby the Company has sufficient FUM to generate sufficient revenues to cover the costs of operating and maintaining the Fractional Property Investment Product.

As a result of these changes to the Company's assessment of required "breakeven" level of FUM and related asset make-up, the references in the Replacement Prospectus to "$600 million to $ 700 million of FUM, depending on the underlying make-up of the assets (property, bonds or cash)" (in particular, on page 10 (in the Letter from the Chairman section); on page 31 (section 6.3.1 Revenues); and on page 37 (section 7.1.3 Failure to increase FUM and revenues)) are to be replaced by "$275 million, offering and operating its single product being the Fractional Property Investment Product"

As noted above, the Company has engaged an independent expert to prepare an IER on the adequacy of the Company's working capital to achieve its key business objective as restated above. **The Company expects that the IER will be finalised early next week and at that time the Company will issue a further supplementary prospectus.**

**Refreshment of Time Period to satisfy the Quotation Condition**

As stated above, the Company intends to refresh the time period within which the Quotation Condition must be met in reliance on ASIC LI 2016/70. As a result of this refreshment the Quotation Condition can be met within 3 months from the date of this Third Supplementary Prospectus. In order to rely on ASIC LI 2016/70, the Company is required to disclose the following information under section 724(3H) as notionally inserted by ASIC LI 2016/70:

- the listing application for admission to ASX was made within 7 days after the date of the original prospectus dated 24 June 2016;
- the Shares of the Company have not been admitted to quotation on ASX as at the date of this Third Supplementary Prospectus;
- ASX has indicated that it would not accept the minimum subscription of $6 million as meeting ASX listing requirements and requested that the Company engage an independent expert to prepare an independent expert's report, details of which are summarised above;
- the Quotation Condition must be met by 23 December 2016; and
- 504 Applications have been received as at the date of this Third Supplementary Prospectus.

Any Applicants who have submitted the Applications can withdraw their Applications and have their Application Monies refunded (without interest) if their applications for withdrawal are made within one (1) month of the date of this Third Supplementary Prospectus. If you wish to withdraw your application, you can do so by contacting the Company Secretary on +61 3 8609 7077 or by email at philip.chard@domacom.com.au.

The Offer will remain open until the end of this withdrawal period which is 23 October 2016.

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**Changes to Key dates**

To provide investors with sufficient time to consider these changes, the key dates of the Offer have been changed as follows.

| | |
|---|---|
| Date of this Third Supplementary Prospectus | Friday, 23 September 2016 |
| Reopening date of the Offer | Friday, 23 September 2016 |
| Closing date of the Offer | Sunday, 23 October 2016 |
| Settlement of the Offer | Monday, 24 October 2016 |
| Completion (Shares issued and holding statements dispatched to successful Applicants) | Tuesday, 25 October 2016 |
| Expected commencement of trading in Shares on ASX | Friday, 28 October 2016 |

All references to any of the key dates listed above in the Replacement Prospectus shall be replaced with the key dates set out above. The above dates are indicative only. The Directors of the Company reserve the right to vary these dates, including to further extend the Offer Closing date or to close the Offer early. The new date nominated will become the Offer Closing date.

If the Offer is cancelled or withdrawn before the issue or transfer of Shares, then all amounts accompanying the Application Form will be refunded in full without interest in accordance with the requirements of the Corporations Act.

**Investors who have not previously submitted an Application Form**

Applications for Shares under the Offer must be made using the application form attached to or accompanying this Third Supplementary Prospectus (Supplementary Application Form). Applications must not be made on the form attached to or accompanying the Replacement Prospectus.

The Supplementary Application Form contains detailed instructions on how it is to be completed. Applications must be for a minimum of 3000 Shares for a total of $2,250 and may be made for additional Shares in multiples of $75 in Application Monies for 100 Shares. Applications can only be made by completing the Application Form attached to this Third Supplementary Prospectus.

Applications under the Offer may be made, and will only be accepted, by either lodging it with the broker or adviser who invited them to participate in the Offer or posting it to the Company at C/-Boardroom Pty Limited, GPO Box 3993, SYDNEY NSW 2001. There is also an online application form that can be found at www.domacom.com.au/investor-relations.

A Supplementary Application Form must be completed in accordance with the instructions on the form (if using a paper application form, the instructions are on the reverse side of the Supplementary Application Form, if using an electronic application form, follow the prompts).

Applications must be accompanied by the payment of the Application Price in Australian currency of $0.75 for each Share applied for.

Cheque(s) or bank draft(s) must be drawn on an Australian branch of a financial institution and made payable to "DomaCom Limited" and crossed "Not Negotiable". Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques have cleared as at 5.00pm on the Closing Date) is insufficient to pay for the amount you have applied for in your Supplementary Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Supplementary Application Form) or your Application may be rejected.

Alternatively, you can apply online at www.domacom.com.au and pay by BPAY, applications and payment must be received by 5.00 pm (Sydney Time) on the Closing Date.

Completed Supplementary Application Forms and accompanying cheques may be lodged with:

By Mail

DomaCom Limited
c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Hand Delivered

DomaCom Limited
c/- Boardroom Pty Limited
Level 12,
225 George Street
Sydney NSW 2000

**For Applicants who have previously submitted an Application Form**

Applicants who have previously submitted an Application Form and do not want to withdraw their application do not need to complete a Supplementary Application Form in order to receive their Shares. However, such applicants may lodge a Supplementary Application Form if they wish to apply for additional Shares in accordance with the instructions set out above for investors who have not previously submitted an Application Form.

Applicants who have previously submitted an Application Form and do want to withdraw their Application may withdraw their Applications and be repaid any application monies upon request to the Company in the manner set out in this Third Supplementary Prospectus.

**Applicants should read the entire Replacement Prospectus, this Third Supplementary Prospectus and previous Supplementary Prospectuses**

Before deciding to invest in the Company, prospective investors and Applicants should read the entire Replacement Prospectus, this Third Supplementary Prospectus and previous Supplementary Prospectuses and rely only on information contained in these documents. Prospective investors and Applicants should carefully consider the risk factors set out in section 7, in light of their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding to invest. Any investment in the Shares of the Company should be regarded as speculative.

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**Directors' consent and authorisation**

In accordance with section 720 of the Corporations Act, each director of the Company has given, and has not withdrawn, their consent to the lodgement of this Supplementary Prospectus with ASIC.

Signed for and on behalf of the Company

Arthur Naoumidis
Chief Executive Officer

DomaCom

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**DomaCom Limited**

**ACN 604 384 885**

**Second Supplementary Prospectus**

This document is a supplementary prospectus issued under section 719 of the *Corporations Act* 2001 (**Second Supplementary Prospectus**), which supplements the replacement prospectus dated 8 July 2016 (**Replacement Prospectus**) as modified by the supplementary prospectus dated 2 August 2016 (**First Supplementary Prospectus**) lodged by DomaCom Limited ACN 604 384 885 (**Company**) with the Australian Securities and Investments Commission (**ASIC**). This Second Supplementary Prospectus must be read together with the Replacement Prospectus and the First Supplementary Prospectus.

The Second Supplementary Prospectus is dated 12 August 2016 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Second Supplementary Prospectus.

Words and expressions defined in the Replacement Prospectus have the same meaning in this Second Supplementary Prospectus.

**Listing Application with ASX and Corporate Updates**

As ASX has indicated that it would not accept the minimum subscription amount of $5 million as meeting ASX listing requirements, the Company has increased the minimum subscription amount to $6 million. The underwriting commitments have also been increased to $6 million so that the minimum subscription amount is fully underwritten.

The increased minimum subscription amount remains subject to ASX approval. If the Shares are not admitted to quotation within three months from the date of the original prospectus (24 June 2016) or any longer period permitted by law, all application monies received will be refunded (without interest).

Since the date of the Replacement Prospectus, the Company has continued to pursue its various initiatives to grow the FUM of the DomaCom Fund. These include discussions with a retail superannuation fund to participate in the Kidman Station crowdfunding campaign and discussions with a national charity organisation to crowdfund the purchase of affordable housing. As previously outlined, there can be no assurance that these initiatives will be completed.

With the increased minimum capital raising and (in the Company's assessment) an improving outlook for significant transactions to grow FUM, the Company's modelling does not show any need to raise further capital within two years from listing. Specifically, the Company confirms that it will have sufficient capital to carry out its stated objectives.

**Changes to Key dates**

To provide investors with sufficient time to consider these changes, the key dates of the Offer have been changed as follows, however may be brought forward subject to ASX approval.

| | |
|---|---|
| Opening date of the Offer | Monday, 11 July 2016 |
| Closing date of the Offer | Friday, 19 August 2016 |
| Settlement of the Offer | Friday, 16 September 2016 |
| Completion (Shares issued and holding statements dispatched to successful Applicants) | Friday, 16 September 2016 |
| Expected commencement of trading in Shares on ASX | Wednesday, 21 September 2016 |

Other than the opening date of the Offer, the above dates are subject to change and are indicative only. The Company reserves the right to vary the dates and time of the Offer, including subject to the ASX Listing Rules and the

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Corporations Act to close the Offer early, to extend the Offer or to accept late Applications without notifying any receipt of this Second Supplementary Prospectus or any Applicants.

The quotation and commencement of trading of Shares is subject to confirmation by ASX.

All references to any of the key dates listed above in the Replacement Prospectus shall be replaced with the key dates set out above. The above dates are indicative only. The Directors of the Company reserve the right to vary these dates, including to further extend the Offer Closing date or to close the Offer early. The new date nominated will become the Offer Closing date. The Company encourages you to get your applications in early.

If the Offer is cancelled or withdrawn before the issue or transfer of Shares, then all amounts accompanying the Application Form will be refunded in full without interest in accordance with the requirements of the Corporations Act.

The quotation and commencement of trading of shares is subject to confirmation by ASX.

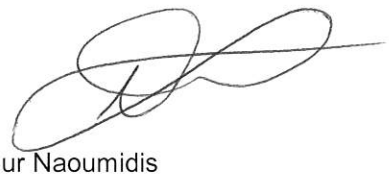
**Withdrawal**

As the Company is issuing the Supplementary Prospectus, the applicants are entitled to withdraw their application and have their Application Monies refunded (without interest) if applications for withdrawal are made within one (1) month of the date of this Supplementary Prospectus. If you wish to withdraw your application, you can do so by contacting the Company Secretary on +61 3 8609 7077 or by email at philip.chard@domacom.com.au.

**Directors' consent and authorisation**

In accordance with section 720 of the Corporations Act, each director of the Company has given, and has not withdrawn, their consent to the lodgement of this Supplementary Prospectus with ASIC.

Signed for and on behalf of the Company



Arthur Naoumidis
Chief Executive Officer

**SellerCo Limited**

**ACN 612 713 452**

**Second Supplementary Prospectus**

This document is a supplementary prospectus issued under section 719 of the *Corporations Act* 2001 (**Second Supplementary Prospectus**), which supplements the replacement prospectus dated 8 July 2016 (**Replacement Prospectus**) as modified by the supplementary prospectus dated 2 August 2016 (**First Supplementary Prospectus**) lodged by SellerCo Limited ACN 612 713 452 (**Company**) with the Australian Securities and Investments Commission (**ASIC**). This Second Supplementary Prospectus must be read together with the Replacement Prospectus and the First Supplementary Prospectus.

The Second Supplementary Prospectus is dated 12 August 2016 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Second Supplementary Prospectus.

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| | |
|---|---|
| Opening date of the Offer | Monday, 11 July 2016 |
| Closing date of the Offer | Friday, 19 August 2016 |
| Settlement of the Offer | Friday, 16 September 2016 |
| Completion (Shares issued and holding statements dispatched to successful Applicants) | Friday, 16 September 2016 |

| | |
|---|---|
| Expected commencement of trading in Shares on ASX | Wednesday, 21 September 2016 |

Other than the opening date of the Offer, the above dates are subject to change and are indicative only. The Company reserves the right to vary the dates and time of the Offer, including subject to the ASX Listing Rules and the Corporations Act to close the Offer early, to extend the Offer or to accept late Applications without notifying any receipt of this Second Supplementary Prospectus or any Applicants.

The quotation and commencement of trading of Shares is subject to confirmation by ASX.

All references to any of the key dates listed above in the Replacement Prospectus shall be replaced with the key dates set out above. The above dates are indicative only. The Directors of the Company reserve the right to vary these dates, including to further extend the Offer Closing date or to close the Offer early. The new date nominated will become the Offer Closing date. The Company encourages you to get your applications in early.

If the Offer is cancelled or withdrawn before the issue or transfer of Shares, then all amounts accompanying the Application Form will be refunded in full without interest in accordance with the requirements of the Corporations Act.

The quotation and commencement of trading of shares is subject to confirmation by ASX.

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As the Company is issuing the Supplementary Prospectus, the applicants are entitled to withdraw their application and have their Application Monies refunded (without interest) if applications for withdrawal are made within one (1) month of the date of this Supplementary Prospectus. If you wish to withdraw your application, you can do so by contacting the Company Secretary on +61 3 8609 7077 or by email at philip.chard@domacom.com.au.

**Directors' consent and authorisation**

In accordance with section 720 of the Corporations Act, each director of the Company has given, and has not withdrawn, their consent to the lodgement of this Supplementary Prospectus with ASIC.

Signed for and on behalf of the Company

Philip Chard
Company Secretary

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**DomaCom Limited**

**ACN 604 384 885**

**Supplementary Prospectus**

This document is a supplementary prospectus issued under section 719 of the *Corporations Act* 2001 (**Supplementary Prospectus**), which supplements the replacement prospectus lodged by DomaCom Limited ACN 604 384 885 (**Company**) with the Australian Securities and Investments Commission (**ASIC**) on 8 July 2016 (**Replacement Prospectus**). This Supplementary Prospectus must be read together with the Replacement Prospectus.

This Supplementary Prospectus is dated 2 August 2016 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Supplementary Prospectus.

Words and expressions defined in the Replacement Prospectus have the same meaning in this Supplementary Prospectus.

The Company advises that it intends to extend the offer period and accordingly the Closing date of the Offer has been moved from 5:00 pm Friday 5 August 2016 to 5:00 pm Friday 19 August 2016 and the revised timetable is as follows:

**Key dates**

| | |
|---|---|
| Opening date of the Offer | Monday, 11 July 2016 |
| Closing date of the Offer | Friday, 19 August 2016 |
| Settlement of the Offer | Friday, 26 August 2016 |
| Completion (Shares issued and holding statements dispatched to successful Applicants) | Friday, 26 August 2016 |
| Expected commencement of trading in Shares on ASX | Wednesday, 31 August 2016 |

All references to any of the key dates listed above in the Replacement Prospectus shall be replaced with the key dates set out above. The above dates are indicative only. The Directors of the Company reserve the right to vary these dates, including to further extend the Offer Closing date or to close the Offer early. The new date nominated will become the Offer Closing date. The Company encourages you to get your applications in early.

**Reasons for this Supplementary Prospectus**

The purpose of this Supplementary Prospectus is to extend the Closing date of the Offer from 5 August 2016 to 19 August 2016, which will:

- allow a sufficient time for actual and prospective investors to consider the Offer; and
- provide the Company with more time to market the Offer.

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**Withdrawal**

As the Company is issuing the Supplementary Prospectus, the applicants are entitled to withdraw their application and have their Application Monies refunded (without interest) if provided applications for are made within one (1) month of the date of this Supplementary Prospectus. If you wish to withdraw your application, you can do so by contacting the Company Secretary on +61 3 8609 7077 or by email at philip.chard@domacom.com.au.

**Directors' consent and authorisation**

In accordance with section 720 of the Corporations Act, each director of the Company has given, and has not withdrawn, their consent to the lodgement of this Supplementary Prospectus with ASIC.

Signed for and on behalf of the Company

Arthur Naoumidis
**Chief Executive Officer**

**SellerCo Limited**

**ACN 612 713 452**

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This Supplementary Prospectus is dated 2 August 2016 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Supplementary Prospectus.

Words and expressions defined in the Replacement Prospectus have the same meaning in this Supplementary Prospectus.

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**Key dates**

| | |
|---|---|
| Opening date of the Offer | Monday, 11 July 2016 |
| Closing date of the Offer | Friday, 19 August 2016 |
| Settlement of the Offer | Friday, 26 August 2016 |
| Completion (Shares issued and holding statements dispatched to successful Applicants) | Friday, 26 August 2016 |
| Expected commencement of trading in Shares on ASX | Wednesday, 31 August 2016 |

All references to any of the key dates listed above in the Replacement Prospectus shall be replaced with the key dates set out above. The above dates are indicative only. The Directors of the Company reserve the right to vary these dates, including to further extend the Offer Closing date or to close the Offer early. The new date nominated will become the Offer Closing date. The Company encourages you to get your applications in early.

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The purpose of this Supplementary Prospectus is to extend the Closing date of the Offer from 5 August 2016 to 19 August 2016, which will:

- allow a sufficient time for actual and prospective investors to consider the Offer; and
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**Withdrawal**

As the Company is issuing the Supplementary Prospectus, the applicants are entitled to withdraw their application and have their Application Monies refunded (without interest) if provided applications for are made within one (1) month of the date of this Supplementary Prospectus. If you

wish to withdraw your application, you can do so by contacting the Company Secretary on +61 3 8609 7077 or by email at philip.chard@domacom.com.au.

**Directors' consent and authorisation**

In accordance with section 720 of the Corporations Act, each director of the Company has given, and has not withdrawn, their consent to the lodgement of this Supplementary Prospectus with ASIC.

Signed for and on behalf of the Company

Philip Chard
Company Secretary

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FRACTIONAL PROPERTY INVESTING

# REPLACEMENT PROSPECTUS

An initial public offering of fully paid ordinary shares

DomaCom Limited
ACN 604 384 885
SellerCo Limited
ACN 612 713 452

**An investment in the Company's securities should be considered speculative**

Sponsoring Retail Broker: Shaw and Partners Limited
ABN 24 003 221 583 AFSL 236048

# 1 IMPORTANT NOTICES

## The Offer

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares (the Shares) in DomaCom Limited ACN 604 384 885 (DomaCom or the Company). This Prospectus is issued by the Company SellerCo Limited (ACN 612 713 452) (SellerCo) for the purposes of Chapter 6D of the Corporations Act. The Offer in Australia is made through this Prospectus.

## Replacement Prospectus

This Replacement Prospectus replaces a prospectus dated and lodged with ASIC on 24 June 2016. For the purposes of this document, this Replacement Prospectus will be referred to as either "the Replacement Prospectus" or "this Prospectus".

## Lodgement and Listing

This Prospectus is dated 8 July 2016 (Prospectus Date) and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. None of ASIC, ASX Limited (ASX) or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

DomaCom has applied to the ASX for listing and quotation of its Shares on the ASX on 30 June 2016.

## Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (Expiry Date) and no Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date.

## Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in DomaCom. In particular, in considering the prospects of DomaCom, you should consider the risks that could affect the financial performance of DomaCom. You should carefully consider these risks in light of your personal circumstances, investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in DomaCom.

Some of the key risks that should be considered by prospective investors are set out in Sections 4 and 7. There may be risks in addition to the risks set out in those sections that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of DomaCom, the repayment of capital or the payment of a return on the Shares.

## No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law, and persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, any person in the United States. The Shares have not been, and will not be, registered under the US Securities Act of 1933 (the US Securities Act) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Shares are registered under the US Securities Act or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. See Section 12.18 for more information on selling restrictions that apply to the offer and sale of Shares outside of Australia.

## Exposure Period

Pursuant to ASIC Corporations (Exposure Period) Instrument 2016/74, this Replacement Prospectus is not subject to an exposure period.

## Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustrative purposes only and should not be interpreted to mean that any person shown in them endorses this Prospectus, or its contents, or that the assets shown in them are owned by DomaCom or the DomaCom Fund.

Diagrams used in this Prospectus are illustrative only. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

## Financial years

References to financial years (or FY) are references to periods of 12 months ending on 30 June in the relevant year. Accordingly, a reference to FY15 is a reference to the 12 month period ending 30 June 2015.

## Forward-looking statements

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by DomaCom, the Directors, the Corporate Advisers (being Odyssey Capital Pty. Ltd. ABN 56 169 888 779), the Lead Institutional Manager (being Pulse Markets Pty Ltd ACN 081 505 268) and the Sponsoring Retail Broker (being Shaw and Partners Limited ABN 24 003 221 583) or any other person in connection with the Offer.

This Prospectus contains forward-looking statements, which are identified by words such as 'will', 'may', 'expect', 'indicative', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'probability', 'risk', 'project', 'likely', 'estimate', 'anticipate' or 'believe' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the Prospectus Date, are expected to take place (including the key assumptions set out in Section 8.2). Such forward-looking statements are not guarantees of future performance and involve uncertainties, assumptions, known and unknown risks, and other important factors, many of which are beyond the control of DomaCom, the Directors and management. Forward-looking statements should therefore be read in conjunction with, and are qualified by reference to, Section 7, and other information in this Prospectus.

DomaCom cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur, and investors are cautioned not to place undue reliance on these forward-looking statements. This Prospectus, including the industry overview in Section 5, uses market data, industry forecasts and projections. DomaCom has obtained significant portions of this information from market research prepared by third parties. There is no assurance that any of the forecasts contained in the reports, surveys and research of such third parties that are referred to in this Prospectus will be achieved. DomaCom has not independently verified, and cannot give any assurances, as to the accuracy and completeness of the market data and industry forecasts and projections contained in this Prospectus.

Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors in Section 7.

Except where required by law, DomaCom has no intention of updating or revising the forward-looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

These forward-looking statements are subject to various risk factors that could cause DomaCom's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7.

## Statements of past performance

This Prospectus includes information regarding the past performance of DomaCom. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

## Financial Information presentation

The basis of preparation and presentation of the Financial Information is set out in Section 8.2.

The Statutory Financial Information has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards (AAS) (including the Australian Accounting Interpretations), issued by the Australian Accounting Standards Board (AASB) which are consistent with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

The Financial Information in this Prospectus is presented in an abbreviated form insofar as it does not include all of the presentation disclosures, statements or comparative information required by AAS applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Any discrepancies between totals and sums of components in tables and figures contained in this Prospectus are due to rounding.

## Underwriting

The Offer has been underwritten to the minimum subscription amount of $5 million, subject to the Underwriting Agreements.

## DomaCom's website

Any references to DomaCom's website are provided for convenience only, and none of the documents or other information on DomaCom's website, or any other website referred to in the sources contained in this Prospectus, is incorporated in this Prospectus by reference.

## Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary set out in Section 13. These words are usually capitalised.

Unless otherwise stated or implied, references to times in this Prospectus are to the time in Melbourne, Victoria Australia.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated.

## Privacy

By filling out the Application Form to apply for Shares you are providing personal information to DomaCom and Boardroom Pty Ltd ABN 14 003 209 836 (Share Registry).

DomaCom and the Share Registry may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, DomaCom and the Share Registry may not be able to process or accept your Application.

Your personal information may be provided to DomaCom's agents and service providers on the basis that they deal with such information in accordance with DomaCom's privacy policy and applicable laws.

DomaCom's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- printers and other companies for the purpose of preparing and distributing of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires DomaCom to include information about that Shareholder (including name, address and details of the Shares held) in its public register of Shareholders. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in DomaCom's register of Shareholders must remain there even if that person ceases to be a Shareholder. Information contained in DomaCom's register of Shareholders will also be used to facilitate corporate communications (including financial results, annual reports and other information that DomaCom may wish to communicate to its Shareholders), compliance with legal and regulatory requirements and dividend payments.

An Applicant has a right to access and correct the information that DomaCom and the Share Registry hold about that person and to make complaints.

Applicants can obtain a copy of DomaCom's privacy policy by visiting the DomaCom website **www.domacom.com.au**
By submitting an Application, you agree that DomaCom and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer.

## Use of trademarks

This Prospectus includes the Company's unregistered trademarks. All other trademarks, tradenames and service marks appearing in this Prospectus are the property of their respective owners.

Microsoft Azure, SharePoint, Office365, Visual Studio and TFS are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries.

## Questions

If you have any questions about how to apply for Shares, please call DomaCom on 1800 702 479 from 8.00 am to 5.00 pm AEDT during the Offer Period.

If you have any questions about whether to invest in DomaCom you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in DomaCom.

This Prospectus is important and should be read carefully and in full.

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# 1 KEY INFORMATION

**TABLE 1 - KEY OFFER INFORMATION**

| Key Event | Anticipated Date |
|---|---|
| Lodgment of the Original Prospectus with ASIC | 24 June 2016 |
| Lodgment of the Replacement Prospectus with ASIC | 8 July 2016 |
| Expiry of the Exposure Period | 8 July 2016 |
| Opening date of the Offer | 11 July 2016 |
| Closing date of the Offer | 5 August 2016 |
| Settlement of the Offer | 12 August 2016 |
| Completion (Shares issued and holding statements dispatched to successful Applicants) | 12 August 2016 |
| Commence trading on the ASX | 18 August 2016 |

Other than the date of lodgement of this Prospectus, the above dates are subject to change and are indicative only. All dates and times stated above are AEST. The Company reserves the right to vary the dates and time of the Offer, including subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer or to accept late Applications without notifying any recipient of this Prospectus or any Applicants.

The Company reserves the right not to continue with the Offer at any time before the issue or transfer of Shares to successful Applicants.

If the Offer is cancelled or withdrawn before the issue or transfer of Shares, then all amounts accompanying the Application Form will be refunded in full without interest in accordance with the requirements of the Corporations Act.

The quotation and commencement of trading of Shares is subject to confirmation by the ASX.

## TABLE 2 - KEY OFFER INFORMATION

| | MINIMUM SUBSCRIPTION $5m | MAXIMUM SUBSCRIPTION $23.71 |
|---|---|---|
| Offer Price per Share | $0.75 | $0.75 |
| Total number of Shares being offered under this Prospectus | 6.67m | 31.61m |
| Total number of Shares offered under the Offer | | |
| • new Shares to be issued; | 6.67m | 24m |
| • Sale Shares to be sold by SellerCo | 0 | 7.61m |
| Gross proceeds of the Offer | $5m | $23.71m |
| • proceeds of the Offer retained by the Company | $5m | $18m |
| • proceeds of the Offer paid to Selling shareholders | $0 | $5.71m |
| Indicative market capitalisation at the Offer Price | $80.6 million | $93.6 million |

No Sale Shares will be sold in the Offer unless Applications under the Offer reach $10 million. If the aggregated Application value is greater than $10 million and less than $15.7 million, the Sale Shares will be sold by Selling Shareholders pro rata.

Whilst the table above sets out some key information, it is important that you read this Prospectus carefully and in full before deciding whether to invest in DomaCom. In particular, in considering the prospects of DomaCom, you should consider the risks that could affect the financial performance of DomaCom. Information about some of the risks is summarised in Section 4 and then set out in more detail in Section 7. You should carefully consider these risks in light of your personal circumstances, investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in DomaCom. The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor.

### How to Invest

Applications for Shares can be only be made by completing and lodging the Application Form attached to or accompanying this Prospectus.

# 2 LETTER FROM THE CHAIRMAN

Dear Investor,

On behalf of the Board, it is with great pleasure that I invite you to consider becoming a shareholder in DomaCom Limited.

**What is DomaCom?**

DomaCom is at the forefront of change occurring within global financial services coupled with innovations occurring in technology. We are seeing rapid development in new companies like DomaCom using the power of technology to disrupt the traditional methods of delivering financial services.

The DomaCom Group has pioneered, through a combination of a familiar legal structure, business processes and a technology platform, a fractional investment product (the DomaCom Fund) that allows retail investors to obtain access to investments in asset classes, such as (at present) direct property and (subject to regulatory approvals if required) corporate bonds, that are relatively difficult for retail investors to access due to their investment size and/or illiquidity or are not available for sale to retail investors.

**Business model and operations**

DomaCom is the parent company of the entities that together make up the DomaCom Group. DomaCom Australia Limited, a wholly owned subsidiary of DomaCom, is the Australian Financial Services Licence holder (AFSL holder) and investment manager of the DomaCom Fund, which is the first fractional online crowdfunding investment platform available to retail investors in Australia.

DomaCom Australia, as the investment manager of the DomaCom Fund, derives revenues from the management and platform services that it provides to the DomaCom Fund.

DomaCom Group's core business is the delivery of management and operation of the DomaCom Fund. DomaCom's primary source of competitive advantage is its business model which combines a proprietary online technology platform with a tailored managed investment scheme structure, with benefits for distribution and scalability.

At 31 March 2016, the DomaCom Fund comprised 16 Sub-Funds with a total FUM of $12.4 million. This was comprised of 2 Cash Pools that represented $9.6 million in FUM and earning a management fee of 0.22% p.a. (inclusive of GST) and 14 Property Sub-Funds representing $2.8 million in FUM and earning a management fee of 0.88% p.a. (inclusive of GST). The total revenue generated by these Sub-Funds between 1 July 2015 and 31 March 2016 is $11,016.

DomaCom estimates that in order to achieve a breakeven position the DomaCom Fund is required to achieve at least $600 million to $700 million of FUM, depending on the underlying makeup of the assets (property, bonds or cash) and assuming a base level of expenditure. DomaCom can provide no assurance as to whether (or when) this level of FUM may be achieved.

**DomaCom is targeting the growing SMSF market**

DomaCom's primary target market for the DomaCom Fund is the Australian Self-Managed Superannuation Fund (SMSF) sector, which has been growing significantly and is now estimated to represent approximately $600 billion in assets (as at 31 December 2015), comprising approximately 29% of total Australian superannuation assets, which have grown to over $2 trillion in assets (as at 31 December 2015 - APRA Quarterly Statistics, 31 December 2015 www.apra.gov.au).

DomaCom believes it is well placed to grow the DomaCom Fund's market share in this sector, as self-managed superannuants wish to have control and direction, transparency, simplicity and competitive fee structures in their superannuation arrangements. DomaCom believes that the DomaCom Fund delivers these features to clients of the DomaCom Fund and their advisers.

## What is the Offer?

DomaCom is seeking to raise $10,000,000 with a minimum of $5,000,000. A number of Existing Shareholders and new investors have agreed (severally) to underwrite up to the maximum amount of $5 million to raise the minimum subscription amount of $5 million. If one of the Underwriters defaults on its commitment, the minimum subscription will not be met, the Offer will not proceed and all Application Monies will be returned (without interest). Oversubscriptions will be allowed up to a maximum of $23,707,475 (before Offer costs). DomaCom will issue a minimum of 6.67 million and up to 24 million new ordinary Shares and facilitate the sale by Existing Shareholders of 7.6 million Sale Shares at $0.75 cents a Share.

The capital raising and ASX listing will allow DomaCom to:

- increase its marketing efforts into both the intermediary and direct consumer channels for its products;
- support the planned development and launch of new products, such as the DomaCom Equity Release and DomaCom Corporate Bond products;
- improve the financial strength of the DomaCom Group;
- provide a liquid market for DomaCom shares and allow new shareholders to invest in DomaCom;
- assist in retaining and attracting employees to DomaCom; and
- subject to receipt of Applications having an aggregate value of $10 million or greater, provide a mechanism for some Existing Shareholders to realise all or part of their investment.

## Current financial position

DomaCom's businesses have been operating at a loss and its revenues are directly connected to the growth of FUM in the DomaCom Fund. DomaCom has historically been reliant on equity raisings and has raised funds through the issue of shares at $0.50 per share with a total of $8 million raised in the nine months until 31 March 2016. If only the minimum amount of the capital raising is achieved (being $5 million), this will curtail the amount of activity DomaCom could undertake in sales and marketing programs to grow FUM and build brand awareness in the direct consumer market. It is likely to lead to the need for a further capital raising after 18 months to meet working capital requirements.

DomaCom is a young and developing company and is still in its early stages of development. This has given rise to the situation where the expenses of establishing and building the business are currently exceeding the revenue. A certain level of expenditure is required to retain key personnel and administer financial products within the financial services industry which is highly regulated.
The Offer is undertaken to provide working capital for the company to be able to execute its growth strategy and also to improve the financial strength of the business.

## Please read this Prospectus in its entirety

This Prospectus sets out an overview of DomaCom Group's business, the industry in which it operates and market trends impacting that industry. It also sets out financial information about the Group and the key people involved at DomaCom.

This Prospectus also sets out some of the key risks that could impact DomaCom's ability to realise its objectives and achieve financial success. These risks include the potential for it to fail to grow funds under management in the DomaCom Fund, which would result in a reduction in its revenues and have an adverse impact on its financial position. Other risks include the potential for a competitor to duplicate DomaCom's business and technology model, pressure of fees and pricing or the termination of the investment management agreement under which it provides its platform and funds management services to the DomaCom Fund. These risks are summarised in Section 4 in the section entitled "What are the Key Risks" and set out in much more detail in Section 7. I strongly recommend that you read those sections carefully.

Please take the time to read through this document before making your decision to invest.
On behalf of the Directors, I look forward to welcoming you as a shareholder of DomaCom.

Yours sincerely

**Grahame Evans**
Chairman

# 3 CEO'S LETTER

Dear Investor,

DomaCom began the journey to create what it believes to be one of the world's most innovative asset securitisation platforms – the DomaCom Fund – nearly 5 years ago. Whilst the DomaCom Fund provides a bespoke platform that has the potential to 'fractionalise' any asset, the first asset class we chose to focus on was 'direct property' (that is, investments in real property selected by the investor).

It is well known that direct property as an asset class provides some key challenges for the investment adviser community. Given the large transaction size in direct property relative to many investor portfolios, and that it is not a regulated financial product, it is often not included in a financial adviser's advice process. By the same token, if advisers do not provide a direct property solution to their clients, then someone else outside the investment adviser community may do so.

### The DomaCom Fund

The DomaCom Fund is structured as a combination of a managed fund and an online crowdfunding platform. The underlying managed fund structure of the Fund can best be described as a segregated property trust, where one sub-fund is created for each property crowdfunded by investors. In order to create this structure, DomaCom obtained necessary regulatory relief and a 'make a market' authorisation for the Fund's liquidity functionality. DomaCom provides liquidity functionality by acting as principal buyer and seller of units in the Fund (not as a market operator). However, DomaCom will only enter into a market transaction where there is a corresponding buyer for a sale of units. To date, there have been three buy and sell transactions since November 2014 and the total value of these transactions has been $84,232 (89,239 units in the DomaCom Fund).

Our proprietary cloud-based technology platform includes a number of key innovations such as:

- Book Build functions that enable investors to pool together to acquire any asset – this is also known as "crowdfunding";
- Trading screens that allow investors to sell, and DomaCom to purchase, an investor's units in the Fund, which DomaCom will only do if there is a buyer willing to purchase the units at the same price from DomaCom; and
- Intra-day fund registry that underpins the liquidity facility that promotes trading within the DomaCom Fund.

DomaCom Australia, as the investment manager, receives revenues for the provision of management and platform services to the DomaCom Fund.

### Key objective and target market

The key objective for us is for the DomaCom Fund to become a preferred solution for independent financial advisers (IFAs) when including direct property within their client's asset allocation strategies. We are particularly targeting the burgeoning SMSF sector within the financial services market for these reasons:

- SMSFs like transparency and control, and the DomaCom Fund through its platform allows SMSFs to choose specific property investments;
- SMSFs like property as evidenced by the growth of limited recourse borrowing arrangements for SMSFs; and
- the SMSF sector is approaching $600 Billion in size.

37 IFA dealer groups, which together represent more than 850 advisers, have included the DomaCom Fund on their approved product list (APL). This is a very pleasing result as this provides DomaCom with access to approximately 5% of the IFA market.

More importantly, over 500 IFAs have also completed or are in the process of completing the DomaCom Fund accreditation course, which is a pre-requisite to IFAs being able to recommend or advise their clients on investment in the DomaCom Fund. These are all great "lead indicators" for the Fund and its opportunities in the year ahead.

**The outlook**

We believe that the DomaCom Fund is on the cusp of significant growth which should lead to improvement in funds under management. As at the date of this Prospectus, there are 16 sub-funds in the DomaCom Fund (each with an underlying property or deposit for a selected investment) and another 8 Book Builds in progress. We also have another 31 Book Builds for residential properties currently being structured and several $20 million - $100 million development Book Builds being negotiated. These development Book Builds add up to over $200 million in potential FUM and are currently in the process of completing feasibility studies including ascertaining investor interest. At this stage, we have no way of determining the likelihood of success of any of these Book Builds.

Additionally, over the past few months DomaCom has been running a well publicised crowdfunding campaign to acquire the iconic Kidman Station. DomaCom is seeking to raise approximately $210 million to acquire the land assets of Kidman Station and has engaged Lloyds Business Brokers who are seeking to raise the capital to acquire the operating business. This is a very competitive process and there are hurdles to overcome in order to achieve a successful purchase.

In a global context, DomaCom is part of a property crowdfunding phenomenon – a sector showing rapid growth (US$19 million in 2012, US$1 billion in 2014 to an estimated US$2.5 billion of transactions in 2015). To our knowledge, there are now more than 100 property crowdfunding platforms in the UK and US with a number of new entrants now in Australia and DomaCom is the only platform using a registered managed investment scheme legal structure that enables the participation of retail investors to simulate an investment in direct property and (potentially) other asset classes. Additionally, we believe that the DomaCom Fund is the only crowdfunding platform that has a "make a market" authorisation which allows DomaCom to act as principal purchaser and seller of units in the Fund and as a consequence provide potential liquidity to uniholders.

We are now in the process of extending the Fund's legal structure and the platform's functionality to cater for other asset classes, with the next key asset class being corporate bonds. We believe corporate bonds are appropriate for the DomaCom business model as:

- they generally have large minimum transaction size of $500,000; and
- the offer of corporate bonds is often restricted to sophisticated or institutional investors.

In the current low interest rate environment, there is a demand for higher yielding assets and we believe that the successful development and launch of the DomaCom Corporate Bond product currently under development will accelerate the take up of the DomaCom Fund within the investment community.

I look forward to sharing this journey with you.

**Arthur Naoumidis**
Chief Executive Officer

# 4 INVESTMENT AND BUSINESS OVERVIEW

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **What is DomaCom?** | DomaCom is the parent company of the entities that together make up the DomaCom Group.<br><br>DomaCom Australia Limited, a wholly owned subsidiary of DomaCom, is the Australian Financial Services Licence holder (AFSL holder) and investment manager of the DomaCom Fund, which is the first fractional online crowdfunding investment platform available to retail investors in Australia.<br><br>DomaCom Australia, as the investment manager of the DomaCom Fund, derives revenues from the management and platform services that it provides to the DomaCom Fund.<br><br>DomaCom Group's core business is the delivery of management and operation of the DomaCom Fund. DomaCom's primary source of competitive advantage is its business model which combines a proprietary online technology platform with a tailored managed investment scheme structure, with benefits for distribution and scalability. DomaCom Australia's AFSL also authorises it to 'make a market'. This means that it can provide a liquidity facility which allows holders of fractional property interests to trade their interests. This occurs by DomaCom acting as principal buyer and seller of units in the Fund (not as a market operator). DomaCom can create a market for the trading of units in the Fund by buying units from those unitholders wishing to sell their units and then selling those units to other investors wishing to buy units in the Fund. To date, there have been three buy and sell transactions since November 2014 and the total value of these transactions has been $84,232 (89,239 units in the DomaCom Fund).<br><br>However, DomaCom will only enter into these transactions if for a sale of units there is a corresponding buyer for those units. Any trade is contingent on there being both a buyer and seller of the same number of units at the same price from whom DomaCom can buy and sell units. Therefore, an investor's ability to trade units in the Fund is reliant on there being sufficient investment and investors to create liquidity. | Section 6 |
| **What Industry does DomaCom operate in?** | The DomaCom Group operates in the financial services industry, primarily targeting the Self-Managed Superannuation Fund (SMSF) category. | Section 5.1 |
| **What is the market for DomaCom's products?** | SMSF is a large and growing sector of the Australian investment market, with total assets of approximately $600 billion in assets and represents the largest single component of the Australian superannuation market, which is now in excess of $2 trillion. | Section 5.2 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **What geographies do we operate in?** | The DomaCom Group has offices in Melbourne, Sydney, Adelaide and Singapore.<br><br>Currently the DomaCom Fund only invests in properties in Australia and accepts investors from Australia and Singapore. | Section 6.2 |
| **What is the DomaCom Fund?** | The DomaCom Fund is a registered managed investment scheme which is designed to simulate investment in direct property. The DomaCom Fund facilitates investment in fractional interests in property, being the underlying property held by a Sub-Fund of the DomaCom Fund.<br><br>The DomaCom Fund's fractional investment platform breaks down high value, illiquid assets into smaller fractions that are available for retail investment. In this way, it enables SMSFs and other retail investors to access investment opportunities in property (and potentially other asset classes, such as corporate bonds) that otherwise may not be available to them. The DomaCom Fund enables investors and their IFAs entirely online to identify properties, initiate and participate in Book Builds for those properties, deposit and withdraw cash, trade their investments in a market created by DomaCom (subject to there being sufficient investment and investors to create liquidity) and otherwise manage their investments in the DomaCom Fund.<br><br>Any investor in the DomaCom Fund can select a property listed on the DomaCom Platform and initiate a Book Build for the purchase of that property. Provided that sufficient capital is raised and the property is successfully purchased, each investor who invests in that specific property will be issued units in the Sub-Fund which acquires and holds the underlying property. | Section 6.5 |
| **What is DomaCom's strategy for growth?** | DomaCom's strategy for growth is based on increasing the value of funds under management (FUM) in the DomaCom Fund, which in turn will increase DomaCom Australia's revenue base, through the following growth initiatives:<br><br>• growing the number of IFA dealer groups which include the DomaCom Fund on their approved product lists (APLs), thereby increasing the number of financial advisers who are authorised to recommend and advise on investment in the DomaCom Fund's products;<br><br>• increasing DomaCom Australia's sales and marketing efforts both to intermediaries such as IFAs and directly to retail investors to increase their awareness of the DomaCom brand and the DomaCom Fund and in turn increase the number of retail investors (and value of FUM) and accordingly DomaCom Australia's revenues; | Section 6.4 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | • identifying exciting and interesting opportunities for the crowdfunding model that allows retail investors to obtain access to assets which might otherwise be outside their reach and lead to an increase in FUM (and accordingly revenues), for example the campaign to crowd fund the acquisition of Kidman Station;<br><br>• continuing to innovate our product offerings by launching new products designed to cater for the needs of SMSF investors and their advisers;<br><br>• continuing to develop and enhance the DomaCom Platform functionality and provide tools that assist IFAs to provide efficient, transparent and cost effective services to their clients;<br><br>• creating opportunities for IFAs to benefit from the growth of the DomaCom Fund and in particular the public crowdfunding opportunities; and<br><br>• obtaining the necessary regulatory approvals under the laws of Singapore, to enable offering investments in the DomaCom Fund to retail investors in Singapore (currently the DomaCom Fund is only available for investment to Singapore's equivalent of wholesale investors). | |
| **What is the key product offered on the DomaCom Fund?** | There is currently one product available for investment, the DomaCom Fractional Property Investment – a product designed for the investment market which allows retail investors to select and invest in fractions of specific properties online without having to purchase the whole property themselves. | Section 6.5 |
| **What products does DomaCom currently have in development?** | Other products currently under development (expected to be launched in the 2017 Financial Year) include the **DomaCom Corporate Bonds Product** and **DomaCom Equity Release Product** (subject to regulatory approval if required). DomaCom currently operates with a restricted ASIC relief instrument and there is no guarantee that DomaCom will be granted regulatory approval by ASIC to launch these products, or granted regulatory approval on terms satisfactory to DomaCom.<br><br>DomaCom expects over time (subject to regulatory approvals if required) to be able to fractionalise other asset classes in addition to property and bonds, for example collectables, precious metals (gold, platinum etc.) and even crowdfund new business ventures, thereby further expanding the product base and diversifying DomaCom's revenue streams. However, at this time, no such future developments have commenced. | Section 6.5.2 and Section 6.5.3 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **Who are DomaCom's customers?** | DomaCom's customers are primarily retail investors, the trustees of SMSFs and the IFAs and accountants who advise them. | Section 6.6 |
| **Why will investors and their advisers select DomaCom's products?** | In DomaCom's experience, investors generally, and SMSF investors in particular, seek to build their investment portfolios around asset classes (targeting specific percentages in a range of classes/sub-classes with a view to achieving diversification and minimising risk). DomaCom believes that property and corporate bonds are key asset classes which provide opportunities for fractional ownership by retail investors utilizing the DomaCom Fund. | Section 6.5 and Section 6.6 |
| **How do we generate revenue and what are our key expenses?** | DomaCom Australia is the investment manager of the omaCom Fund which is operated through the DomaCom Platform developed by the DomaCom Group. For providing the DomaCom Platform and the administrative and management support required to manage the DomaCom Fund, DomaCom Australia receives a management fee based on the value of the Fund's underlying assets.<br><br>To invest in the DomaCom Fund, an investor must first complete an application form and place a cash investment in the Fund. The investor can then place bids against properties. If the property is successfully acquired by the DomaCom Fund, the investor receives units in relation to that Sub-Fund in proportion to the amount of its investment relative to other investors. For example if the investor contributes 10% of the amount required to acquire the property, they will hold 10% of the units of that specific Sub-Fund.<br><br>DomaCom Australia receives a fee of 0.20% plus GST (0.22% p.a.) on the value of investments held in the Cash Pool and when the money is transferred into a property Sub-Fund, the management fee is 80 basis points, plus GST (0.88% p.a.). DomaCom Group's primary costs are employee expenses and costs of product development. Other expenses include office premises, marketing, information technology costs including costs relating to cloud based storage, professional fees and general administration.<br><br>As at 31 March 2016, DomaCom employed 26 staff and employee related expenses represented 54% of total operating costs. | Section 6.3 and Section 8.5 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **What is DomaCom's financial position?** | DomaCom's businesses have been operating at a loss and its revenues are directly connected to the growth of FUM in the DomaCom Fund.<br><br>In the 9 months ended to 31 March 2016, DomaCom derived sales revenues of $11,016 and made a net loss for the year, after tax, of $4,445,263. The Balance sheet as at 31 March 2016, had total assets of $7.5 million, total liabilities of $795,991, net assets of $6.7 million and accumulated losses of $10.9 million. DomaCom has raised funds through the issue of shares at $0.50 per share as recently as 31 March 2016 with a total of $8 million raised in the nine months to that date.<br><br>The Company will continue to incur costs on further development of new products and marketing its existing platform to potential investors and their advisors. The offer is primarily focussed on raising additional funding to continue with these activities and to meet ongoing administrative costs.<br><br>On completion of the Offer DomaCom expects to have Cash and cash equivalents of $7.75 million assuming the minimum subscription is raised. | Section 8.7 and Section 11.2 |
| **Use of Funds raised under the Offer** | | Section 11.2 |

| Capital raising ($' million) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Cash proceeds from the issue of new shares** | **5** | | **10** | | **15.7** | | **23.7** | |
| **Uses of Funds** | | | | | | | | |
| Payments for the cost of the offer | (1.1) | 22% | (1.3) | 13% | (1.3) | 8% | (1.8) | 8% |
| Sell down by Existing Shareholders | | | | | (5.7) | 36% | (5.7) | 2% |
| Sales & Marketing (excluding staff costs) | (1.2) | 24% | (3.2) | 32% | (3.2) | 20% | (3.2) | 14% |
| Product Development (excluding staff costs) | (0.5) | 10% | (0.5) | 5% | (0.5) | 3% | (0.5) | 2% |
| Exploration of global opportunities | | | (0.5) | 5% | (0.5) | 3% | (0.5) | 2% |
| Platform Development | (2.1) | 42% | (2.8) | 28% | (2.8) | 18% | (2.8) | 12% |
| To provide further working capital for the business | (0.1) | 2% | (1.7) | 17% | (1.7) | 12% | (9.2) | 38% |
| **Total use of funds** | **(5)** | | **(10)** | | **(15.7)** | | **(23.7)** | |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | Following the Offer, DomaCom will have sufficient working capital to meet its stated objectives. Working capital is required to fund the ongoing operational costs and employee expenses to retain key personnel in sales, marketing and technology to the extent these costs exceed the revenue set out in Section 8.4.<br><br>Additional funds raised beyond the minimum subscription will increase the final strength and stability of the business which enhances the ability of the business to win more sales distributions and grow the business revenues. | |
| **When will I receive dividends?** | The Directors intend to use DomaCom's cash reserves and any surplus cash flow to fund the business, rather than distributing these funds as dividends. The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by DomaCom. | Section 11.2 |
| **What are the Key Risks?** | There are risks associated with an investment in DomaCom. Some are specific to DomaCom and others are general risks that are associated with investments generally. The specific risks include risks associated with:<br><br>• failing to attract customers and grow assets under management efficiently enough to become profitable;<br><br>• failing to increase FUM and revenue which may result in the need for a further capital raising after 18 months as DomaCom has been operating at a loss and a significant portion of the funds raised under the Offer will be allocated to working capital;<br><br>• having only one product in the market place and deriving revenue from this product only;<br><br>• the DomaCom Fund not being included in the approved product lists of IFAs;<br><br>• competition – in particular the risk that competitors duplicate our asset fractionalisation technology and our legal structure, which provide our competitive advantage;<br><br>• pressure on fees and pricing which could result in reduced margins and profitability;<br><br>• the termination of the investment management agreement which would result in DomaCom Australia being replaced as the investment manager of the DomaCom Fund in circumstance where the investment management agreement is DomaCom's only source of revenue; | Section 7 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | • the high reliance that DomaCom Australia has on the availability and functionality of the platform technology means that disruptions to the platform services, errors or omissions in the functionality in the platform or force majeure events (for example third party intrusions) could significantly impact the DomaCom Group's ability to scale, deliver services or its reputation and standing;<br>• reliance on third party suppliers, including suppliers of IT services and infrastructure;<br>• failure to innovate or failure for innovative products to receive regulatory approvals or failure to achieve client adoption will negatively impact the DomaCom Group's financial performance and condition;<br>• significant regulatory change that affects the financial services industry generally or managed investment schemes generally could negatively impact DomaCom Group's financial performance and condition;<br>• risks associated with failure to attract or retain key personnel;<br>• if only the minimum amount of funding is raised ($5 million) pursuant to this Offer it is likely, that a further capital raising will be required after 18 months, and<br>• other risks associated with the listing of the Company.<br><br>Further detail on each of these and other Key Risks is provided in Section 7, together with information about the mitigation strategies that we have put in place to address and minimise them. | |
| **What is the current status of the DomaCom fund?** | At 31 March 2016, the DomaCom Fund comprised 16 Sub-Funds with a total FUM of $12.4 million. This was comprised of 2 Cash Pools that represented $9.6 million in FUM and earning a management fee of 0.22% p.a. (inclusive of GST) and 14 Property Sub-Funds representing $2.8 million in FUM and earning a management fee of 0.88% p.a. (inclusive of GST).<br><br>There are currently 37 active Book Builds taking place on the platform at various stages. Of those 9 have reached the stage where investors have committed funds to undertaking due diligence. If those 9 are all successful, then the FUM will increase by approximately $2.5 million.<br><br>There are currently a number of large crowdfunding campaigns taking place, for example, the campaign to Crowdfund the acquisition of the land assets comprising the Kidman Station (being undertaken in collaboration with another group who are seeking to raise capital to fund the purchase of the operating business). At this stage, the DomaCom Group has no way of determining the likelihood of success of that, or any other, book build or campaign. | Section 8.4 |

| TOPIC | SUMMARY | |
|---|---|---|
| **Who are the key people and what experience do they have?** | The DomaCom Group executive team has extensive experience within financial services and platform development and implementation.<br><br>**Arthur Naoumidis CEO:** DomaCom's founder was the founder and former CEO of a complex investment management and administration platform, Praemium (ASX:PPS), that grew from a start-up in 2001 to a listed company with nearly 500 client firms (accountants, financial planners & stockbrokers), over 45,000 investors and over $40 billion on its platform.<br><br>**Ross Laidlaw CFO/COO:** Ross Laidlaw is a seasoned funds management executive who was previously CEO of Skandia in Australia for 8 years. Over time, its platform grew organically to over $5 billion funds under management and with over 200 staff.<br><br>The team also includes executives with significant profile and experience in funds management, property investment and technology development for financial services. Further information on the key people is provided in the Key People, Interests and Corporate Governance (Section 10). | Section 10 |
| **Why is the Offer being undertaken?** | The Offer is being conducted to:<br><br>• provide a liquid market for shares and an opportunity for others to invest in the Company;<br><br>• raise capital in order to strengthen DomaCom's balance sheet and provide financial stability to pursue its identified growth opportunities;<br><br>• provide the Company with the benefits of an increased profile that arises from being a listed public company;<br><br>• provide the Company with access to capital markets to improve capital management;<br><br>• provide Selling Shareholders with an opportunity to realise all or part of their investment in the Company; and<br><br>• assist in retaining and attracting employees to the Company through the ability to provide shares to them in a publicly listed company. | Section 11.2 |
| **Who are the issuers of this Prospectus?** | DomaCom Limited ACN 604 384 885 &<br>SellerCo Limited ACN 612 713 452 | Section 11.1 |
| **What is the Offer?** | The Offer is an initial public offering of at least 6.67 million and up to 24 million new Shares to be issued by the Company and 7.6 million Shares to be sold by SellerCo Limited. The | Section 11.1 and 12.2 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | Shares being offered will represent between approximately 6.20% and 25.33% of the total outstanding Shares on issue on Completion.<br><br>A summary of the rights attaching to the Shares is set out in Section 12.3. | |
| **What is the consideration payable for the Shares?** | AUD$0.75 per Share | Section 11 |
| **How will the proceeds of the offer be used?** | The Offer is targeting to raise $10,000,000 with a minimum of $5,000,000. Oversubscriptions will be allowed up to a maximum of $23,707,475.<br><br>The proceeds of the Offer will be applied to:<br><br>• provide further capital for the business to fund further growth of the DomaCom Fund and significantly increase its funds under management, which it in turn generates revenue for DomaCom in the form of management fees;<br>• allow DomaCom the ability to increase its sales and marketing efforts into both the intermediary and direct consumer channels for its products;<br><br>• support the launch and development of the DomaCom Equity Release and Corporate Bond products;<br><br>• continue to develop and enhance the Platform functionality and provide tools that assist intermediaries to provide efficient, transparent and cost effective services to their clients;<br><br>• improve the financial strength of the Company, in turn increasing the confidence of intermediaries in DomaCom's products and longevity; and<br><br>• subject to Applications having an aggregate value of $10 million or greater, provide a mechanism for Selling Shareholders to realise all or a portion of their investment.<br><br>All of the proceeds received by SellerCo Limited for the sale of the Sale Shares less brokerage will be paid to Selling Shareholders.<br><br>If only the minimum amount of the capital raising is achieved (being $5 million), this will curtail the amount of activity DomaCom could undertake in sales and marketing programs to grow FUM and building brand awareness in the direct consumer market. It is likely to lead to the need for a further capital raising after 18 months to meet working capital requirements. | Section 11.2 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | Increases in the amount of capital raised will allow DomaCom to accelerate their sales and marketing efforts both into the intermediary and direct consumer channels, increase the speed of the development and enhancement of the Platform and commence exploring opportunities for growing the business globally.<br><br>Increases in capital raised will also improve the financial strength of the Company which will support the accelerated use of the Platform by intermediaries.<br><br>There is no expectation that any dividends will be paid in the short to medium term. | |
| **What are the holdings of Shares of Directors and other persons connected with DomaCom or the Offer?** | | Section 10.2 |

| Director | Number of Shares immediately following Completion | Percentage holding immediately following Completion* |
|---|---|---|
| Grahame Evans | 687,500 | 0.64% |
| Graeme Billings | 375,000 | 0.35% |
| David Archbold | 250,000 | 0.23% |
| Peter Church | 50,000 | 0.05% |
| Arthur Naoumidis | 18,913,323 | 17.60% |
| Ross Laidlaw | 1,625,000 | 1.51% |

*Assumes that the total subscriptions made are at least $5 million. If the amount raised is greater than $5 million, the percentages held by directors and their associates of all shares on issue in the Company will be less.

There are 200 Existing Shareholders as at the Prospectus Date.

The following table lists the 10 largest shareholders as at the Prospectus Date, identifying the number and percentage of Shares that they hold now and the number and percentage of Shares they will hold after the Offer closes.

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **Who are the Existing Shareholders and what will their interest in the Company be immediately following Completion?** | | Section 12.2 |

| Name | No of Shares at the Prospectus | % at the Prospectus Date | No of Shares on Completion | % on Completion* |
|---|---|---|---|---|
| A & K Naoumidis Trust# | 18,359,952 | 18.22 | 17,706,619 | 15.51 |
| Minto Global Ltd | 4,000,001 | 3.97 | 4,000,001 | 3.50 |
| Sonenberg Super Fund Account# | 3,583,333 | 3.56 | 2,383,333 | 2.09 |
| National Nominees Limited# | 3,200,000 | 3.17 | 2,300,000 | 2.01 |
| Nolan Joyce Family Trust# | 3,125,000 | 3.10 | 2,125,000 | 1.86 |
| Snibson Super fund | 3,083,333 | 3.06 | 3,083,333 | 2.70 |
| Gorman Super fund# | 3,025,000 | 3.00 | 2,570,000 | 2.25 |
| UCAN Nominees Pty Ltd | 2,824,445 | 2.80 | 2,824,445 | 2.47 |
| Stanboultgis Super Fund# | 2,673,000 | 2.68 | 1,973,000 | 1.73 |
| Toronto Cove Pty Ltd | 2,562,500 | 2.54 | 2,562,500 | 2.25 |

# denotes a Selling Shareholder

* Percentage is calculated on the basis that sufficient subscriptions are received to allow 7,609,966 Sale Shares to be sold by Selling Shareholders. If there are under subscriptions, the percentages will vary depending on the total subscription.

The above table assumes no shares are subscribed by Existing Shareholders who are underwriting the offer.

| | | |
|---|---|---|
| **Who is SellerCo Limited?** | SellerCo Limited is a special purpose vehicle established to enable Selling Shareholders to sell part or all of their investment in DomaCom through the Offer. | Section 12.2 |
| **Are there any employee of director incentives programs?** | Yes.<br><br>All Directors and employees are entitled to participate in the Long Term Incentive Plan (LTIP). Only the CEO and employees hired after November 2015 have not participated in the LTIP to date.<br><br>The Directors and senior managers of the DomaCom Group (other than the CEO) have been granted Performance Rights under the LTIP. These (other than the Performance Rights granted to CFO/COO Ross Laidlaw) will vest on DomaCom being admitted to the official list of ASX.<br><br>The Performance Rights for the Executive Directors and the senior management team (other than for Executive Director and CFO /COO Ross Laidlaw) will vest on the listing of the company. | Section 12.4.2 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | The performance rights for Ross Laidlaw will not vest until the DomaCom Fund's FUM has reached $100 million and the Company's share price on ASX has reached $1.00. Both of these goals are required to be achieved within 12 months of Listing in order for Mr Laidlaw's Performance Rights to vest. | |
| **Is the offer underwritten?** | The Offer is partially underwritten by the Underwriters (severally) up to a maximum number of $5 million to raise the minimum subscription amount of $5 million, subject to the Underwriting Agreements.<br><br>If one of the Underwriters defaults on its commitment, the minimum subscription will not be met, the Offer will not proceed and all Application Monies will be returned (without interest). | Section 11.4 |
| **Who are the Sponsoring Retail Broker, Corporate Adviser and Lead Institutional Manager for the Offer?** | The Sponsoring Retail Broker to the Offer is Shaw and Partners Limited ABN 24 003 221 583.<br><br>Odyssey Capital Pty Ltd ABN 56 169 888 779 trading as Odyssey Capital Partners is acting as Corporate Adviser to the Offer.<br><br>Pulse Markets Pty Ltd ACN 081 505 268 is acting as Lead Institutional Manager to the Offer. | Sections 12.5.2, 12.5.3 and 12.5.4 |
| **Will the Shares be quoted on ASX?** | DomaCom has applied to ASX for admission to the Official List and quotation of Shares on ASX (which is expected to be under the code "DCL"). If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. | Section 11.4 |
| **What is the allocation policy?** | The allocation of Shares among Applicants will be determined by DomaCom in consultation with the Sponsoring Retail Broker, the Company's Corporate Adviser and the Lead Institutional Manager. DomaCom intends to give priority to Applicants who are investors in the DomaCom Fund.<br><br>DomaCom, its Corporate Adviser, the Lead Institutional Manager and the Sponsoring Retail Broker reserve the right to reject any Application or bid, or to allocate to any Applicant or bidder, fewer Shares than the number, or the equivalent dollar amount, applied for. | Section 11.4 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **How can I apply?** | Applicants may apply for Shares by completing the Application Form included in or accompanying this Prospectus, and either lodging it with the broker or adviser who invited them to participate in the Offer or posting it to the Company at C/- Boardroom Pty Limited, GPO Box 3993, SYDNEY NSW 2001. There is also an online application form that can be found at www.domcacom.com.au/investor-relations<br><br>To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable. | Section 11 and Application Form |
| **When and how will I know whether my Application has been successful?** | It is expected that initial holding statements will be dispatched by standard post on or around 12 August 2016. | Section 11 |
| **When can I sell my Shares on ASX?** | It is expected that dispatch of holding statements will occur on or about 12 August 2016 and that Shares will commence trading on the ASX on or around the 18 August 2016.<br><br>It is the responsibility of each Applicant to confirm their holding before trading their Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. | Section 11 |
| **Can the Offer be withdrawn?** | DomaCom and SellerCo Limited reserve the right to not proceed with the Offer at any time before the issue or transfer of Shares to successful Applicants.<br><br>If the Offer does not proceed, Application Monies will be fully refunded.<br><br>***No interest will be paid on any Application Monies that are refunded to unsuccessful Applicants or in the event that the Offer does not proceed.*** | Section 11 |
| **Is there any brokerage, commission or stamp duty payable by Applicants?** | No brokerage, commission or stamp duty is payable by Applicants on an acquisition of Shares under the Offer. | Section 12.14 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **What are the tax implications of investing in the Shares?** | Summaries of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 12.17.<br><br>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest. | Section 12.17 |
| **What should I do if I have further questions?** | All enquiries in relation to this Prospectus should be directed to the DomaCom information line on 1800 702 479 from 8.00am until 5.00pm (AEST), Monday to Friday.<br><br>If you are unclear in relation to any matter, or are uncertain as to whether DomaCom is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest. | Call 1800 702 479 between 8.00am and 5.00pm AEST or speak with your adviser. |

# 5 INDUSTRY OVERVIEW

## 5.1 Trends influencing DomaCom's market entry

The DomaCom Group has identified a number of emerging trends within the financial services industry generally (and the superannuation industry in particular) and the convergence with developments occurring in the technological space. DomaCom has developed the DomaCom Fund in response to those trends.

Each of the following trends are described in more detail below:

- SMSFs are a growing and significant component of the superannuation market and will continue to grow as more Australians look to take responsibility for their own retirement savings (See Section 5.2).
- Financial services disruption and the continued growth of digital technology, including the development of cloud computing and digitalisation of the real estate industry, has allowed DomaCom to deliver its services efficiently, securely and totally online. (See section 5.3).
- There is an increasing appetite for SMSF and other investors to utilise the internet to buy and transact financial services due to its ease of use. (See section 5.3).
- Growth and expansion in crowdfunding and in particular property crowdfunding provides opportunities for innovative offerings. (See section 5.3).
- Innovative products available to the retail market to offer further choice and diversification in the current low interest rate environment. (See Section 5.4).
- Australia's ageing population and their retirement options are issues at front of mind for many Australians and their financial advisers (See section 5.5).
- Recent regulatory reforms reflect a greater appetite for the use of "fee for service" advisers rather than "commission based" advisers (See Section 5.6).

## 5.2 Growth in Superannuation market and the dynamics of SMSF market in particular

### 5.2.1 Size of the market

Funds under management in Australian superannuation funds as at 31 December 2015 represented over $2 trillion in assets. The market has continued to grow since 1992 when compulsory superannuation was first introduced. The government-imposed mandatory contributions as a proportion of each individual's total salary package or wage have progressively increased over time. The mandatory contribution rate at the inception of the system was 3% and it was raised most recently to 9.5% from 9.25% on 1 July 2014. This rate is expected to increase to 12% over the next decade.[1]

[1] Australian Taxation Office, Superannuation guarantee percentage, last modified 24 June 2015.

### 5.2.2 Sectors of the superannuation market

The Superannuation market can be further broken down into its various sectors. The SMSF sector is the largest sector of the superannuation market, representing approximately $600 billion as at 31 December 2015. There are now more than one million Australians who have superannuation in SMSF and FUM held in SMSF represents 29% of the total assets held in superannuation as at 30 June 2015. The retail and industry fund sectors represent 26% and 21% respectively, followed by the public, corporate and statutory fund sectors. As at July 2015, the average value of funds invested in SMSF was estimated to be in the order of $1million with the median assets held in SMSF being just over $600,000.

### 5.2.3 Continued Growth in SMSF

We believe that SMSFs will continue to grow both in number and FUM. Key reasons for our view are as follows:

- **Control and direction** – individuals can control their retirement savings within an SMSF and direct the funds to investments of their choice;
- **Transparency** – individuals are able to see and control all transactions, including the impact of taxation such as franking credits and capital gains tax;
- **Fees** – many individuals believe the fund management costs for externally managed funds are too high;
- **Ability to impact and control investment performance** – many individuals believe that SMSF's give them more control over investment decisions that suit their personal objectives and often at a lower cost;
- **Retirement and Estate planning** – SMSFs allow flexibility for individuals to move from accumulation phase to the pension phase relatively easily and to establish appropriate estate planning mechanisms to transfer wealth to the next generation.

Deloitte Actuaries & Consultants Limited in its research paper "Dynamics of the Australian Superannuation System The next 20 years: 2015-2035" published in November 2015 show in base projections from their superannuation model that total superannuation assets in Australia are expected to increase steadily to $9.5 trillion by 2035. They believe the industry will be dominated by the SMSF, retail and Industry sectors, with the SMSF sector to exceed $2.5 trillion in assets by 2035.

## 5.3 Financial Services disruption, cloud computing and crowdfunding

### 5.3.1 Digital disruption / FinTech

Like many industries, the financial services industry is seeing a rapid increase in the numbers of internet savvy investors willing to transact and obtain reports using smart phones, tablets and personal computers.

Within the financial services industry, we are seeing rapid development in new companies using the power of technology looking to disrupt the traditional methods of delivering financial services. This can be seen in the development of 'robo advice', 'peer to peer' lending, cloud computing and crowdfunding. These kinds of advances and disruptive business models are often loosely grouped together and referred to as 'Fintech'.

### 5.3.2 Cloud computing

Cloud computing allows individuals and organisations to store their data in offsite data centres supported by multiple redundancy and security systems rather than on their own desktops or servers located in the office environment.

DomaCom has been able to leverage this new technology with the significant growth in availability, reliability and security that cloud based infrastructure provides without the burden and cost of integrating legacy systems.

### 5.3.3 Crowdfunding

In the real estate industry new and disruptive digital technologies and business models have resulted in the creation of crowdfunding businesses.
Property crowdfunding is the process of multiple investors coming together to buy a property. Investors receive their returns through monthly rental income and movement in property prices. The properties are typically residential but can also be commercial, retail and agricultural.

Property crowdfunding falls within the wider 'Fintech' trend of using technology to simplify and streamline various financial payments and investment activities such as a property investment. Digital technology allows efficient delivery of information, provides scalability by allowing investors all over the world to be connected, and provides convenience as all financial, legal and administrative processes are delivered on a platform that can be accessed across any smart phone, tablet or other digital device.

#### *Global Overview*

Over the last few years there has been a growth in crowdfunding globally and in particular property crowdfunding platforms. In the US alone, there are over 100 providers, including companies such as RealtyMogul.com and FundRise.com. A similar development has occurred in the UK, where property crowdfunding firms include Property Partner, Property Crowd, Crowd Property, House Crowd and Property Moose.

#### *Australian property crowdfunders*

Property crowdfunding has also developed in Australia within the last few years and a number of companies operate in this area in addition to DomaCom. These include Venture Property Crowd (venturepropertycrowd.com.au) which offers wholesale investors a chance to invest in residential properties, CrowdfundUP (crowdfundup.com) which allows investors to invest in a range of commercial properties and projects and BrickX (brickx.com) which is focused on residential investments.

## 5.4 Appetite for new products in the retail market which offer further choice and diversification in a low interest rate environment

Australia, like the rest of the world, has historically low interest rates with the expectation that interest rates will remain low for some time. This has resulted in a search for access to fixed interest products offering a better rate than that available with bank deposits.

Consequently, there has been a shift of interest into corporate bonds so that investors can obtain better returns on their cash. This asset class is still considered a defensive asset class but is well suited for SMSFs who are looking for better yields than cash but without taking on the additional risk of equities. The corporate bonds are independently rated based on the quality of the issuer of the bond.

The DomaCom Corporate Bond product is currently under development in response to these factors and, subject to regulatory approvals and other factors, is expected to be launched during FY2017.

## 5.5 Ageing Society and the risk of outliving savings

As with most developed countries, Australia's population is ageing as a result of sustained low fertility and increasing life expectancy. This has resulted in proportionally fewer children under 15 years of age in the population, and a proportionally larger increase in those aged 65 and over and 85 and over respectively.

ABS statistics show that over the 20 years between 1994 and 2014, the proportion of the population aged 65 years and over increased from 11.8% to 14.7%[2]. This proportion is projected to grow over the next decade, as further cohorts of baby boomers turn 65. By 2061, it is predicted that 25% of Australia's population will be aged over 65. Over the same 20 year period, the number of persons aged 85 years and over increased by 153%, compared with a total population growth of 32%. In the year ending 30 June 2014, the number of people aged 85 years and over increased by 19,200 people (4.4%) to reach 456,500.

The ageing of the population and the growth in the size of the cohort over 65 years of age has significant issues for retirement planning, in particular:

- Concerns about the adequacy of housing for the elderly;
- The risk of Australians outliving their retirement savings;
- Concerns about the extent to which financial requirements impact an elderly person's ability to choose whether to remain in the family home or move to aged care; and
- Levels and quality of health and other support services.

DomaCom believes that there is opportunity for it to lead the innovation required in product development for the retiree market to assist retirees to sustain quality of life in their final years. For this reason, DomaCom is in the process of developing the DomaCom Equity Release product, which is designed to enable retirees to draw on the equity in their homes while continuing to live there (for more information refer to section 6.5.3).

## 5.6 Regulatory reform (FOFA)

The implementation of the Future of Financial Advice reforms (also known as FOFA) in 2012 has resulted in significant changes in the ways in which Australian financial advisers can receive remuneration, in turn leading to an increase in the proportion of "fee for service" advisers. This is expected to drive more investors towards an asset allocation framework (and away from commission based product recommendations). The DomaCom Fund features have been developed from an asset allocation and risk mitigation mindset and DomaCom believes are therefore favourably placed in the new FOFA environment.

[2] 3101.0 Australian Demographic Statistics, June 2014, Feature Article: Population by age and sex, Australia, States and Territories.

# 6 COMPANY OVERVIEW

## 6.1 About DomaCom

DomaCom has developed what it believes to be the first registered managed investment scheme in Australia offering a fractional investment product through a bespoke online platform. The DomaCom Fund currently provides Fractional Property Interests in real property. Its objective is to further develop this model so that additional asset classes may be fractionalised and offered to retail and SMSF investors (for more information see Section 6.5).

DomaCom Australia as the investment manager of the DomaCom Fund, derives an investment management fee based on the value of the assets held by the DomaCom Fund. This is the DomaCom Group's primary source of revenue.

## 6.2 Where does DomaCom operate?

The DomaCom Group has offices in Melbourne, Sydney, Adelaide and Singapore. Currently, the DomaCom Fund only invests in properties in Australia and markets to investors in Australia and Singapore.

The DomaCom Group believes that its platform has potential applications in other jurisdictions where collective investment schemes are available to retail investors and accordingly there is potential for further growth internationally. However, at this time, there are no developed plans for international expansion.

## 6.3 Our Business model

### 6.3.1 Revenues

The DomaCom Group's business model derives revenue for the services it provides to the DomaCom Fund. The fee it receives is based on the value of the underlying assets held within the DomaCom Fund. By growing FUM in the DomaCom Fund, DomaCom will grow its revenues.

To invest in the DomaCom Fund, an investor must first complete an application form and place a cash investment in the Fund. The investor can then place bids against properties. If the property is successfully acquired by the DomaCom fund, the investor receives units in relation to that Sub-Fund in proportion to the amount of its investment relative to other investors. For example if the investor contributes 10% of the amount required to acquire the property, they will hold 10% of the units of that specific Sub-Fund.

At 31 March 2016, the DomaCom Fund comprised 16 Sub-Funds with a total FUM of $12.4 million. This was comprised of 2 Cash Pools that represented $9.6 million in FUM and earning a management fee of 0.22% p.a. (inclusive of GST) and 14 Property Sub-Funds representing $2.8 million in FUM and earning a management fee of 0.88% p.a. (inclusive of GST).

DomaCom estimates that in order to achieve a breakeven position the DomaCom Fund is required to achieve at least $600 million to $700 million of FUM, depending on the underlying makeup of the assets (property, bonds or cash) and assuming a base level of expenditure. DomaCom can provide no assurance as to whether (or when) this level of FUM may be achieved.

### 6.3.2 Structure of the DomaCom Fund provides efficiency, scalability and a market leading proposition

We believe that there is currently nothing else available in the Australian market that enables investors to acquire fractional ownership of a specific property interest using a retail managed fund legal framework combined with an online and scalable platform. The current alternatives involve the creation of one-off property syndicates or unregistered trusts which come with a number of practical drawbacks such as high set up costs, no liquidity measures, difficulty in finding syndicate members and inability to access the financial planning distribution channel.

The DomaCom Fund structure is unique, as it combines a well understood legal structure that IFAs are able to advise on, with a proprietary technology platform.

In summary, the DomaCom Fund structure involves:

- Separating the ownership of the asset (real property) and the beneficial rights to ownership of income and capital growth (or losses) attributable to that property (which we refer to as the Fractional Property Interests);

- A legal structure that enables efficient fractionalisation of the property Interests. The structure provides for the income and capital rights in each Property acquired by the Fund to be owned by the investors of a distinct Sub-Fund within the DomaCom Fund. Each investor will hold separate classes of units in one or more Sub-Funds (each separate class of units is unique to a particular Sub-Fund and a particular Property) and the combination of the Sub-Funds and the cash pool together comprise the DomaCom Fund. Investors receive the specific returns from the Sub-Funds (and specific Properties) they have invested in and not a blended return from all Sub-Funds (and all Properties);

- DomaCom Australia has a "make a market" authorisation, allowing for the provision of a liquidity facility to the DomaCom Fund. This allows investors to trade their fractional interests. This occurs by DomaCom acting as principal buyer and seller of units in the Fund (not as a market operator). DomaCom can create a market for the trading of units in the Fund by buying units from those unitholders wishing to sell their units and then selling those units to other investors wishing to buy units in the Fund. However, DomaCom will only enter into these transactions if for a sale of units there is a corresponding buyer for those units. Any trade is contingent on there being both a buyer and seller of the same number of units at the same price from whom DomaCom can buy and sell units. Therefore, an investor's ability to trade units in the Fund is reliant on there being sufficient investment and investors to create liquidity. To date, there have been three buy and sell transactions since November 2014 and the total value of these transactions has been $84,232 (89,239 units in the DomaCom Fund).

- DomaCom Australia's online platform supports property listing management, a liquidity facility which facilitates trading, unit registry and Book Build processing for existing properties and proposed developments.

- An unlimited number of Sub-Funds or separate unit classes (each representing a separate Property) can be created within the DomaCom Fund. This, combined with the platform technology, results in the DomaCom Fund being potentially highly scalable.

## 6.4 Our Business strategy

The DomaCom Group's core strategy is built on developing and implementing innovative products. This strategy is executed through the DomaCom Fund and the activities of DomaCom Australia as the investment manager of the DomaCom Fund.

Our key strategy has been to identify specific problem areas for SMSF investors and their advisers and, using a combination of technology, business processes and legal structures, to provide innovative and useful ways of addressing those problems.

Fundamentally, the DomaCom Fund creates a mechanism whereby a high value asset (currently real property) can be fractionalised and invested in by numerous investors, thereby creating an opportunity for Australian retail investors.

Fractionalisation of assets also provides an opportunity to increase the liquidity of an investment that previously may have been characterised by low liquidity.

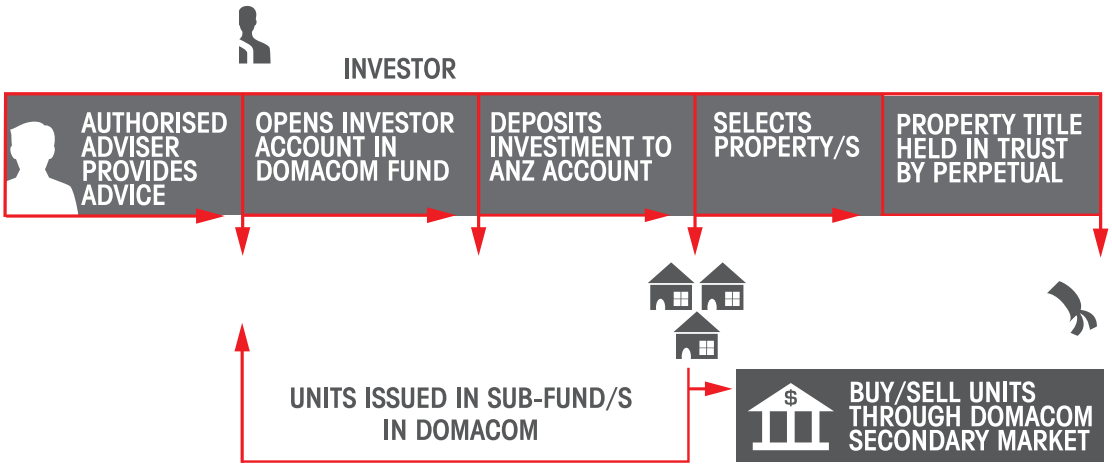


Figure 1 Overview of the DomaCom Fund

### 6.4.1 Strategies for growth

Our growth strategy is based on the following components:

- **growing the number of APLs on which our products are listed**, thereby increasing the number of IFAs who are authorised to recommend and advise on those products;
- **increasing DomaCom Australia's sales and marketing efforts** to increase awareness of the DomaCom brand and the DomaCom Fund and in turn increase number of retail investors (and value of FUM and accordingly revenues) through both intermediated and direct channels;
- **continuing to innovate our product offerings** by launching products designed to cater for the needs of SMSF investors and their advisers (see section 6.5);
- **continuing to develop and enhance the Platform functionality** and provide tools that assist IFAs to provide efficient, transparent and cost effective services to their clients so that ours is the platform of choice;

- **continuing to offer Crowdfunding opportunities,** an example of this is the crowdfunding opportunity that we are currently undertaking with the Kidman Station. We are giving investors the opportunity to acquire a fractional interest in one of the largest private agricultural landholdings with 101,411 square km of prime pastoral land across 12 properties, as well as a head office located in North Adelaide. The land is used for 10 cattle stations, a bull breeding stud farm and a feedlot covering regional South Australia, Western Australia, Northern Territory and Queensland. This campaign is being conducted in partnership with Lloyd Business Brokers which is seeking to raise the capital required to acquire the Kidman Station operating business and accordingly provide a yield to investors holding a fractional interest in the land. At this stage, we have no way of determining the likelihood of success of this campaign;

- **creating opportunities for IFAs** to benefit from the growth of the DomaCom Fund and in particular the public Crowdfunding opportunities;

- **obtaining the necessary regulatory approvals under the laws of Singapore** to expand our marketing there to include marketing investments in the DomaCom Fund to retail investors in Singapore (as we currently are only able to offer investments in the DomaCom Fund to Singapore's equivalent of wholesale investors); and

- **exploring global opportunities** to licence the DomaCom Platform in international markets. However, it is likely that this strategy will only be implemented if more than $10 million is raised under the Offer.

### 6.4.2 Growing intermediary network

In order to grow the number of Platform users and the value of FUM, DomaCom Australia has concentrated its sales and marketing efforts on growing the number of IFAs that can use the product.

This has involved seeking and obtaining independent research reports required by Dealer Groups before products can be listed on Dealer Group APLs, as well as creating a sales and marketing team well connected within the financial planning community.

As at 31 March 2016, 37 financial planning Dealer Groups have included the DomaCom Fund on their APL. Together, these firms represent more than 850 Financial Advisers or approximately 5% of the Australian financial planning market.

Investors who do not wish to seek full service advice from an IFA may also invest directly into the DomaCom Fund.

### 6.4.3 The business model and product offering have been built in response to FOFA changes

The Corporation Amendment (Future of Financial Advice) Act 2012 ("FOFA") and The Corporations Amendment (Further Future Financial Advice Measures) Act 2012 reforms required all Financial Advisers in Australia to cease accepting product commissions and rebates. These changes are aimed at transforming Australia's Financial Planning industry away from commission based sales to a fee for service based model.

The DomaCom Group believes these changes will drive an increase in the use of asset allocation models by Financial Planners which will in turn further drive a demand into the direct property asset class.

The DomaCom Group's business model, which simulates a direct investment in real property but does so utilising a registered managed investment scheme structure, provides an opportunity for Financial Planners to continue to advise their clients across all asset classes to which they are exposed without requiring the investor to 'give up' the ability to select the underlying investment property.

## 6.5 Our Products

### 6.5.1 Current Product -DomaCom Fractional Property Investment

The DomaCom Fund's initial offering allows investors the opportunity to build a property investment portfolio across a diverse range of residential, commercial and agricultural properties by geographic region (suburb, city, region and state), providing both a potential net income yield and possibility for capital growth.

Participating investors are exposed to an income stream and capital growth (or loss) of the underlying properties in direct proportion to the fractional interest purchased. For example, if an investor acquires 10% of the units in a Sub-Fund which is linked to a specific property investment, they will receive 10% of the net income yield and exposure to 10% of the capital value of that property.

### 6.5.2 Product in development - DomaCom Corporate Bonds

This product is designed to allow investors an opportunity to build a corporate bond investment portfolio that incorporates a diverse range of corporate bonds providing them with access to risk weighted interest rates. In this way, investors can construct a bond portfolio that gives them the more attractive yields whilst still managing their investment risk through diversification. Currently, retail investors are restricted to either ASX listed corporate bonds or to corporate bonds that have a retail prospectus. The majority of corporate bonds are not retail offerings and are not listed on the ASX which means that retail investors do not have access to much of the corporate bond market other than investing in exchange traded funds or investment funds which invest in wholesale corporate bonds.

The DomaCom Fund's structure will enable corporate bonds not otherwise available for investment by retail investors to be fractionalised and invested in by members of the DomaCom Fund. DomaCom also proposes to enable investors to select underlying assets and to provide a liquidity facility through which those fractional interests will be able to be traded between members of the DomaCom Fund (subject to there being sufficient investment and investors in the Fund to create liquidity - see 6.3.2 for further information on how this works).

The offering is expected to increase the value of assets in the DomaCom Fund and accordingly revenues that will be derived by DomaCom Australia for its services to the DomaCom Fund. It is intended that some of the proceeds of this capital raising will be used to fund the technology and legal development required to modify the DomaCom Platform and Fund to support the offering of corporate bonds in addition to our existing offer of properties.

### 6.5.3 Product in development - DomaCom Equity Release

It is estimated that $500 billion of home equity is held by Australians over the age of 65, with the total reverse mortgage loan book worth more than $3.66 billion at the end of 2014. This demonstrates that there is a significant market for products that allow older Australians to utilise their property assets, only a very small proportion of which is currently subject to reverse mortgage products.

The DomaCom Group is currently developing the DomaCom Equity Release product that will enable those who are seeking to obtain cash by releasing equity in their homes to be matched with investors who wish to make investments that are underpinned by those properties. If the DomaCom Equity Release product is approved and launched, it will provide an attractive solution to 'asset rich/cash poor' retirees who may otherwise have difficulty funding their retirements whilst continuing to live in their own homes.

DomaCom is currently subject to a restricted ASIC relief instrument. DomaCom is in discussions with ASIC to extend its current regulatory relief to enable the launch of the DomaCom Equity Release Product. There is no guarantee that DomaCom will be granted the extension by ASIC to launch this product, or granted regulatory approval on terms satisfactory to DomaCom. The launch of this product is also subject to any additional Platform technology elements that may be required.

## 6.6 Our Customers

### 6.6.1 The DomaCom Group

DomaCom Australia derives revenues based on the FUM in the DomaCom Fund. Accordingly, the DomaCom Fund is regarded as DomaCom Australia's 'customer'. DomaCom Australia delivers platform and fund management services to the Fund's responsible entity and custodian.

DomaCom's revenues will increase in direct proportion to the value of FUM in the DomaCom Fund.

### 6.6.2 The DomaCom Fund

The DomaCom Fund's customers are retail investors who are introduced to the DomaCom Fund via DomaCom Australia's primary distribution channel which is through intermediaries - IFAs and accountants.

The DomaCom Fund also offers a range of crowdfunding opportunities to retail investors directly, such as the Kidman Station campaign.

## 6.7 Our Service Providers

The DomaCom Group has outsourced a number of functions to key service providers in order to ensure an efficient and compliant administration of the DomaCom Fund within a registered scheme environment.

- Perpetual Trust Services Limited ABN 48 000 142 049 and Perpetual Corporate Trust Limited ABN 42 000 001 007 act as the Responsible Entity (RE) and Custodian respectively for the DomaCom Fund. Perpetual is one of Australia's largest professional Responsible Entities and custodians and is an ASX listed company with capitalisation of around $1.95 billion.

- Fund BPO Pty Ltd ABN 81 118 902 891 a wholly owned subsidiary of the ASX listed company MainstreamBPO Limited provides the Fund Accounting and Unit Registry services for the Fund. Mainstream Group has seen exceptional growth over the last 10 years providing fund and superannuation administration services for a diverse client base of over 350 funds with in excess of $US 50 billion in funds under administration and was listed on the ASX in late 2015.

- Australia and New Zealand Banking Group ABN 11 005 357 522 (ANZ Bank) provides the DomaCom Fund cash account that gives investors an attractive return. ANZ Bank is also the banker for the DomaCom Group.

# 7 KEY RISKS

This Section describes some of the potential risks associated with the business undertakings of the DomaCom Group, the industries in which it operates and an investment in the Shares. Some risks are specific to DomaCom Group's business activities, while others are more general in nature.

This Section does not purport to list every risk that may be associated with the DomaCom Group or an investment in the Shares. The occurrence or consequence of some of the risks described in this Section is partially or completely outside the control of DomaCom, its Directors and senior management.

Prior to applying for Shares, investors should read this Prospectus carefully and in full and satisfy themselves that they have a sufficient understanding of the risks associated with DomaCom and an investment in the Shares before deciding whether the Shares are a suitable investment for them, having regard to their own investment objectives, financial circumstances and taxation position. If investors are unclear in relation to any matter associated with an investment in DomaCom, they should seek professional advice from their stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in DomaCom.

## 7.1 Risks specific to investing in DomaCom

### 7.1.1 Failure to attract customers and grow assets under management

DomaCom is dependent on growing its customer base, increasing the number and value of properties in the DomaCom Fund and in turn the assets under management based on which it derives a management fee in order to more than offset its running expenses. Failure to attract customers and grow funds under management will negatively impact the DomaCom Group's financial position and prospects.

Failure to attract customers to the DomaCom Fund may also impact the liquidity facility for which DomaCom Australia acts as the principal buyer and seller of units in the Fund. DomaCom's ability to buy and sell units in the Fund may depend on there being sufficient investment and investors to create liquidity. Failure to attract customers could have a negative impact on the ability of investors to trade Fractional Property Interests or the price achieved. The reputational consequences of this could negatively impact DomaCom Fund's growth and accordingly DomaCom Australia's revenues and financial position.

We are working with 37 Dealer Groups, representing more than 850 Financial Advisers. Over 350 Financial Advisers have been accredited by DomaCom in fractional property investing as at 31 March 2016 and at that date DomaCom Australia had FUM of $12.4 million. Revenue generated from the FUM is currently small and DomaCom needs to grow its FUM significantly to generate sufficient revenue to cover its cost base.

### 7.1.2 Failure to increase FUM and revenues

DomaCom has been operating at a loss and a significant portion of the funds raised under the Offer will be allocated to working capital. If DomaCom fails to grow FUM in the DomaCom Fund it will result in failing to increase its revenues and lead to the need for a further capital raising after 18 months.

DomaCom estimates that in order to achieve a breakeven position the DomaCom Fund is required to achieve at least $600 million to $700 million of FUM, depending on the underlying makeup of the assets (property, bonds or cash) and assuming a base level of expenditure. DomaCom can provide no assurance as to whether (or when) this level of FUM may be achieved.

### 7.1.3 Risk of having one product in the market place

DomaCom currently has only one product available in the market place, the DomaCom Fractional Property Investment. Therefore DomaCom's revenue is currently dependent upon the growth in FUM of this product and revenue that is derived from this product alone.

Although it is our intention to develop other products such as the DomaCom Corporate Bond product and DomaCom Equity Release product, there is no certainty as to when DomaCom will offer these new products.

### 7.1.4 Risk of DomaCom Fund not being included in the approved product list of IFAs

The DomaCom Fund is currently included in the approved product list of 37 IFA dealer groups. There is a risk that the DomaCom Fund may not remain on these lists or may not be added to any other approval product lists. This may have a negative impact of the growth of FUM.

### 7.1.5 Competition

While DomaCom Australia believes it is the first to operate a fractional investment platform in the form of a registered managed investment scheme in Australia, there is a risk that existing financial service providers or new players enter this market or duplicate DomaCom's technology and business model.

The key industries in which the DomaCom Group operates are all competitive markets which are expected to remain competitive. Examples of factors that may impact on DomaCom Group's competitive position include:

- level of innovation relative to that of competitors;
- commercial factors, including pricing and liability terms;
- ability to keep up with technological or regulatory change;
- ability to respond to client preferences for products and services; and
- ability to maintain strong relationships with existing clients by upholding the consistency and quality of its services.

In addition, the DomaCom Group needs to respond effectively to any changes in the competitive landscape, which may evolve as a result of a number of factors, including the entry of new competitors into the market and the consolidation of existing market participants.

Increased competition may adversely affect DomaCom's business, financial performance and financial condition. Increased competition may also result in pressure on the management fees charged by DomaCom Australia.

### 7.1.6 Termination of the Investment Management Agreement

DomaCom Australia is the investment manager appointed by the Responsible Entity of the DomaCom Fund under the Investment Management Agreement dated 4th February 2014. If the Responsible Entity as trustee of the DomaCom Fund terminates the Investment Management Agreement, DomaCom Australia would lose its primary source of income.

### 7.1.7 Reliance on platform technology

The DomaCom Fund relies on an online technology solution which is delivered by the DomaCom Platform to facilitate the application process, the on boarding of clients and properties and regular reporting.

There is a risk of cyber-attacks which could lead to loss, theft or corruption of data. This could render the Platform unavailable for a period of time and the unauthorised disclosure of client data.

There is a risk of disruption of Platform services due to:

- an inability of the system to handle an increase in capacity of clients and transactions or errors or omissions that may occur in performing certain tasks and transactions; and
- a force majeure event that affects the systems and in turn the clients of or suppliers to DomaCom.

### 7.1.8 Reliance on third party suppliers

***IT Suppliers***

The DomaCom Group relies on certain contracts with third party suppliers to maintain and support its IT infrastructure and software, which underpins its core business activities. DomaCom's reliance on third parties to provide key services decreases its control over the delivery of these services and the quality and reliability of the services provided. DomaCom is also subject to the risk of any failures in each third party provider's systems or IT infrastructure, which may impact that third party's ability to deliver the services it is contracted to provide. Any delay, disruption or deterioration in the level of service by a third party provider could impair DomaCom's ability to provide services to its clients at all, or to the service levels DomaCom and its clients expect. In addition, if any such contracts are terminated for any reason and an alternative source of technology or systems is not found in a timely manner or on similar commercial terms, DomaCom's operations, earnings and financial condition could be adversely impacted.

***Performance of third party infrastructure***

DomaCom Australia and the DomaCom Fund are dependent on the effective performance, reliability and availability of DomaCom's Platform, third party data centres and communication systems.

While DomaCom's Platform is designed to appropriately and effectively service the DomaCom Fund, changes and developments in technology, including by its competitors, or the commercial and/or regulatory environment may require DomaCom to develop and maintain new and/or enhanced technology platforms. There is a risk that DomaCom may fail to successfully achieve the required development of its technology and systems, which may, in turn, adversely affect its operations, relationship with clients, financial performance and financial condition.

Further, DomaCom's core technologies may be exposed to damage or interruption from system failures, viruses, cyber-attacks, telecommunication provider failures, disasters from natural or human causes, or other unforeseen events which may cause the systems to be unavailable from time to time. This may affect the ability of DomaCom to deliver consistent, quality services to its clients and lead to reputational damage and may also adversely impact DomaCom's operations, financial performance and financial condition.

***Risks associated with Third Party Suppliers***

DomaCom Australia utilises a range of third party suppliers.

DomaCom Australia could face business interruption, brand and reputational risk, if any of the third parties failed to perform and undertake their obligations.

### 7.1.9 Product Development

DomaCom is required to bring new products to the market and continue to innovate and maintain its existing products.

If these products take longer to develop and/or obtain necessary regulatory approvals, this could result in further investment than anticipated and/or slower progress in development and sales.

### 7.1.10 Failure to be included on Approved Product Lists

DomaCom Australia's distribution strategy is an intermediated model. By providing features that SMSF investors are looking for, together with opportunities for Financial Planners to advise on and training for those advisers, DomaCom plans to leverage the networks of financial advisers to grow the DomaCom Fund. Most Australian Financial Planners are connected to Dealer Groups who provide the master AFSL through which the advisers are regulated. This means that Financial Planners can only recommend products that have been incorporated onto their Dealer Group's Approved Product List (APL). In order to qualify for inclusion on APLs DomaCom has commissioned independent research reports and will continue to need to commission such reports in the future. In the event that independent research reports are negative, the DomaCom Fund and its products may not be listed on APLs or may be removed from APLs. In such an event DomaCom's financial performance and financial condition may be negatively impacted.

### 7.1.11 Regulatory changes

DomaCom Australia operates within a registered managed investment scheme environment. Changes to laws, regulations, standards and practices applicable to the industry in which DomaCom Australia operates could adversely impact its business. For instance, there could be changes to legislation surrounding SMSFs that could positively or negatively impact the business.

### 7.1.12 Key personnel risk

DomaCom relies on a number of key personnel to conduct the business including certain personnel who are named as key persons on the DomaCom AFSL. If such key personnel were to leave the business or for other reasons could not perform their duties, and there was an inability to recruit suitable replacements, this could result in an inability to continue to promote or operate the DomaCom Group's business and the DomaCom Fund in accordance with DomaCom's business plan.

### 7.1.13 Trading and Liquidity in Shares and Escrowed Shareholders' Interests

There can be no guarantee that an active market for the Shares will develop. There may be relatively few potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also impact the prevailing market price at which Shareholders are able to sell their Shares.

Depending on the number of Shares issued on Completion, Escrowed Shareholders will hold between 23 – 27% of all Shares on issue following listing. The inability of Escrowed Shareholders to sell any Shares during the two year restriction period may result in, or at least contribute to, limited liquidity in the market for the Shares during this time. This could impact the prevailing market price at which Shareholders are able to sell their Shares. It is important to recognise that, on a disposal, Shareholders may receive a market price for their Shares that is less than the price that they paid under the Offer.

Following the release from escrow, Shares held by the Escrowed Shareholders will be able to be freely traded on ASX. A significant sale of Shares by the Escrowed Shareholders, or the perception that such sales have occurred or might occur, could adversely impact the price of the Shares. The Escrowed Shareholders' shareholding may also allow them to, collectively, exert significant influence over the outcome of matters relating to the Company, including the election of Directors and the approval of transactions. The interests of the Escrowed Shareholders may be different from the interests of investors who acquire Shares in the Offer.

In the event that the amount raised pursuant to this Prospectus is less than $10 million and no Selling Shareholders are able to sell Shares prior to the listing, there may be a greater number of Shares in the market as those Selling Shareholders seek to realise some of their investment in DomaCom. This may have an adverse impact on the market price for Shares.

### 7.1.14 Significant holding retained by certain Existing Shareholders

Immediately after Completion, assuming that the Existing Shareholders and their associates do not subscribe for any Shares under the Offer and depending on the amount raised pursuant to this Prospectus, the Existing Shareholders will beneficially own between 75% and 94% of the Company's issued Shares.

The Existing Shareholders, if they act together, will be able to exert a significant degree of influence over the Company's management and affairs and over matters requiring Shareholder approval, including the election of Directors and approval of significant corporate transactions.

The interests of these Shareholders may differ from the interests of the Company and the interests of Shareholders who purchase Shares under the Offer. Also, while they hold a large stake in the Company, these Shareholders may be able to determine or influence whether a takeover or similar offer for the Shares is successful.

It should be noted that there are 200 Existing Shareholders, many of whom are sophisticated or professional investors who have had no prior relationship with the Company, its founders or staff prior to making their investments.

### 7.1.15 Risk of dilution

There is a risk that there will be additional equity raised in the future that could result in dilution for shareholders. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraising.

If only the minimum amount of funding is raised ($5 million) it is likely that a further capital raising will be required after 18 months.

### 7.1.16 Compliance with regulations

DomaCom Australia operates a registered Managed Investment Scheme that is subject to regulations, laws, standards and practices.

DomaCom Australia holds an AFSL required for the conduct of its regulated activities. Failure to comply with the terms of this licence could have significant consequences for DomaCom Australia, including removal of the AFSL resulting in DomaCom Australia no longer being able to operate or promote the DomaCom Fund. Failure to comply with the regulations could result in an inability of the business to operate, suspension of its licence and reputational damage to its brand.

DomaCom is subject to privacy laws in Australia. These laws regulate the handling of personal information and data collection. Such laws impact the way DomaCom can collect, use, analyse, transfer and share personal and other information. Any actual or perceived failure by DomaCom to comply with relevant laws and regulations may result in the imposition of fines or other penalties, client losses, a reduction in existing services, and limitations on the development of technology and services making use of such data. Any of these events could adversely impact DomaCom's business, financial condition and financial performance.

### 7.1.17 Impairment of Intangible Assets

DomaCom's balance sheet includes intangible assets. Under Australian Accounting Standards, goodwill and indefinite life intangible assets must be regularly tested for impairment. If impaired, DomaCom would need to write down the value of its intangible assets which would result in an expense in the income statement, thereby potentially materially impacting DomaCom's financial condition and reported earnings.

### 7.1.18 Reputational damage

DomaCom's brand is important in attracting and retaining clients to the DomaCom Fund. There is a risk that the brand may be tarnished by incidents such as negative publicity, data security breach or one-off unforeseen events that negatively impact DomaCom's operations. Even though the DomaCom Group is not involved in the selection of properties that the DomaCom Fund invests in, the failure of Crowdfunded investments could indirectly have a negative impact on DomaCom's brand and reputation. The occurrence of any such incidents may lead to client loss and the failure to attract new clients and grow FUM, which, in turn, may have an adverse impact on DomaCom's financial performance.

### 7.1.19 Litigation

DomaCom may in the ordinary course of business become involved in litigation and disputes, for example with its suppliers or clients. Any such litigation or dispute could involve significant economic costs and damage to relationships with suppliers, clients and/or other stakeholders. Any such outcomes may have an adverse impact on DomaCom's business, market reputation and financial condition and financial performance.

### 7.1.20 Failure to realise benefits from research and development investments

Developing software and technology is expensive and the investment in the development of these product and service offerings often involves an extended period of time to achieve a return on investment. For example, DomaCom estimates that it has invested approximately $3.1 million over the last five years in the development and implementation of its platform. An important element of DomaCom's corporate strategy is to continue to make investments in innovation and related product and service opportunities through internal investments and, potentially, the acquisition of intellectual property or businesses from third parties. DomaCom believes that it must continue to dedicate resources to its innovation efforts to develop its software and technology service offering and embed its competitive position. However, DomaCom may not receive significant revenues from these investments for several years, or may not realise such benefits at all.

### 7.1.21 Failure to protect IP rights

Third parties may knowingly or unknowingly infringe DomaCom's proprietary rights, and/or may challenge proprietary rights held by the DomaCom Group. In such cases, DomaCom may be required to expend significant time and expense in order to prevent infringement or to enforce its rights. If the protection of its proprietary rights is inadequate to prevent unauthorised use or appropriation by third parties, its competitors may be able to more effectively mimic its products, services, and methods of operation. Any of these events could have an adverse effect on its business, financial condition and financial performance.

#### 7.1.22 Infringement of third party intellectual property rights

DomaCom may receive notices from third parties claiming infringement of their intellectual property rights and/or breach of its agreements with them. DomaCom cannot assure Applicants that such claims may not arise, including from its competitors, or that such claims may not require protracted negotiation, including litigation, to resolve, or the payment of monetary damages or the satisfaction of indemnification obligations in its agreements with suppliers. In addition, such claims may increase as DomaCom continues to grow and enter new markets. In such cases, if a determination was made that DomaCom had infringed such third party rights, DomaCom's business and financial condition may be adversely affected.

#### 7.1.23 Failure to execute the planned growth strategy

DomaCom's growth strategy is focused on growing the number of members of the DomaCom Fund and the value of FUM. To the extent DomaCom is not able to execute its strategy, its business and growth prospects may be adversely impacted. In such cases, DomaCom may not be able to execute its growth strategy which could adversely impact its business and growth prospects.

## 7.2 General Risks

#### 7.2.1 General Economic conditions

DomaCom business operates in the financial markets and within the general economy. Conditions which affect the economic conditions such as interest rates, inflation, level of unemployment and economic growth all may impact on DomaCom's ability to grow its business and be successful.

#### 7.2.2 Force majeure

This is the occurrence of events which are beyond the Company's control. This could include the outbreak of war or acts of terrorism, natural disaster or events which occur inside or outside Australia which have a significant impact on DomaCom's business and its ability to achieve its goals and objectives.

#### 7.2.3 Share market risks

The share market is subject to a wide range of factors which cause the share prices for company shares to rise and fall. The impact of both domestic and global economic factors, geopolitical factors, interest rates and level of inflation can all impact the local share market.
This may cause the share price for DomaCom Shares to fall below their issue price.

#### 7.2.4 Liquidity of shares

There can be no guarantees that there will be an active market in DomaCom Shares and therefore shareholders may have an inability to sell their shares at or above the issue price.

#### 7.2.5 Changes to Regulations - accounting standards and taxation

There is always a risk that a change may occur in the applicable laws and regulations, across accounting standards and within the Australian taxation regime. These changes could have an impact on DomaCom's business and in turn impact its share price.

# 8 FINANCIAL INFORMATION

## 8.1 Introduction

DomaCom Limited (previously known as DomaCom Holdings Limited) is the holding company of the wholly-owned DomaCom Group. DomaCom Australia Limited (previously known as DomaCom Limited) holds the Australian Financial Services Licence and employs all people in Australia, with the exception of those involved in information technology. DomaCom Platform Services Pty Ltd conducts the group's information technology development activities and employs the information technology people. DomaCom Singapore Private Limited was established to promote DomaCom products to the accredited advisers licenced in Singapore.

DomaCom Australia Limited was incorporated on 26 October 2011 and has prepared audited financial statements since the year ending 30 June 2013. DomaCom Limited was incorporated on 23 February 2015 and prepared audited consolidated accounts for the period to 30 June 2015. DomaCom Singapore Private Limited was incorporated on 7 November 2014 and prepared audited accounts for the period to 30 June 2015. DomaCom Platform Services was incorporated on 29 June 2015 and has not prepared audited accounts.

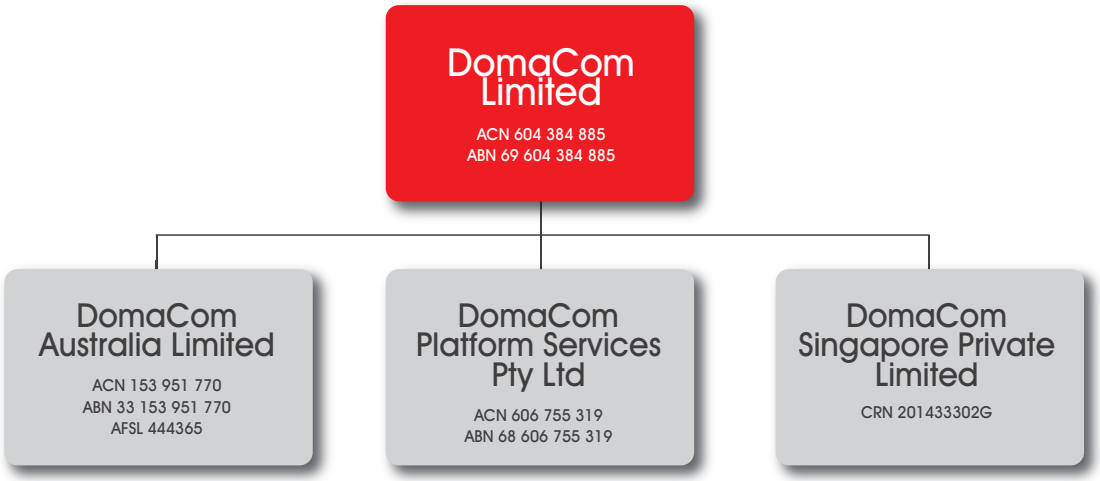


Figure 2 DomaCom Corporate Structure (operating entities only)

## 8.2 Basis of preparation of pro forma financial information

For the year ended 30 June 2014 the historical information presented in this financial information section is from the restated audited statutory financial statements of DomaCom Australia Limited. As no other entities existed within the DomaCom Group there has been no requirement to prepare consolidated financial information for this period.

On 27 March 2015 a restructure was undertaken to form the consolidated group consisting of DomaCom Limited and its controlled entities (the "DomaCom Group"). Audited consolidated accounts were prepared for the period from 23 February 2015 to 30 June 2015. For the year ended 30 June 2015 the historical information presented in this financial information section includes the restated consolidated financial statements for the 12 month period to 30 June 2015. Adjustments have been made to represent the consolidated group being in existence for the 12 month period to 30 June 2015.

For the 9 month period ended 31 March 2016 pro forma consolidated financial statements have been prepared for the DomaCom Group. The structure of the DomaCom Group has remained unchanged since being formed on 27 March 2015.

The audit reports prepared by Grant Thornton Audit Pty Ltd ACN 130 913 594 for DomaCom Australia Limited for the years ended 30 June 2014 and 30 June 2015 are unqualified and include emphasis of matter paragraphs drawing attention to the uncertainties in relation to going concern basis. The audit report prepared by Grant Thornton Audit Pty Ltd for DomaCom Limited which includes the consolidated accounts of the DomaCom Group for the period ended 30 June 2015 is unqualified and includes an emphasis of matter paragraph drawing attention to the uncertainties in relation to going concern basis.

The pro forma historical information has been prepared under the measurement and recognition requirements (but not disclosure requirements) of Australian Accounting Standards. The financial statements have been presented in Australian Dollars.

The historical and pro forma historical Financial Information was reviewed by Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987 whose report is included in Section 9. Investors should note the scope and limitation of the Investigating Accountants' report.

The adjusted pro forma financial statements as at 31 March 2016 have been prepared to reflect the following pro forma adjustments:

- The issue of shares resulting from the Offer;
- The anticipated costs of carrying out the capital raising and listing; and
- The vesting of Performance Rights conditional on the Offer completing.

Further details of these adjustments ("Pro forma Adjustments") are set out in Section 8.10.

The historical financial information for the years ended 30 June 2014 and 30 June 2015 presented in the financial information section include the impact of a restatement resulting from a change in accounting policy. Further details are set out in Section 8.6.1.

## 8.3 Financial Analysis based on the audited/reviewed accounts

### Table 3 Historical consolidated income statement

| | FY2014 $ (i)(iv) | FY2015 $ (ii)(iv) | HISTORICAL 31/03/2016 $ (iii) |
|---|---|---|---|
| Revenue | - | 8,826 | 11,016 |
| Other Income(v) | 240,997 | 421,774 | 294,255 |
| Business expenses | (1,903,407) | (4,366,860) | (4,629,746) |
| EBIT (vi) | (1,662,410) | (3,936,260) | (4,324,475) |
| Net Interest expense | (23,631) | (83,285) | (36,181) |
| Net Loss Before Tax | (1,686,041) | (4,019,545) | (4,360,656) |
| Income tax benefit / (expense) | (147,738) | (44,132) | (84,607) |
| Net Loss After Tax | (1,833,779) | (4,063,677) | (4,445,263) |

(i) includes the results of DomaCom Australia for the 12 months ended 30 June 2014

(ii) includes the consolidated results of DomaCom Australia, DomaCom Limited, DomaCom Platform Services and DomaCom Singapore for the 12 months ended 30 June 2015

(iii) includes the historical consolidated results of DomaCom Australia, DomaCom Limited, DomaCom Platform Services and DomaCom Singapore for 9 months ended 31 March 2016

(iv) includes restated balances as a result of a revision to the accounting policy for R&D grants

(v) Other Income – represents amounts received from the ATO for R&D claims for expenses that have not been capitalised

(vi) EBIT – represents earnings before interest and tax

## 8.4 Revenue

To invest in the DomaCom Fund an investor must first complete an application form and place a cash investment in the Fund. The investor can then place bids against properties. If the property is successfully acquired by the DomaCom fund, the investor receives units in relation to that Sub-Fund in proportion to the amount of its investment relative to other investors. For example if the investor contributes 10% of the amount required to acquire the property, they will hold 10% of the units of that specific Sub-Fund. Management fees are charged on average FUM for Fractional Property Interests at a rate of 0.88% p.a. (inclusive of GST) and Cash Pool at a rate of 0.22% p.a. (inclusive of GST).

At 31 March 2016, the DomaCom Fund comprised 16 Sub-Funds with a total FUM of $12.4 million. This was comprised of 2 Cash Pools that represented $9.6 million in FUM and earning a management fee of 0.22% p.a. (inclusive of GST) and 14 Property Sub-Funds representing $2.8 million in FUM and earning a management fee of 0.88% p.a. (inclusive of GST).

The key driver of revenue is FUM in the DomaCom Fund. The growth in the properties on boarded is the key driver of revenue generated by DomaCom Australia.

Other revenue represents the portion of R&D grant monies received not eligible for set off against the capitalised R&D expenditure. See Section 8.6 for further details.

## 8.5 Expenses

### 8.5.1 Employee Expenses

Employment costs represent the largest expense of DomaCom and for the 9 months to 31 March 2016 represented 54% of the total expenses. As at 31 March 2016 there were a total of 26 full and part time employees. Since the business commenced there has been a gradual build up in the number of employees with increases being largely in the operational, Information Technology and sales areas.

**Table 4 Analysis of employees and co-located consultants**

| ROLE | 30 JUNE 2015 | 31 MARCH 2016 |
|---|---|---|
| Executive Management | 2 | 2 |
| Platform & Client Services | 3 | 3 |
| Property Management | 1 | 1 |
| Legal and Compliance | 2 | 2 |
| Information and Technology | 5 | 8 |
| Finance | 2 | 2 |
| Sales and Marketing | 8 | 8 |
| **Total** | **23** | **26** |

### 8.5.2 Marketing Expenses

Marketing expense excluding employees represented 11% of the DomaCom Group's total expenditure for the period ended 31 March 2016.

The expenditure relates to the marketing of our brand and the promotion of products to our targeted audience, the attendance at sales conferences of intermediaries (dealer groups and financial planners), and payment for research of the DomaCom Fund by research houses.

### 8.5.3 Other Expenses

Other key expenses include professional fees (that are paid to external legal firms and accounting and taxation advisers), rental expenses of office premises, and fund administration costs including the services of the Responsible Entity, Custodian and fund administrator.

## 8.6 Research and Development Grant

During the financial years ending 2013, 2014 and 2015 members of the DomaCom Group incurred expenditure that was eligible for the receipt of Research and Development Grants. This has arisen due to the research and development activities related to the DomaCom Platform.

### Table 5 Analysis of R&D Claims

| RESEARCH & DEVELOPMENT | FY 2013 | FY2014 | FY2015 | FY2016* |
|---|---|---|---|---|
| Amount | 1,339,169 | 2,140,880 | 1,982,093 | 653,900 |
| Cash Refund 45% of the claim | 602,626 | 963,396 | 891,942 | 294,255 |

* Subsequent to 31 March 2016 an additional $294,255 has been received as a result of resubmitted R&D tax claims for FY2014 and FY2015. These reclaims have been included as Other Income in the period to 31 March 2016.

The originally submitted Research and Development claims were independently verified by our external R&D consultants. The resubmitted claims for FY2014 and FY2015 were also independently verified.

To the extent members of the DomaCom Group incur eligible expenditure, annual R&D claims will continue to be made. Claims are submitted based on expenditure incurred during the year and independently verified for eligibility. The accounting policy adopted by the DomaCom Group is to recognise the claims once reviewed by an independent expert and submitted to the ATO, therefore, no amount has been recorded for eligible expenditure incurred during the 9 month period ended 31 March 2016. The recognition of the claim for the year ended 30 June 2016 will have the impact of reducing the carrying value of the capitalised development expenditure which includes expenditure capitalised during the period ended 31 March 2016.

### 8.6.1 Change in accounting policy

The DomaCom Group has made a change to its accounting policy in respect of R&D claims. Under the previous accounting policy any claims submitted to AusIndustry and the ATO would be recognised in full as a tax credit in the period for which the claim was made. Under the revised accounting policy, the claim is offset against eligible capitalised R&D expenditure. To the extent the claim relates to costs that were expensed as they did not meet the capitalisation criteria under AASB 138 Intangible Assets, this amount is recognised as Other Income. The purpose of the change in accounting policy is to match the treatment of the claims with the underlying expenditure. The revised treatment is consistent with best practice and provides a clearer representation of the linked transactions. The change in accounting policy requires the restatement of prior year financial statements as summarised below (**See Table 6 Analysis of the impact of change in accounting policy**).

### Table 6 Analysis of the impact of change in accounting policy

| | FY2014 | FY2014 RESTATED | FY2015 | FY2015 RESTATED |
|---|---|---|---|---|
| Intangible Assets | 2,938,908 | 1,636,398 | 3,996,819 | 2,224,141 |
| Deferred tax liability | (868,340) | - | (1,181,785) | - |
| Accumulated Losses | (1,897,966) | (2,332,136) | (5,737,388) | (6,328,281) |
| Other Income | - | 240,997 | - | 421,774 |
| Income tax benefit /(expense) | 392,112 | (89,685) | 601,897 | 23,400 |

The original accounting treatment of recognising the R&D claim as an immediate credit to income tax benefit caused a difference in the carrying value of the capitalised intangible asset and the tax base that resulted in the creation of a deferred tax liability. The change in accounting policy will have the impact of aligning accounting and tax carrying values.

With the change in accounting policy resulting in a deferred tax liability no longer being recognised, an adjustment has also been made to remove the deferred tax asset of $125,585 at 30 June 2015 from the Statement of Financial Position as it is not considered appropriate to recognise this asset in the absence of a corresponding deferred tax liability due to uncertainty of recoverability.

## 8.7 Pro forma historical consolidated statement of financial position

### Table 7 Pro forma historical consolidated statement of financial position

| | 2014 $ (i) | 2015 $ (i) | HISTORICAL 31/03/2016 $ (i) | PRO FORMA 31/03/2016 MINIMUM SUBSCRIPTION $ (ii) | PRO FORMA 31/03/2016 MAXIMUM SUBSCRIPTION $ (ii) |
|---|---|---|---|---|---|
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents | 347,661 | 720,935 | 3,841,896 | 7,755,457 | 20,031,878 |
| Receivables | 968,896 | 951,095 | 412,010 | 412,010 | 412,010 |
| Prepayments and other assets | 35,341 | 98,371 | 117,829 | 117,829 | 117,829 |
| TOTAL CURRENT ASSETS | 1,351,898 | 1,770,401 | 4,371,735 | 8,285,296 | 20,561,717 |
| **NON CURRENT ASSETS** | | | | | |
| Property, plant and equipment | 8,742 | 14,045 | 51,468 | 51,468 | 51,468 |
| Intangible assets | 1,636,398 | 2,224,141 | 3,084,364 | 3,084,364 | 3,084,364 |
| TOTAL NON CURRENT ASSETS | 1,645,140 | 2,238,186 | 3,135,832 | 3,135,832 | 3,135,832 |
| **TOTAL ASSETS** | 2,997,038 | 4,008,587 | 7,507,567 | 11,421,128 | 23,697,549 |
| **CURRENT LIABILITIES** | | | | | |
| Payables | 326,771 | 440,625 | 603,710 | 603,710 | 603,710 |
| Provisions | 94,665 | 103,959 | 142,186 | 142,186 | 142,186 |
| Interest bearing liabilities | 826,666 | 800,000 | - | - | - |
| TOTAL CURRENT LIABILITIES | 1,248,102 | 1,344,584 | 745,896 | 745,896 | 745,896 |
| **NON-CURRENT LIABILITIES** | | | | | |
| Provisions | 4,475 | 28,771 | 50,095 | 50,095 | 50,095 |
| TOTAL NON-CURRENT LIABILITIES | 4,475 | 28,771 | 50,095 | 50,095 | 50,095 |
| **TOTAL LIABILITIES** | 1,252,577 | 1,373,355 | 795,991 | 795,991 | 795,991 |
| **NET ASSETS** | 1,744,461 | 2,635,232 | 6,711,576 | 10,625,137 | 22,901,558 |
| **EQUITY** | | | | | |
| Issued capital | 3,885,050 | 8,838,435 | 16,957,685 | 21,405,667 | 33,633,931 |
| Reserves | 249,600 | 250,663 | 653,020 | 1,193,702 | 1,193,702 |
| Accumulated losses | (2,390,189) | (6,453,866) | (10,899,129) | (11,974,232) | (11,926,075) |
| **TOTAL EQUITY** | 1,744,461 | 2,635,232 | 6,711,576 | 10,625,137 | 22,951,558 |

(i) includes the historical statement of financial position as described in Section 8.9.

(ii) includes historical consolidated statement of financial position at 31 March 2016 after the pro forma adjustments set out in Section 8.10 based on a minimum subscription of $5,000,000 and a maximum subscription of $23,707,475.

## 8.8 Pro forma consolidated historical statement of cash flows

### Table 8 Pro forma historical consolidated statement of cash flows

| CASH FLOWS FROM OPERATING ACTIVITIES | FY2014 $ (i) | FY2015 $ (ii) | HISTORICAL 31/03/2016 $ (iii) |
|---|---|---|---|
| Receipts from customers | 68 | 6,709 | 11,016 |
| Payments to suppliers and employees | (2,134,971) | (4,358,281) | (3,793,551) |
| Research and development tax offset received | 602,626 | 963,396 | 891,942 |
| Finance costs | (1,008) | (100,402) | (103,020) |
| Net cash used in operating activities | (1,533,285) | (3,488,578) | (2,993,613) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for plant and equipment | (19,925) | (10,063) | (48,079) |
| Payments for intangible assets | (1,605,331) | (1,066,213) | (1,098,217) |
| Interest received | 3,975 | 28,149 | 29,140 |
| Net cash used in investing activities | (1,621,281) | (1,048,127) | (1,117,156) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Net proceeds from share issue | 2,585,000 | 4,909,252 | 8,034,743 |
| Proceeds from short term loans | 800,000 | 1,000,000 | - |
| Repayment of short term loans | - | (1,000,000) | (800,000) |
| Net cash provided by financing activities | 3,385,000 | 4,909,252 | 7,234,743 |
| Net increase in cash and cash equivalents | 230,434 | 372,547 | 3,123,873 |
| Cash and cash equivalents at the beginning of period | 117,227 | 347,661 | 720,935 |
| Net foreign exchange difference | - | 727 | (2,912) |
| Cash and cash equivalents at the end of period | 347,661 | 720,935 | 3,841,896 |

(i) includes the cash flows of DomaCom Australia for the 12 months ended 30 June 2014.

(ii) includes the consolidated cash flows of DomaCom Australia, DomaCom Limited and DomaCom Singapore for the 12 months ended 30 June 2015.

(iii) includes the historical cash flows of DomaCom Australia, DomaCom Limited, DomaCom Platform Services and DomaCom Singapore for 9 months ended 31 March 2016.

## 8.9 Comments on consolidated statement of financial position

Table 7 Pro Forma Historical Consolidated Statement of Financial Position includes;

- the restated statement of financial position of DomaCom Australia at 30 June 2014;
- the restated consolidated statement of financial position of DomaCom, DomaCom Australia, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 30 June 2015;
- the historical consolidated statement of financial position of DomaCom, DomaCom Australia, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 31 March 2016; and
- the pro forma consolidated statement of financial position of DomaCom, DomaCom Australia, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 31 March 2016 showing the impact of both a minimum subscription of $5,000,000 and a maximum subscription of $23,707,475 under the Offer.

The key items included in the Pro Forma Consolidated Statement of Financial Position at 31 March 2016 are:

- Cash reflecting the balance of funds to be raised from the IPO;
- Intangible assets comprising capitalised development costs ($3,012,221) and computer software ($72,143). The capitalised development costs relating to the Fractional Property Investment Platform were amortised by $221,510 for the 9 months ended 31 March 2016 in accordance with the accounting policy in Section 8.11. The useful economic life has been determined to be 10 years based on the requirements set out in AASB 138 Intangible Assets, including consideration of expected period of use, technical, technological and commercial obsolescence and changes in market demand for services supported by the assets;
- Payables relating mainly to payments due to suppliers for services incurred in the ordinary course of business and recurring payroll and superannuation payables; and
- Reserves consisting of the Equity Compensation Reserve ($937,699) set up as a result of the issue of Performance Rights, a separate Share Based Payments reserve ($249,600) and a Foreign Currency Translation Reserve ($6,403).

## 8.10 Pro forma adjustments

The following transactions and events arising from this Prospectus which are to take place on or before the completion of the Offer, are referred to as pro forma adjustments and are presented as if they occurred on or before the 31 March 2016.

### 8.10.1 Description of Pro forma adjustments

A Minimum subscription of $5,000,000 and a maximum subscription of $23,707,475 have been included as 31 March 2016 pro forma adjustments.

- For the minimum subscription pro forma capital raising costs of $552,018 have been charged to Equity and $534,421 to Profit & Loss. For the maximum subscription pro forma capital raising costs of $1,323,754 have been charged to Equity and $486,264 to Profit & Loss. For the maximum subscription pro forma capital raising costs of $1,241,253 have been charged to Equity and $549,766 to Profit & Loss. These represent an estimate of the costs required to undertake the capital raising and listing. The allocation of costs between Equity and Profit and Loss is based on the purpose of the expenditure. Costs directly attributable to issuing new Shares are deducted from Equity. Costs that relate to the ASX listing, or are otherwise not directly attributable to issuing new shares, are recorded in Profit & Loss.

- Performance Rights issued to employees and Directors with an IPO vesting condition have been expensed in full representing a pro forma adjustment of $540,682. Performance Rights are described in more detail in Directors' Interest and Remuneration (Section 10.2).

### 8.10.2 Impact of pro forma adjustments on Cash and Cash Equivalents

**Table 9 Impact of pro forma adjustments on Cash and Cash Equivalents**

| | MINIMUM SUBSCRIPTION OF $5,000,000 $ | MAXIMUM SUBSCRIPTION OF $23,707,475 $ |
|---|---|---|
| **Cash and cash equivalents held at 31 March 2016** | **3,841,896** | **3,841,896** |
| Share Issue | 5,000,000 | 18,000,000 |
| Share Issue Costs | (1,086,439) | (1,810,018) |
| **Sub total pro forma adjustment** | **3,913,561** | **16,189,982** |
| **Pro forma cash and cash equivalents held as per the pro forma historical consolidated statement of financial position** | **7,755,457** | **20,031,878** |

The minimum subscription will result in a net increase to cash and cash equivalent of $3,913,561 being the net of cash raised of $5,000,000 and costs incurred in respect to the capital raise of $1,086,439.

The maximum subscription will result in a net increase to cash and cash equivalent of $16,189,982 being the net of cash raised of $18,000,000 and costs incurred in respect to the capital raise of $1,810,018.

### 8.10.3 Impact of pro forma adjustments on Issued Capital

**Table 10 Impact of pro forma adjustments on Issued Capital**

| | MINIMUM SUBSCRIPTION OF $5,000,000 $ | MAXIMUM SUBSCRIPTION OF $23,707,475 $ |
|---|---|---|
| **Issued capital as at 31 March 2016** | **16,957,685** | **16,957,685** |
| Proceeds from Share Issue | 5,000,000 | 18,000,000 |
| Share Issue Costs | (552,018) | (1,323,754) |
| Sub total pro forma adjustment | 4,447,982 | 16,676,246 |
| **Pro forma issued capital as per the pro forma historical consolidated statement of financial position** | **21,405,667** | **33,633,931** |

The minimum subscription will increase issued capital by $5,000,000. Costs directly attributable to the capital raising of $552,018 are charged to equity. The impact of the pro forma adjustments on issued capital under the minimum subscription is an increase of $4,447,982.

The maximum subscription will increase issued capital by $18,000,000 as $5,707,475 of the $23,707,475 maximum subscription will be the transfer of existing shares currently held by Existing Shareholders to Applicants. Costs directly attributable to the capital raising of $1,323,754 are charged to equity. The impact of the pro forma adjustments on issued capital under the minimum subscription is an increase of $16,676,246.

### 8.10.4 Impact of pro forma adjustments on Reserves

**Table 11 Impact of pro forma adjustments on Reserves**

| | MINIMUM SUBSCRIPTION OF $5,000,000 $ | MAXIMUM SUBSCRIPTION OF $23,707,475 $ |
|---|---|---|
| **Reserves at 31 March 2016** | **653,020** | **653,020** |
| Performance Rights vesting | 540,682 | 540,682 |
| Sub total pro forma adjustment | 540,682 | 540,682 |
| **Reserves per the pro forma historical consolidated statement of financial position** | **1,193,702** | **1,193,702** |

Performance Rights issued to staff and directors with an IPO vesting condition have been allocated to Reserves representing a pro forma adjustment of $540,682.

### 8.10.5 Impact of pro forma adjustments on Accumulated Losses

**Table 12 Impact of pro forma adjustments on Accumulated Losses**

| | MINIMUM SUBSCRIPTION OF $5,000,000 $ | MAXIMUM SUBSCRIPTION OF $23,707,475 $ |
|---|---|---|
| **Accumulated Losses at 31 March 2016** | **(10,899,129)** | **(10,899,129)** |
| Performance Rights vesting | (540,682) | (540,682) |
| Share Issue Costs charged to profit and loss | (534,421) | (486,264) |
| Sub total pro forma adjustment | (1,075,103) | (1,026,946) |
| **Pro forma accumulated losses as per the pro forma historical consolidated statement of financial position** | **(11,974,232)** | **(11,926,075)** |

Performance Rights issued to staff and Directors that vest on the ASX listing of the Company have been expensed in full representing a pro forma adjustment of $540,682. Costs that relate to the ASX listing, or are otherwise not directly attributable to issuing new Shares, are recorded in Profit & Loss. The impact on Accumulated Losses will depend on the amount raised under the Offer:

- the impact on Accumulated Losses under the minimum subscription is an increase of $534,421. Accumulated Losses have increased by $1,075,103 under the minimum subscription;
- the impact on Accumulated Losses under the maximum subscription is an increase of $486,264. Accumulated Losses have increased by $1,026,946 under the maximum subscription.

## 8.11 Significant accounting policies

### 8.11.1 Basis of consolidation

The DomaCom Group financial statements consolidate those of the Parent Company and all of its subsidiaries. The Parent Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group Companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group Companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the DomaCom Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the DomaCom Group. The DomaCom Group attributes total comprehensive income or loss of subsidiaries between the owners of the Parent and the non-controlling interests based on their respective ownership interests.

### 8.11.2 Revenue

Revenue arises from the investment management services provided to the DomaCom Fund and is recognised on an accruals basis. Interest income and expense are reported on an accruals basis. The DomaCom Group may be entitled to claim a refundable tax credit for eligible research and development expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The DomaCom Group accounts for a claim as an offset against eligible capitalised R&D expenditure. To the extent the claim relates to costs that were expensed as they did not meet the capitalisation criteria under AASB 138 Intangible Assets, this amount is recognised as Other Income.

### 8.11.3 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

### 8.11.4 Intangible assets

***Recognition of Acquired intangible assets***

Acquired computer software is capitalised on the basis of the costs incurred to acquire and install the specific software.

***Internally developed intangibles***

Expenditure on the research phase of projects to develop the software platform is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the DomaCom Group intends to and has sufficient resources to complete the project;
- the DomaCom Group has the ability to use or sell the asset;
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

***Subsequent measurement***

All intangible assets, including the internally developed software platform, are accounted for using the cost model whereby capitalised costs are amortised on a systematic basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

Any capitalised internally developed asset that is not yet complete is not amortised but is subject to impairment testing.

The DomaCom Group may be entitled to claim a refundable tax credit for eligible research and development expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The DomaCom Group accounts for a claim as an offset against eligible capitalised R&D expenditure to the extent the claim relates to capitalised expenditure. Subsequent expenditures on the maintenance of computer software and the software platform will be expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

### 8.11.5 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the DomaCom Group and it is probable that reversal will not occur in the foreseeable future. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the DomaCom Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the DomaCom Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

### 8.11.6 Employee benefits

***Short-term employee benefits***

Short-term employee benefits, including annual leave entitlement, are current liabilities included in employee benefits, measured at the undiscounted amount that the DomaCom Group expects to pay as a result of the unused entitlement.

***Share-based payments***

Share-based compensation benefits are provided to employees for no cash consideration. The fair value of shares granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the shares. Performance Rights issued to Directors and Employees are described in Directors' Interest and Remuneration (Section 10.2).

### 8.11.7 Provisions, contingent liabilities and contingent assets

Provisions for legal disputes, onerous contracts or other claims are recognised when the DomaCom Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the DomaCom Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the DomaCom Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

# 9 INDEPENDENT LIMITED ASSURANCE REPORT

The Directors
DomaCom Limited
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Melbourne Vic 3000

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W www.grantthornton.com.au

24 June 2016

Dear Directors,

**INDEPENDENT LIMITED ASSURANCE REPORT ON THE HISTORICAL AND PRO FORMA FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE**

**Introduction**

We have been engaged by DomaCom Limited ("DomaCom", or the "Company") to report on the historical and pro forma financial information of the Company for inclusion in the prospectus (the "Prospectus") to be dated on or about 24 June 2016, and to be issued by DomaCom in respect of the Offer.

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") holds an Australian Financial Services Licence (AFS Licence Number 247140). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at **Appendix A**.

**Scope**

You have requested Grant Thornton Corporate Finance to review the following Historical Financial Information of the Company included in the Prospectus:

***Historical Financial Information***

The Historical Financial Information, as set out in the Prospectus comprises:

- The audited consolidated historical statement of comprehensive income of the Company and its subsidiaries (the "Group") for FY2014 and FY2015, and the reviewed historical statement of comprehensive income for the nine months ending 31 March 2016;

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a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Holder of Australian Financial Services Licence No. 247140

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Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

- The audited consolidated historical statement of cash flows of the Group for FY2014 and FY2015, and the reviewed consolidated historical statement of cash flows for the nine months ending 31 March 2016;

- The audited consolidated historical statement of financial position of the Group as at 30 June 2014 and 30 June 2015, and the reviewed consolidated historical statement of financial position as at 31 March 2016; and

- The pro forma consolidated statement of financial position of the Group as at 31 March 2016, which assumes completion of the transactions outlined in **Section 8.10** of the "Financial Information" section (which include the Offer) (the "Pro Forma Transactions") as though they had occurred on that date.

The Historical Financial Information other than the Pro Forma Transactions and the results of the associated adjustments to the consolidated pro forma statement of financial position has been extracted from the audited financial statements for FY2014 and FY2015 which were audited by Grant Thornton Audit Pty Ltd restated for the impact of change in accounting policy detail in Section 8.6.1. Grant Thornton Audit Pty Ltd issued unqualified audit opinions in respect of these periods with an emphasis of matter on going concern.

The stated basis of preparation is the recognition and measurement principles contained under Australian Generally Accepted Accounting Principles ("AGAAP") and the DomaCom adopted accounting principles applied to the Historical Financial Information.

The Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in Australia in accordance with the Corporations Act 2001.

This report has been prepared for inclusion in the Prospectus. Grant Thornton Corporate Finance disclaim any assumption of responsibility for any reliance on this report or on the Historical Financial Information to which this report relates for any purpose other than the purposes for which it was prepared. This report should be read in conjunction with the Prospectus.

**Directors' Responsibility**

The Directors of DomaCom are responsible for the preparation and presentation of the Historical Financial Information. The Directors are also responsible for the determination of the Pro Forma Transactions and the basis of preparation of the Historical Financial Information.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine necessary to enable the preparation of the Historical Financial Information that are free from material misstatement.

**Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information based on the procedures performed and evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450: *"Assurance Engagements involving Corporate Fundraisings and/ or Prospective Historical Financial Information"* and ASAE 3420: *"Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information"*.

Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures applied to the accounting records in support of the Historical Financial Information.

These procedures are substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical Financial Information.

Our engagement did not involve updating or reissuing any previously issued audit reports on any historical financial information used as a source of the Historical Financial Information.

**Conclusion**

***Historical Financial Information***

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that:

- The Historical Financial Information as described in the "Financial Information" section of the Prospectus does not present fairly:
  - The audited consolidated historical statement of comprehensive income of the Group for FY2014 and FY2015, and the reviewed consolidated historical statement of comprehensive income for the nine months ended 31 March 2016;
  - The audited consolidated historical statement of cash flows of the Group for FY2014 and FY2015, and the reviewed consolidated historical statement of cash flows for the nine months ended 31 March 2016;
  - The audited consolidated historical statement of financial position of the Group as at 30 June 2014 and 30 June 2015, and the reviewed consolidated historical statement of financial position as at 31 March 2016; or
  - The pro forma consolidated historical statement of financial position of the Group as at 31 March 2016; or

- The pro forma consolidated statement of financial position of the Group as at 31 March 2016 has not been properly prepared on the basis of the Pro Forma Transactions or the Pro Forma Transactions do not set out a reasonable basis for it;

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements under AGAAP.

**Restriction on Use**

Without modifying our conclusion, we draw attention to the "Financial Information" section of the Propsectus, which describes the purpose of the Historical Financial Information, being for inclusion in the Prospectus. As a result, the Historical Financial Information may not be suitable for use for another purpose.

**Consent**

Grant Thornton Corporate Finance consents to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included.

**Liability**

The liability of Grant Thornton Corporate Finance is limited to the inclusion of this report in the Prospectus. Grant Thornton Corporate Finance makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.

**Independence or Disclosure of Interest**

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

Brad Taylor
Partner

Peter Thornely
Partner

## Appendix A (Financial Services Guide)

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This Financial Services Guide is dated 24 June 2016.

### About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987, Australian Financial Services Licence no 247140) ("Grant Thornton Corporate Finance") has been engaged by DomaCom Limited ("the Company") to provide a report in the form of an Independent Limited Assurance Report for inclusion in a Prospectus dated on or about 24 June 2016 ("the Prospectus") relating to the offer of ordinary shares in the Company ("the Report"). You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

### This Financial Services Guide

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

### Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and to deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

### General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

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### Fees, commissions and other benefits we may receive

Grant Thornton Corporate Finance charges fees to produce reports, including the Report. These fees are negotiated and agreed with the entity who engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of the Report, our fees are charged on a fixed basis. Partners, Directors or employees of Grant Thornton Corporate Finance, Grant Thornton Australia Ltd, or other associated entities, may receive dividends, salary or wages from Grant Thornton Australia Ltd. The fees charged for the preparation of the Report agreed by the Company is approximately $40,000 plus GST.

### Associations with issuers of financial products

Grant Thornton Corporate Finance and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, Grant Thornton Audit Pty Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

### Complaints

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the National Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

PO Box 579 – Collins Street West
Melbourne, VIC 8007
Telephone: 1800 335 405

Grant Thornton Corporate Finance is only responsible for the Report and this FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

### Contact Details

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

National Head of Corporate Finance
Grant Thornton Corporate Finance Pty Ltd
Level 17, 383 Kent Street
Sydney, NSW, 2000

# 10 KEY PEOPLE, INTERESTS, BENEFITS AND CORPORATE GOVERNANCE

## 10.1 Board of Directors

The Board of Directors have extensive experience across local and overseas financial markets and the combined talent and skills base provides experience across share markets, managed investments, property transactions and markets, technology, distribution and corporate governance. Further details about each director are set out below:

**Grahame Evans – Non-Executive Chairman**

Grahame has been extensively involved with the financial services industry for over 30 years.

He has held a variety of board positions including Chairman of Australian, Canadian, Singaporean & Chinese investment & advice businesses and also as a director of Malaysian and New Zealand companies. He is a regular speaker at conferences both in Australia and overseas and holds an MBA from the prestigious Australian Graduate School of Management, voted in the top 10 management schools in the Asian region. Grahame's executive roles have included CEO Investments for Tower Australia, Managing Director, AMP Consulting and Group Managing Director of Centrepoint Wealth. He is currently an executive director of GPS Wealth.

**Graeme Billings – Non-Executive Director**

Graeme has been a chartered accountant since 1980. He retired from PricewaterhouseCoopers in 2011 after 34 years where he was a senior partner in the Assurance practice. Graeme is a former head of the Melbourne Assurance practice as well as leading the Firm's Australian and Global Industrial Products businesses. He has extensive experience in providing assurance, governance, transaction and consulting services to multi-national and national companies in the automotive, manufacturing, consumer goods and construction industries. Graeme was also a regular media commentator on the Industrial Products sector.

Graeme is now an advisor to various companies as well as acting as a non-executive director for a number of public and private companies in the financial services, manufacturing, retail and construction sectors.

### David Archbold – Non-Executive Director

David Archbold has over 45 years' experience in the property industry in Australia. Prior to the establishment of International Property Group Pty Limited in 1991, David was Executive Director - International, for Colliers Jardine New Zealand and Asia and Executive General Manager of Hooker Corporation. For 17 years prior he was the Managing Director of Baillieu Knight Frank (SA) Pty Ltd, then Managing Director of Baillieu Knight Frank (NSW) and a Director/Partner of the Australian Company.

David has extensive experience in property consultancy throughout Australia and South East Asia with Corporate and large family owned businesses.

### Peter Church OAM – Non-Executive Director

Peter Church OAM FAICD is a lawyer and corporate adviser who has spent much of his career in South East Asia and India where he advises a wide range of clients. He has written a number of books on the region and is an Adjunct Professor in the Business School of Curtin University. He was awarded the Medal of the Order of Australia (OAM) in 1994 by the Australian Government for the promotion of business relations between Australia and South East Asia. He is also a Fellow of the Australian Institute of Company Directors (FAICD). His current appointments include Executive Chairman of AFG Venture Group, Special Counsel to the English law firm, Stephenson Harwood, Non-Executive Director of OM Holdings Limited (ASX), Elara Capital PLC and the Singapore international Chamber of Commerce Limited.

### Arthur Naoumidis – CEO (Chief Executive Officer - Executive Director)

After 20 years as an IT consultant, Arthur spent 5 years at JB Were and BNP Paribas building and operating investment administration systems and businesses. Using his combined technology and investment administration background, Arthur founded the now ASX Listed Praemium (ASX: PPS). Under Arthur's leadership, Praemium grew into a business with 500 client firms (accountants, financial advisers, stockbrokers, SMSF administrators and institutions) in Australia administering over $43 billion as well as partnering with Blackrock Australia to launch Australia's first online separately managed account (SMA) platform. As a result of listing Praemium on the ASX, Arthur took the Praemium SMA concept to the UK and successfully launched the SMA platform business of Praemium UK.

**Ross Laidlaw – Chief Financial Officer/Chief Operating Officer (Executive Director)**

Ross has spent over 25 years in Financial Services, and has deep and expansive experience within markets in Australasia, Europe and America. His strength lies in the development of start-up or green field developments and driving them into fully fledged and profitable businesses. Ross was CEO of the successful Skandia platform for over 7 years, developing it into a leading platform that was well supported by independent financial advisers. Prior to Ross being transferred to Skandia's European business, the business had grown organically to over $5 billion in assets under management and employed over 200 staff. Ross has held a number of directorships within Skandia including Skandia's Australian businesses, Skandia's joint venture in mainland China, Skandia's fund management company in Ireland and Skandia's US broker dealer group.

**Philip Chard – Financial Controller and Company Secretary**

Philip has over 20 years of experience in the financial services industry. As a senior manager at Deloitte he provided assurance and advisory services within the funds management and investment banking sectors. Subsequently he has held a broad range of financial control and reporting positions within the property, funds management and banking sectors, including senior roles with Bank of Tokyo-Mitsubishi and APN Property Group Limited. He has a strong understanding of the requirements of highly regulated industries and the reporting obligations of listed companies. He has a proven track record of designing and implementing robust internal control and reporting systems.

## 10.2 Directors' interest and remuneration

### 10.2.1 Chief Executive Officer

Arthur Naoumidis is employed as the Chief Executive Officer of DomaCom. DomaCom has entered into an employment contract with Mr Naoumidis that governs his employment with the Company. Refer to Section 10.2.6 for further details.

### 10.2.2 Non-Executive Directors remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. However, under the ASX Listing Rules, the total amount of fees payable to all Directors for their services (excluding for these purposes, the remuneration of the Executive Directors) must not exceed in aggregate, in any financial year, the amount fixed by the Company in its general meeting. This amount has been capped by the Company at $180,000 per annum. Any increase to that aggregate annual sum needs to be approved by Shareholders. Directors will seek approval of the Shareholders from time to time, as appropriate.

This aggregate annual sum does not include any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for, or at the request of the Company, which may be made in addition to, or in substitution for the Directors' fees.

For FY2016, it is expected that the fees payable to the current Non-Executive Directors will not exceed $180,000 in aggregate. The annual Directors' fees currently agreed to be paid by the Company are $60,000 (exclusive of GST) to the Chairman and $40,000 (exclusive of GST) to each of the other Non-Executive Directors.

Superannuation payments are included in Director's fees with the exception of Grahame Evans.

### 10.2.3 Deeds of access, indemnity and insurance

The Company has entered into a deed of access, indemnity and insurance with each Director which contains the Director's right of access to Board papers and requires the Company to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain losses and liabilities (including all reasonable legal expenses) which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as a Director of the Company or of a related body corporate.

Under the deeds of access, indemnity and insurance, the Company must maintain a directors' and officers' insurance policy insuring each Director (amongst others) against liability as a director of the Company and its related bodies corporate for the period that they are directors and for seven years after they cease to act as directors of the Company or a related body corporate (or the date any relevant proceedings commenced during the seven-year period have been finally resolved).

### 10.2.4 Other entitlements

Directors may also be reimbursed for travel and other expenses reasonably incurred in connection with the performance of their duties as Directors. Directors may be paid such special remuneration as the Directors decide is appropriate where a Director performs extra work or services for or at the request of the Company. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

### 10.2.5 Directors' interests in shares and other securities

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director:

- has or had at any time during the two years preceding the Prospectus Date, an interest in:
  - > the formation or promotion of the Company;
  - > any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; or
  - > the Offer; or
- has been paid or agreed to be paid any amount (whether in cash, Shares or otherwise), or has been given or agreed to be given any other benefit, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

As at the date of this prospectus the Directors held shares and performance rights as set out below:

**Table 13 Directors' interests**

| DIRECTOR | SHARES(i) | PERFORMANCE RIGHTS |
|---|---|---|
| Grahame Evans | 687,500 | 42,786 |
| Graeme Billings | 375,000 | 28,590 |
| David Archbold | 250,000 | 28,590 |
| Peter Church | 50,000 | 28,590 |
| Arthur Naoumidis | 18,913,323 | 0 |
| Ross Laidlaw | 1,625,000 | 213,929 |

(i) As at the date of this Prospectus

These Shares will be subject to escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules.

### 10.2.6 Executive Directors remuneration

**Chief Executive Officer**

Arthur Naoumidis is employed by DomaCom Limited in the position of Chief Executive Officer. On 26 October 2015, the Company entered into an executive services agreement with Arthur Naoumidis with respect to his engagement as Chief Executive Officer of DomaCom. The key terms of the agreement are as follows:

**Term:** The term of the agreement commenced on 26 October 2015 and will continue until either the Company or the Executive elects to terminate;

**Services:** Arthur Naoumidis will provide the following services (amongst others) to the Company:

- maintaining direct responsibility for the day to day management and operational requirements of the Company's business and the DomaCom group of companies in accordance with stated strategy to ensure overall agreed profit targets are met;

- developing and promoting existing initiatives and new initiatives to strengthen brand reputation and market position;
- developing relationships with clients, providers, shareholders and prominent personnel in the regulatory environment to deliver best shareholder value;
- the development and execution of annual business plans, sales plans and budgets;
- direct oversight over the IT developments and direction;
- strategic planning around product development, customer and business development; and
- promoting leadership within the executive team and fostering a corporate culture that is collective and attracts employee commitment.

**Remuneration:** Arthur Naoumidis will receive an annual package of $330,000 ($301,370 being the fixed salary component and $28,630 being superannuation per annum). Arthur Naoumidis may also receive other benefits as agreed between the Company and himself from time to time;

**Entitlements:** Arthur Naoumidis is entitled to 4 weeks of annual leave per annum in addition to other employee entitlements that are customary for an agreement of this nature; and

**Termination:** both Arthur Naoumidis and the Company may terminate the agreement at any time and for any reason by giving 6 months' written notice to the other party. Arthur Naoumidis' employment may otherwise be terminated by the Company at any time for cause.

### Executive Director (Ross Laidlaw)

On 17 December 2012, the Company entered into an executive services agreement with Ross Laidlaw with respect to his engagement as Chief Financial Officer and Chief Operating Officer of DomaCom. The key terms of the agreement are as follows:

**Term:** the term of the agreement commenced on 17 December 2012, and will continue until either the Company or the Executive elects to terminate;

**Services:** Ross Laidlaw will provide the following services (amongst others) to the Company:
- co-drive corporate strategy of the DomaCom Group together with the CEO;
- assume the role of the second Executive Director of DomaCom;
- establish and oversee the operations team of the DomaCom Fund;
- preparation of the business plan in conjunction with CEO including preparation of sales targets;
- prepare the financial model of the DomaCom Group;
- establish a finance team and manage the oversight of the finance function of the DomaCom Group; and
- manage the audit of the DomaCom Group.

**Remuneration:** Ross Laidlaw will receive an annual salary package of $300,000, comprising of $273,972 fixed salary and $27,028 superannuation. Ross Laidlaw may also receive other benefits as agreed between the Company and himself from time to time;

**Entitlements:** Ross Laidlaw is entitled to 4 weeks of annual leave per annum in addition to other employee entitlements that are customary for an agreement of this nature; and

**Termination:** Both Ross Laidlaw and the Company may terminate the agreement at any time and for any reason by giving three months' written notice to the other party. Ross Laidlaw's employment may otherwise be terminated by the Company at any time for cause.

## Other Senior Management

All other senior management are employed under written terms of employment with either DomaCom Australia or another member of the DomaCom Group.

The key terms and conditions of their employment include:

- total remuneration packages (including mandatory superannuation contributions);
- the potential to receive an annual short-term Incentive; and
- provisions ensuring that all intellectual property developed by them in the course of their work with the DomaCom Group is created for the benefit of and owned by the DomaCom Group.

### 10.2.7 Director and Employee Long Term Incentive Plan (LTIP)

In 2014 the DomaCom Group's shareholders approved a Director Long Term Incentive Plan and Employee Long Term Incentive Plan (LTIP). The first awards were made under the LTIP in December 2015. The LTIP was established as a retention strategy and an incentive for staff and directors to continue to work hard for the DomaCom Group. Through obtaining equity, staff are motivated to strive to make the DomaCom Group successful as they will ultimately share in the success.
All Directors (excluding the CEO) and employees who were employed on 14th of December 2015 have been granted performance rights.

Mr Naoumidis, who is the key founder of DomaCom and as at the Prospectus Date is its largest shareholder did not participate in the ESP.

The Performance Rights granted to the non-executive Directors and employees (other than CFO/COO Ross Laidlaw) in December 2015 will vest if the Company lists on the ASX. Vesting gives the holder of a Performance Right the right to convert some or all of their Performance Rights into ordinary shares. Each Performance Right entitles its owner to one ordinary share in the Company on conversion. The performance rights expire on 31 December 2018 and may be exercised at any time after the Company is listed up to that date.

The Performance Rights granted to the Company's Chief Operating Officer, Executive Director Ross Laidlaw, will vest following achievement of each of the following milestones:

- the Company is admitted to the official list of ASX;
- FUM in the DomaCom Fund has reached $100 million; and
- the price at which ordinary shares in the Company have traded has reached $1.00.

For the avoidance of any doubt, Mr Laidlaw's Performance Rights will vest after each of these milestones has been achieved even if not all of them remain satisfied at the time the last of these milestones are met. Once vested, each Performance Right that Mr Laidlaw holds can be converted to ordinary shares at any time he chooses to exercise his rights between the date of vesting and 31 December 2018.

Further details of the LTIP are set out in Section 12.4.

## Table 14 Performance Rights

| | NO OF PERFORMANCE RIGHTS GRANTED 14TH DECEMBER 2015 |
|---|---|
| Directors (Non-Executive and Executive) | 342,485 |
| Employees | 1,743,040 |

## 10.3 Corporate governance

The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving an annual business plan (including a budget). The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The ASX Corporate Governance Council has developed and released its third edition of the ASX Corporate Governance Principles and Recommendations for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Corporate Governance Principles and Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Corporate Governance Principles and Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and provide reasons for not following it. Section 10.3 sets out a brief summary of the approach currently adopted by the Company in relation to the ASX Corporate Governance Principles and Recommendations.

The DomaCom Board meets monthly and is responsible for the overall governance of the DomaCom Group and oversees the management of the DomaCom business. The Board reviews the development of the Company including its operational and financial performance and ensures it is compliant within the various laws, regulations and guidelines within which it operates. The Board reviews, discusses and agrees on DomaCom's strategy with the goal of maximising shareholder value, through the successful performance of the business. The Board, management and employees operate within a strong framework of corporate governance to protect the interests of shareholders, investors, directors and staff.

### 10.3.1 Board independence, composition and appointments

The Board is currently made up of 6 directors, 4 of which are independent non-executive directors and 2 are executive directors. The maximum number of directors can be 9.

The Board currently has skills and experience across share markets, property markets, managed investments, finance and regulatory and corporate governance environments. The Board also has experience across both domestic and international markets.

The Board will continue to ensure that it has the necessary skills and experience to carry out its roles and responsibilities in the operation of the DomaCom business.

The Company's constitution requires that one third of the directors, other than the Managing Director (CEO), must retire by rotation at each AGM.

The Board is responsible for the overall governance of the Company. Issues of substance affecting the Company are considered by the Board, with advice from external advisers as required.

Each Director must bring an independent view and judgement to the Board and must declare all actual or potential conflicts of interest on an ongoing basis. Any issue concerning a Director's ability to properly act as a Director must be discussed at a Board meeting as soon as practicable, and a Director may not participate in discussions or resolutions pertaining to any matter in which the Director has a material personal interest.

In accordance with the Board Charter (see Section 10.3.2), it is intended that the Board will be comprised of a majority of independent directors. The Board considers an independent Director to be a Non-Executive Director who is independent of management and any substantial shareholder.

In approaching the question of independence, the Board has adopted a definition of independence that is based on the definition set out in the ASX Corporate Governance Principles and Recommendations. Accordingly, in considering independence any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent and unfettered exercise of a Director's judgement are also taken into account. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board assesses independence of directors upon appointment and annually through attestation from each director.

### 10.3.2 Board Charter

A Board Charter prepared having regard to the ASX Corporate Governance Principles and Recommendations, has been adopted by the Board and covers the independence of directors (as described above), the Board's responsibility for overall governance of the Company, the Board members' roles, powers and responsibilities.

A copy of the Company's Board Charter is available on the Company's website at www.domacom.com.au/investor-relations

### 10.3.3 Board Committees

The Board has established 1 standing committees to facilitate and assist the Board in fulfilling its responsibilities. It may also establish other committees from time to time to assist in the discharge of its responsibilities.

#### *Audit Committee*

The Board has established a Board Audit Committee.

The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities in relation to the external audit function, accounting policies, financial reporting, funding, financial risk management, business risk monitoring, insurance and certain compliance matters.

The Committee has authority from the Board to review and investigate any matter within the scope of its Charter and make recommendations to the Board in relation to the outcomes. The Committee has no delegated authority from the Board to determine the outcomes of its reviews and investigations and the Board retains its authority over such matters.

The Committee must have at least three members, a majority of whom must be independent non-executive directors.

At least one member of the Committee should have significant expertise in financial reporting, accounting or auditing. The Chairman of the Committee should act independently and must not be the Chairman of the Board.

The current Audit Committee members are:

- Graeme Billings — Chairperson and Independent Non-Executive Director
- David Archbold — Independent Non-Executive Director
- Ross Laidlaw — Executive Director (Chief Operating Officer & Chief Financial Officer)

A copy of the Company's Audit Committee Charter is available on the Company's website at www.domacom.com.au/investor-relations

### *Remuneration Committee*

The Remuneration Committee is responsible for establishing the policies and practices of the DomaCom Group regarding the remuneration of Directors and senior executives and reviewing all components of the remuneration framework.

The purpose of the Remuneration Committee is to assist the Board in overseeing the controls, procedures and framework for setting DomaCom's remuneration framework for Directors. In performing its duties, the Committee will report to the Board and maintain effective working relationships with the Board and management. The Board shall be responsible for establishing the policies and practices of the DomaCom Group regarding the remuneration of Directors and senior executives and reviewing all components of the remuneration framework.

The Remuneration Committee at present comprises the full Board.

A copy of the Company's Board Charter is available on the Company's website at www.domacom.com.au/investor-relations

### *Nominations Committee*

The Company has recently formed a Nominations Committee.

The Chairman is responsible for advising the Board as a whole on the composition of the Board and its committees, reviewing the performance of the Board, its committees and the individual Directors, and ensuring the proper succession plans are in place.

The Nominations Committee at present comprises the full Board.

A copy of the Company's Board Charter is available on the Company's website at www.domacom.com.au/investor-relations

## 10.4 Policies

The Company has adopted the following policies, each of which has been prepared or revised having regard to the ASX Corporate Governance Principles and Recommendations and is available on the Company's website at www.domacom.com.au/investor-relations

### *Continuous Disclosure policy*

Once listed on the ASX, the Company will need to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act to ensure the Company discloses to the ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. As such, this policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations.

### *Staff Trading policy*

This policy is designed to maintain investor confidence in the integrity of the Company's internal controls and procedures and to provide guidance on avoiding any breach of insider trading laws. It addresses both trading in securities by staff and exercise of vested performance rights.

### *Conflicts Management policy*

This policy provides a consistent approach when managing conflicts of interest impacting the Company.

### *Code of Conduct*

This policy sets out the standards of ethical behaviour that the Company expects from its Directors, officers and employees.

### *Communication with Shareholders*

This policy sets out practices which the Company will implement to ensure effective communication with its Shareholders.

### *Diversity Policy*

The Diversity Policy sets out the Company's objectives for achieving diversity amongst its Board, management and employees. The aims of this policy are:

- to articulate commitment to diversity within the Company at all levels (including employee level, senior executive level and Board level); and
- to establish objectives and procedures which are designed to foster and promote diversity within the Company.

### *Risk Management Policy*

This policy sets out how the Company evaluates the effectiveness of its risk management framework to ensure that its internal control systems and processes are monitored and updated on an ongoing basis.

#### 10.4.1 ASX Corporate Governance Principles and Recommendations

The Board has evaluated the Company's current corporate governance policies and practices in light of the ASX Corporate Governance Principles and Recommendations. A brief summary of the approach currently adopted by the Company is set out below.

### *Principle 1 – Lay solid foundations for management and oversight*

The respective roles and responsibilities of the Board and executives are defined in the Board Charter, a copy of which is available on the Company's website at www.domacom.com.au/investor-relations

There is a clear delineation between the Board's responsibility for the Company's strategy and activities, and the day-to-day management of operations conferred upon the Company's officers.

The Company Secretary, Philip Chard, reports directly to the Chairman of the Board in his role as Company Secretary. In his role as Financial Controller he reports directly to the Chief Financial Officer. The role of the Company Secretary is outlined in the Board Charter.

The Chairman is responsible for advising the Board as a whole on the composition of the Board and its committees, reviewing the performance of the Board, its committees and the individual Directors and ensuring the proper succession plans are in place.

The Nominations Committee at present comprises the full Board.

The Company has adopted a Diversity Policy, a copy of which is available on the Company's website at www.domacom.com.au/investor-relations. The Company's Diversity Policy requires the Board to establish measurable objectives to assist the Company in achieving gender diversity and provides for the Board to review the Company's progress in meeting these objectives.

### *Principle 2 – Structure the Board to add value*

The Board is comprised of two Executive and four Non-Executive Directors (each of whom is an independent non-executive) and the roles of Chairman and Chief Executive Officer are exercised by two separate individuals.

The majority of Directors are considered independent based on the independence requirements in the ASX Corporate Governance Principles and Recommendations and the Company's Chairman is also considered to be an independent Director based on the independence requirements in the ASX Corporate Governance Principles and Recommendations.

The Board believes that the size, composition and skills of the Board are appropriate for the Company's business and circumstances and are in the best interests of Shareholders as a whole. The Board is responsible for regularly reviewing its size, composition and skills to ensure that it is able to discharge its duties and responsibilities effectively, and to identify any gaps in the skills or experience of the Board. The Company with the assistance of the Board provides continuing education for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively.

### *Principle 3 – Act ethically and responsibly*

The Company has adopted a Code of Conduct which applies to all directors, officers, employees, contractors or consultants of the Company as well as a Staff Trading Policy.

Each of these has been prepared having regard to the ASX Corporate Governance Principles and Recommendations and is available on the Company's website at www.domacom.com.au/investor-relations

### *Principle 4 – Safeguard integrity in financial reporting*

The Company has established an Audit Committee to oversee the management of financial and internal risks. It does not currently comply with all of the best practice recommendations contained in the ASX Corporate Governance Principles and Recommendations, specifically in that one of its members is an executive director. When the Company is listed it will consider how best to reconstitute its Audit Committee and address the differences between the ASX Corporate Governance Principles and Recommendations and its current practices.

The Audit Committee is governed by the Audit Committee Charter, a copy of which is available on the Company's website at www.domacom.com.au/investor-relations

### *Principle 5 – Make timely and balanced disclosure*

The Company is committed to providing timely and balanced disclosure to the market in accordance with its Continuous Disclosure Policy, a copy of which is available on the Company's website at www.domacom.com.au/investor-relations

### *Principle 6 – Respect the rights of security holders*

The Company has adopted a Shareholder Communications Policy which promotes two way communication between the Company and its Shareholders. The Company seeks to recognise numerous modes of communication, including electronic communication, to ensure that its communication with Shareholders is frequent, clear and accessible.

The Company will provide investors with comprehensive and timely access to information about itself and its governance website at www.domacom.com.au/investor-relations

All Shareholders will be invited to attend the Company's annual meeting, either in person or by representative. The Board regards the annual meeting as an excellent forum in which to discuss issues relevant to the Company and accordingly encourages full participation by Shareholders. Shareholders have an opportunity to submit questions to the Board and to the Company's independent auditor.

### *Principle 7 – Recognise and manage risk*

In conjunction with the Company's other corporate governance policies, the Company has adopted a Risk Management Policy, which is designed to assist the Company to identify, evaluate and mitigate risks affecting the Company.

The Company's Board is responsible for reviewing whether the Company has any material exposure to any economic, environmental and social sustainability risks, and if so, to develop strategies to manage such risks.

Regular internal communication between the Company's management and Board supplements the Company's quality control system, complaint handling processes, employee policies and standard operating procedures which are all designed to address various forms of risks. The Company regularly evaluates the effectiveness of its risk management framework to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The Company's Board is responsible for providing an independent and objective assessment regarding the adequacy, effectiveness and efficiency of the Company's risk management and internal control process.

A copy of the Company's Risk Management Policy is available on the Company's website at www.domacom.com.au/investor-relations

### *Principle 8 – Remunerate fairly and responsibly*

The Company's Board oversees the level and composition of remuneration of the Directors and DomaCom Group's executives. The Company will provide disclosure of its Directors' and executives' remuneration in its annual report.

# 11 DETAILS OF THE OFFER

## 11.1 The Offer

This Prospectus relates to an offer of between 6,666,667 and 31,609,966 ordinary shares in DomaCom at a price of $0.75 cents per Share. If Applications total more than $10 million but less than or equal to $15,707,475, up to $5,707,475 will be paid to the Selling Shareholders who are selling some or all of their Shares into this Offer. Any Applications received in excess of $15,707,475 and up to $23,707,475 will be applied to the issue of additional Shares.

The percentage of Shares which will be held by successful Applicants on Completion will depend on whether the Offer is closed on achieving the minimum subscription or a greater amount. The following table demonstrates some of the possible outcomes.

The Offer has been underwritten by the Underwriters (severally) up to the maximum number of $5 million to raise the minimum subscription amount of $5 million pursuant to the Underwriting Agreements. A summary of the Underwriting Agreements, including the events which would entitle the Underwriters (severally) to terminate their Underwriting Agreements, is set out in Section 12.5.5. If one of the Underwriters defaults on its commitment, the minimum subscription will not be met, the Offer will not proceed and all Application Monies will be returned (without interest).

**Table 15 Indicative numbers of Shares to be issued under the Offer**

| AGGREGATE VALUE OF APPLICATIONS | NEW SHARES ISSUED | EXISTING SHARES TO BE TRANSFERRED | TOTAL SHARES ON ISSUE ON COMPLETION | PERCENTAGE HELD BY SUCCESSFUL APPLICANTS |
|---|---|---|---|---|
| $5million | 6,666,667 | - | 107,462,308 | 6.20% |
| $10million | 13,333,333 | - | 114,128,974 | 11.68% |
| $15.7million* | 13,333,333 | 7,609,966 | 114,128,974 | 18.35% |
| $23.7million | 24,000,000 | 7,609,966 | 124,795,641 | 25.33% |

*In this scenario some, but not all, of the Existing Shares that can be transferred under the Offer will be sold. If less than $15.7 million and more than $10.0 million is raised then the amount allocated to Existing Shareholders selling down will be allocated on a proportional basis.

The Offer is made on the basis of the terms and conditions set out in this Prospectus.

## 11.2 The Purpose of the Offer and use of proceeds

The purpose of the Offer is to:

- provide further capital for the business to fund further growth of the DomaCom Fund and significantly increase its funds under management, which in turn generates revenue for DomaCom in the form of management fees;
- allow DomaCom the ability to increase its sales and marketing efforts into both the intermediary and direct consumer channels for its products;
- support the launch and development of the DomaCom Equity Release and Corporate Bond products;
- continuing to develop and enhance the Platform functionality and provide tools that assist intermediaries to provide efficient, transparent and cost effective services to our clients;

- to improve the financial strength of the DomaCom Group, in turn increasing the confidence of intermediaries in DomaCom's products and longevity;
- provide a liquid market for the DomaCom shares and allow new shareholders to invest in DomaCom;
- assist in retaining and attracting employees to the company through the ability to provide shares to them in a publicly listed company; and
- subject to Applications having an aggregate value of $10 million or greater, provide a mechanism for the Selling Shareholders to realise all or a portion of their investment.

If only the minimum amount of the capital raising is achieved (being $5 million), this will curtail the amount of activity DomaCom could undertake in sales and marketing programs to grow FUM and build brand awareness in the direct consumer market. It is likely to lead to the need for a further capital raising after 18 months to meet working capital requirements.

Increases in the amount of capital raised will allow DomaCom to accelerate its sales and marketing efforts both into the intermediated and direct consumer channels, increase the speed of the development and enhancement of the Platform and commence exploring opportunities for growing the DomaCom business globally.

Increases in capital raised will also improve the financial strength of the Company, which will support the accelerated use of the Platform by intermediaries.

***The Directors intend to use DomaCom's cash reserves and any surplus cash flow to fund the business, rather than distributing these funds as dividends. The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by DomaCom.***

### Table 16 Use of Funds

| USE OF FUNDS | AMOUNT ($'million) | AMOUNT ($'million) | AMOUNT ($'million) | AMOUNT ($'million) |
|---|---|---|---|---|
| **Cash proceeds from the issue of new shares** | **5.0** | **10.0** | **15.7** | **23.7** |
| **USE OF FUNDS** | | | | |
| Payments for the cost of the offer | (1.1) | (1.3) | (1.3) | (1.8) |
| Sell down by Existing Shareholders | | | (5.7) | (5.7) |
| Sales & Marketing (excluding staff costs) | (1.2) | (3.2) | (3.2) | (3.2) |
| Product Development (excluding staff costs) | (0.5) | (0.5) | (0.5) | (0.5) |
| Exploration of global opportunities | | (0.5) | (0.5) | (0.5) |
| Platform Development | (2.1) | (2.8) | (2.8) | (2.8) |
| To provide further working capital for the business[3] | (0.1) | (1.7) | (1.7) | (9.2) |
| **Total use of funds** | **(5.0)** | **(10.0)** | **(15.7)** | **(23.7)** |

Following the Offer, the Company will have sufficient working capital to meet its stated objectives. Additional funds raised beyond the minimum subscription will increase the final strength and stability of the business which enhances the ability of the business to win more sales distributors and grow the business revenues.

[3] Working capital is required to fund the ongoing operational costs and employee expenses to retain key personnel in sales, marketing and technology to the extent these costs exceed the revenue set out in Section 8.4.

## 11.3 Capital Structure

The table below shows the impact of the issue of shares on the capital structure of the Company.

**Table 17 Impact of share issue on capital structure**

| ORDINARY SHARES | NO OF SHARES ON ISSUE | NO OF SHARES ON ISSUE | NO OF SHARES ON ISSUE |
|---|---|---|---|
| Shares currently on issue | 100,795,641 | 100,795,641 | 100,795,641 |
| New Shares issued | 6,666,667 | 13,333,333 | 24,000,000 |
| Total Shares on issue at Completion | 107,462,308 | 114,128,974 | 124,795,641 |
| Unlisted Performance rights on issue at Completion | 2,085,525 | 2,085,525 | 2,085,525 |
| **Total shares on Issue (fully diluted) at Completion** | **109,547,833** | **116,214,499** | **126,881,166** |

**Note:**
There may be additional issues of Shares within a short time after Completion. These issues do not have any material impact on the Company's capital structure. They are:

- The Company has committed to issuing 159,861 fully paid ordinary shares to persons who were early investors in the DomaCom Fund. The agreement to issue those Shares was subject to the Company becoming listed on the ASX.
- As noted in Sections 10.2.7 and 12.4 Performance Rights awarded to non-executive Directors and DomaCom Group Employees will vest on the listing of the Company, entitling the holders of those rights to have Shares issued to them.

As additional Shares are issued, the Company will lodge an Appendix 3B pursuant to the Listing Rules.

## 11.4 Key Offer terms and conditions

### Table 18 Key offer terms and conditions

| MATTER | DETAIL |
|---|---|
| **What security is being offered?** | Shares that are fully paid ordinary shares in the capital of DomaCom Limited. |
| **What is the amount of consideration payable?** | The amount of $0.75 is payable for each Share. |
| **How many Shares are being offered?** | Up to 31.6 million Shares (comprising up to 24 million new Shares and up to 7.6 million Existing Shares) |
| **Is there a minimum amount of Shares that must be applied for under the Offer for the Offer to proceed?** | Yes. A minimum of 6.67 million Shares must be applied for in order for the Offer to proceed. |
| **Is there a minimum amount of investment required?** | $2,250 (3000 Shares) |
| **Is the Offer underwritten?** | The Offer is underwritten by the Underwriters (severally) up to the maximum amount of $5 million to raise the minimum subscription of $5 million, subject to the Underwriting Agreements.<br><br>If one of the Underwriters defaults on its commitment, the minimum subscription would not be met, the Offer would not proceed and all Application Monies would be returned. |
| **Is there a guaranteed allocation?** | No. The allocation of Shares among Applicants will be determined by the Company and SellerCo Limited in consultation with the Sponsoring Retail Broker, the Lead Institutional Manager and the Corporate Adviser.<br><br>The Company, its Corporate Adviser, the Sponsoring Retail Broker and the Lead Institutional Manager reserve the right to reject any Application or bid, or to allocate to any Applicant or bidder, fewer Shares than the number, or the equivalent dollar amount, applied for. |
| **Can the Offer be withdrawn?** | Yes. DomaCom and SellerCo Limited, in consultation with the Sponsoring Retail Broker, the Lead Institutional Manager and the Corporate Adviser reserve the right to withdraw the Offer before Shares are issued by DomaCom or transferred by SellerCo Limited. If the Offer is cancelled before the issue and transfer of Shares, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. |

| | |
|---|---|
| **When is it expected the Shares will commence trading on ASX?** | Subject to Completion and a range of other factors impacting timing, the Shares are expected to commence trading on or around 18 August 2016. |
| **On what exchange will the Shares be quoted?** | DomaCom is seeking admission to the Official List of the ASX and for the quotation of its Shares on that exchange. Completion of the Offer is conditional on ASX admitting DomaCom to the Official List. It is expected that the listing code will be "DCL". |
| **What is the closing date of the Offer?** | The expected closing date of the Offer is 5 August 2016. DomaCom and SellerCo reserve the right to withdraw the offer (as explained above) or to vary any of the indicative dates by shortening or extending the Offer Period without notice. Investors are encouraged to submit their Applications as soon as possible after the Offer opens. |
| **What are the taxation implications?** | Each investor's taxation implications will be unique to their own circumstances and you should seek your own taxation advice. Some general information about the taxation consequences of an investment in DomaCom are set out in Section 12.17 |
| **Is there any brokerage or stamp duty payable?** | No stamp duty or brokerage is payable on the acquisition of the Shares. |
| **For further information, where should I direct my enquiries?** | A toll free information line has been established 1800 702 479 or you can visit the web site www.domacom.com.au/investor-relations |

## 11.5 How to apply for Shares

### 11.5.1 How to apply

Applications under the Offer must be made and will only be accepted on the applicable Application Form that accompanies this Prospectus. Application Forms will be accepted at any time after the Opening Date and until 5.00pm (AEST) on the Closing Date of 5 August 2016.

An Application Form must be completed in accordance with the instructions on the form (if using a paper Application Form, the instructions are on the reverse side of the Application Form, if using an electronic Application Form, follow the prompts).

Applications under the Offer must be for a minimum of 3000 Shares for a total of $2,250. Applications may be made for additional Shares in multiples of $75 in Application Monies for 100 Shares.

Applications must be accompanied by the payment of the Application Price in Australian currency of $0.75 for each Share applied for.

Applications and Application Monies for Shares under the Offer received after 5.00p.m. (AEST) on the Closing Date will not be accepted and will be returned to potential investors.
The Directors, in consultation with the Sponsoring Retail Broker, the Lead Institutional Manager and the Corporate Adviser may extend the Closing Date or close the Offer early any time after the expiry of the exposure period without prior notice. Accordingly, early lodgement of your Application is recommended. Applications must be accompanied by payment in Australian currency.

### 11.5.2 How to pay

Cheque(s) or bank draft(s) must be drawn on an Australian branch of a financial institution and made payable to "DomaCom Limited" and crossed "Not Negotiable". Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques have cleared as at 5.00pm on the Closing Date) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Alternatively, you can apply online at www.domacom.com.au and pay by BPAY, applications and payment must be received by 5.00 pm (Sydney Time) on the Closing Date of 5 August 2016.

Completed Application Forms and accompanying cheques may be lodged with:

**BY MAIL**
DomaCom Limited
c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

**HAND DELIVERED**
DomaCom Limited
c/- Boardroom Pty Limited
Level 12,
225 George Street
Sydney NSW 2000

### 11.5.3 Acceptance of Applications

An Application is an offer by an Applicant to the Company and to SellerCo to apply for Shares in the dollar amount specified in the Application Form on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

An Application may be accepted by the Company and SellerCo Limited in respect of the full amount, or any amount lower than that specified on the Application Form without further notice to the Applicant. The Company reserves the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Application Form or other laws or regulations may not be complied with in relation to the Application. The Company, SellerCo Limited, the Corporate Adviser, the Lead Institutional Manager and the Sponsoring Retail Broker reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Offer, or to waive or correct any errors made by the Applicant in completing their Application. In addition, the Company, SellerCo, the Corporate Adviser, the Lead Institutional Manager and the Sponsoring Retail Broker reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications.

The final allocation of Shares to Applicants in the Offer will be at the absolute discretion of the Company, in consultation with the Corporate Adviser, the Lead Institutional Manager and the Sponsoring Retail Broker, and the Company may reject an Application, or allocate fewer Shares than the number, or the equivalent dollar amount applied for.

Acceptance of an application will give rise to a binding contract, conditional on Settlement and quotation of Shares on ASX on an unconditional basis.

### 11.5.4 Application Monies

Application Monies received by the Company and SellerCo under the Offer will be held in a special purpose account until Shares are issued or transferred to successful Applicants. Applicants under the Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed (or otherwise in the Company's discretion provided with) a refund (without interest) of all or part of their Application Monies, as applicable.

### 11.5.5 Allocation of Shares

The allocation of Shares between the Applicants will be determined by the Company in consultation with its Corporate Adviser, the Lead Institutional Manager and the Sponsoring Retail Broker. The Company, the Corporate Adviser, the Lead Institutional Manager and Sponsoring Retail Broker will determine the allocation of Shares among retail, sophisticated and professional, and institutional Investors. Once the overall allocations are determined, the Corporate Advisers and Sponsoring Retail Broker will determine how they will allocate Shares amongst their clients.

# 12 ADDITIONAL INFORMATION

## 12.1 Corporate History, structure and taxation status

### 12.1.1 Incorporation

The Company was incorporated in Victoria on 23rd February 2015 as a public company limited by shares.

### 12.1.2 Balance date and company tax status

The accounts for the Company will be made up to 30 June annually.

The Company will be subject to tax at the Australian corporate tax rate (the Australian entities are part of a single tax group). DomaCom Singapore is subject to the Singaporean corporate tax rate.

### 12.1.3 Capital Structure

The only securities currently on issue in the capital of the Company are ordinary shares.

### 12.2 Sale of Shares by SellerCo Limited

SellerCo Limited, a special purpose vehicle, has been established to facilitate the sale of Sale Shares by Selling Shareholders. Each of the Selling Shareholders, the Company and SellerCo Limited has entered into the Sell Down Agreement under which the Selling Shareholders irrevocably agree to sell some or all of their existing Shares to SellerCo Limited, which will be sold by SellerCo Limited into the Offer, free from encumbrances and third party rights. The Selling Shareholders have agreed to sell 7,609,966 Sale Shares to SellerCo Limited.

The Sale Shares which SellerCo Limited acquires from the Selling Shareholders will be transferred to successful Applicants at the Offer Price. The price payable by SellerCo Limited for the Sale Shares is the Offer Price (less 5% capital raising fee (plus GST) which is payable to the Company). The Company will also issue Shares to successful Applicants under the Offer.

SellerCo Limited has no material assets, liabilities or operations other than its interests in and obligations under the Sell Down Agreement. The directors of SellerCo are Grahame Evans, David Archbold and Graeme Billings. The Company has indemnified SellerCo Limited and each director and the shareholder of SellerCo Limited for any loss which SellerCo Limited or any director or the shareholder of SellerCo Limited may incur as a consequence of the Offer. However, neither the Company nor SellerCo Limited will be responsible for paying any tax incurred by any Selling Shareholder as a result of transferring or selling Shares pursuant to the Sell Down Agreement.

### 12.3 Rights and liabilities attaching to Shares

A summary of the rights attaching to the Shares under the Offer is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

#### *Voting*

At a general meeting, every Shareholder present in person has one vote on a show of hands and, on a poll, one vote for each Share held. If a person present at a general meeting represents

personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only even though he or she represents more than one member.

### *Meetings*

A general meeting may only be called by directors' resolution or as otherwise provided under the Corporations Act. The Corporations Act allows members with at least 5% of the votes that may be cast at a general meeting to call, and arrange to hold, a general meeting.

Subject to the provisions of the Corporations Act, the Company is required to give each person notice of a general meeting who is at the time of giving the notice a Shareholder, Director or auditor of the Company. The notice of a general meeting must state the general nature of the business to be transacted at the meeting.

No business may be transacted at a general meeting, except the election of a chairperson and the adjournment of the meeting, unless a quorum of 5 Shareholders is present at the meeting.

### *Dividends*

The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment.

### *Transfer of Shares*

Subject to the Constitution and to any restrictions attached to a member's Shares, a member may transfer any of the member's Shares by a Proper ASTC Transfer or a written transfer in any usual from or in any other form approved by the Directors.

The Board may refuse to register a transfer of Shares where permitted to do so under the Constitution, the Corporations Act and Listing Rules.

### *Issue of further Shares*

Subject to the Constitution, the Board may:

- issue, allot or grant options for, or otherwise dispose of, Shares in the Company; and
- decide the person to whom Shares are issued or options are granted and terms, rights and restrictions attached to those Shares or options.

### *Winding Up*

Subject to the Constitution and the rights or restrictions attached to any Shares or class of Shares, if the Company is wound up and the property of the Company available for distribution is more than sufficient to pay all the debts and liabilities of the Company and the costs of the winding up, then the excess must be divided among the members in proportion to the number of Shares held by them, irrespective of the amounts paid or credited as paid on the Shares.

### *Variation of rights*

The rights attached to any class of Shares may, unless their terms of issue state otherwise, be varied subject to:

- the written consent of the holders of 75% of the Shares of the class; or
- a special resolution passed at a separate meeting of the holders of those Shares of the class.

### *Directors - appointment and removal*

The minimum number of Directors is three and the maximum number is to be fixed by the Board, but may not be more than nine unless the Company in a general meeting resolves otherwise.

At every annual general meeting if the number of Directors, after excluding a managing director and a director appointed as an addition to the existing Directors or to fill a casual vacancy, is:

- five or less, then 2 of the remaining Directors must retire from office; or
- more than five, one third of those Directors must retire from office.

### *Directors - remuneration*

Each Director is entitled to such remuneration from the Company for his services as a director as the Board decides but the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company in a general meeting.

### *Indemnities*

The Company, to the extent permitted by law, indemnifies each Director against all losses, liabilities, costs, charges and expenses incurred by the Directors as an officer of the Company or of a related body corporate but will not be required to indemnify a Director in respect of such liability where it arises from the fraudulent or wilful misconduct of that Officer.

### *Transactions requiring shareholder approval*

The types of "transactions" that require shareholder approval are governed by the Corporations Act and the Constitution.

Generally speaking, the following types of transactions will require shareholder approval:

- amendments to the Constitution;
- amalgamations;
- disposing of substantially the whole of the company's property or undertaking;
- change of name of the company;
- reduction of share capital;
- winding up;
- share buy-back;
- removal of company auditors; and
- certain alteration of capital and variations of rights attaching to Shares.

This is not an exhaustive list but sets out common transactions which require shareholder approval.

## 12.4 Director and Employee Long Term Incentive Plan (LTIP)

### 12.4.1 Background

In 2014 the Company established a long term equity-based incentive plan for Directors and staff, in order to:

- reward directors and employees of the DomaCom Group;
- assist in the retention and motivation of directors and employees of the DomaCom Group; and
- provide an incentive to directors and employees of the Company to grow shareholder value by providing them with an opportunity to receive an ownership interest in the Company.

The Company's long term incentive plan (LTIP) provides for the award of both Employee Share Options and Employee Performance Rights under which Directors, executives, other employees, contractors and consultants of the DomaCom Group may be offered the opportunity to be granted Options or Performance Rights on terms set by the Board in its discretion.

The Board is of the view that to secure employees and Directors who can best assist the DomaCom Group in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. Accordingly, the LTIP was designed to provide such incentives and to recognise the contribution of personnel to the DomaCom Group's success. At the time the LTIP was prepared and the first awards were made under it the Board was of the view that Performance Rights were a more cost effective and efficient incentive for the DomaCom Group employees (as opposed to alternative forms of incentives such as increased cash based remuneration). Accordingly, the LTIP and the initial awards made under it were designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain shareholdings in the Company.

The Directors have the discretion to invite qualifying employees and consultants to apply for Options or Performance Rights as they consider appropriate. The exercise price of the Options will be the price determined by the Board in its absolute discretion prior to or on grant of the Options. The performance hurdles associated with any Performance Rights issued under the plan will also be determined by the Directors at the time an invitation is made.

When the first awards under the LTIP were made, in order that participants receive the full benefit of their LTIP, additional criteria for performance rights available to current employees including Directors were imposed. These are described in Section 10.2.7. The conditions imposed on the awards of performance rights made to staff are the same as those imposed on the awards made to non-executive Directors and performance rights awarded to staff and non-executive directors will vest (that is, they will be able to be converted into ordinary shares) when the Company is listed. It should be noted that the conditions imposed on Mr Ross Laidlaw's award are different to those imposed on staff and non-executive directors. Further, although eligible to participate, Mr Arthur Naoumidis (the Company's CEO and single largest shareholder) elected not to seek any performance rights in the initial award.

The Directors believe that the terms of the LTIP are consistent with schemes adopted by other Australian companies with similar risk/reward profiles.

### 12.4.2 Summary of terms of LTIP

***Eligibility***

The Board may, in its absolute discretion, invite an Eligible Employee to participate in an award of Performance Rights. An Eligible Employee includes a director, senior executive or employee of the Company or an associated body corporate of the Company.

***Terms of Performance Rights***

- Each Performance Right will be granted to Eligible Employees under the LTIP for nil consideration.
- Each Performance Right will entitle its holder to subscribe for and be issued, one fully paid ordinary share in the capital of the Company (upon vesting (where applicable) and exercise of that Performance Right).

- If the Company is admitted to the official list of the ASX (or another stock exchange) the Performance Rights will not be listed for quotation on that exchange, however, the Company will apply for official quotation of the Shares issued upon the exercise of any vested Performance Rights.
- The grant date and expiry date of a Performance Right shall be as determined by the Board when an invitation to participate in the LTIP is made.
- No payment is required for the exercise of a Performance Right, unless otherwise determined by the Board and advised to the Eligible Employee at the time the offer is made.
- A participant is not entitled to participate in or receive any dividend or other Shareholder benefits until its Performance Rights have vested and been exercised and Shares have been allocated to the participant as a result of the exercise of those Performance Rights.
- There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the Performance Rights.
- Following the issue of Shares following exercise of vested Performance Rights, participants will be entitled to exercise all rights of a Shareholder attaching to the Shares, subject to any disposal restrictions advised to the participant at the time of the grant of the Performance Rights.

### *Performance conditions*

When granting Performance Rights, the Board may make their vesting conditional on the satisfaction of a Performance Condition within a specified period. The Board may at any time waive or change a Performance Condition or performance period in accordance with the LTIP rules if the Board (acting reasonably) considers it appropriate to do so.

### *Vesting*

The Performance Rights will vest following satisfaction of the Performance Conditions or such other date as determined by the Board in its discretion.

Subject to the LTIP rules, the Board may declare that all or a specified number of any unvested Performance Rights granted to a participant which have not lapsed immediately vest if, in the opinion of the Board a change of control in relation to the Company has occurred, or is likely to occur, having regard to the participant's pro rata performance in relation to the applicable Performance Conditions up to that date.

Subject to the LTIP rules, the Board may in its absolute discretion, declare the vesting of a Performance Right where the Company is wound up or passes a resolution to dispose of its main undertaking.

If there is any internal reconstruction or acquisition of the Company which does not involve a significant change in the identity of the ultimate Shareholders of the Company, the Board may declare in its sole discretion whether and to what extent Performance Rights, which have not vested by the day the reconstruction takes place, will vest.

### *Disposal restrictions*

A participant may not assign, transfer, novate, or otherwise dispose of a Performance Right granted under the LTIP without the prior consent of the Board, or where such assignment or transfer occurs by force of law upon the death of a participant.

### *Overriding restrictions*

No grant or issue of Performance Rights and/or Shares will be made to the extent that it would contravene the Constitution, any applicable Listing Rules, the Corporations Act or any other applicable law.

### *Lapse*

A Performance Right will immediately lapse upon the first to occur of:

- its expiry date;
- the Performance Condition(s) (if any) not being satisfied prior to the end of the performance period(s);
- the transfer or purported transfer of the Performance Right in breach of the LTIP rules;
- if the Performance Right has not vested, the day that is 30 days following the date the participant voluntarily or for a bona fide reason ceases to be employed or engaged by the Company or an associated body corporate;
- termination of the participant's employment or engagement with the Company or an associated body corporate for cause; or
- unless another expiry date is stipulated in the invitation, 6 months after an event which gives rise to a vesting under the Performance Right rules established by the LTIP.

Where a participant ceases to be employed or engaged by the Company or an associated body corporate by reason of their death, disability, bona fide redundancy, and the Performance Rights have vested, they will remain exercisable by that participant's estate or legal representative until the Performance Rights lapse in accordance with the LTIP rules or if they have not vested, the Board will determine as soon as reasonably practicable after the date the participant ceases to be employed or engaged, how many (if any) of those participant's Performance Rights will be deemed to have vested and will be exercisable by that participant's estate or legal representative.

## 12.5 Material contracts

### 12.5.1 Investment Management Agreement

DomaCom Australia Limited, a wholly owned subsidiary of DomaCom has been appointed to promote, administer, invest and manage the assets of the DomaCom Fund and to perform various services pursuant to the Investment Management Agreement.

### *Investment Manager's Duties*

In providing the services, the Investment Manager must:

- act in accordance with the IMA and the Investment Strategy of the DomaCom Fund;
- act honestly, efficiently, fairly and in the best interest of Unit Holders;
- establish and maintain a business continuity plan;
- comply with the Responsible Entity's complaints handling procedure; and
- exercise all functions and duties in good faith and with the degree of care, diligence and skill that a reasonable person would exercise in the Investment Manager's position.

### *Matters requiring consent*

The Investment Manager must not do a number of things without the consent of the Responsible Entity, including:

- delegate the Investment Manager's duties, responsibilities, functions or powers;
- enter into related party transactions involving the acquisition, transfer or disposal of any part of the Portfolio;
- borrowing against, pledging, charging or encumbering of any asset of the Portfolio; and
- authorise any payment of fees out of the portfolio other than as set out in the IMA.

### *Indemnities*

The Investment Manager is indemnified against all liabilities, costs or expenses incurred by it acting properly in the course of the Investment Manager's appointment, except to the extent that the liabilities, costs or expenses are caused by:

- any negligence, fraud, default or dishonesty of the Investment Manager or any of its officers, employees or agents;
- the Investment Manager's breach or failure to meet the standard of care required; or
- any act or omission of the Investment Manager or any of its officers, employees or agents that causes the Responsible Entity to be liable to the unitholders of the DomaCom Fund for which the Responsible Entity has no right of indemnity from the DomaCom Fund.

The Responsible Entity is indemnified against all liabilities reasonably incurred by the Responsible Entity and the DomaCom Fund arising out of:

- any negligence, fraud, default or dishonesty of the Investment Manager or any of its officers, employees or agents;
- the Investment Manager's breach of the Investment Management Agreement or failure to meet the standard of care required in the IMA; or
- any act or omission of the Investment Manager or any of its officers, employees or agents that causes the Responsible Entity to be liable to the unitholders of the DomaCom Fund for which the Responsible Entity has no right of indemnity from the DomaCom Fund.

If expenses are incurred by the Responsible Entity and remain payable and unpaid in relation to a Sub-Fund, after selling the Underlying Property in the Sub-Fund, then DomaCom will pay to the Responsible Entity such amounts required to satisfy the payment of unpaid expenses.

### *Remuneration*

The Investment Manager is entitled to fees under the Investment Management Agreement.

### *Termination*

The Responsible Entity may terminate the Investment Management Agreement at any time if:

- a receiver, receiver and manager, administrative receiver or similar person is appointed with respect to the assets and undertakings of the Investment Manager;
- the Investment Manager goes into liquidation, is placed under official management or administration, ceases to carry on a business in relation to its activities as an Investment Manager or breaches or fails to perform any duty, obligation, representation, warranty or undertaking required by the IMA;

- the Responsible Entity is required to do so at any time or considers it reasonably necessary to do so to comply with its legal duties and obligations;
- the DomaCom Fund terminates; or
- the Responsible Entity ceases to be the Responsible Entity of the DomaCom Fund.

### 12.5.2 Corporate Advisory Agreements

DomaCom entered into an agreement with Odyssey Capital Pty Ltd ABN 56 169888779 (trading as Odyssey Capital Partners) (the Corporate Adviser) dated 4 May 2016 engaging it as Corporate Adviser to its proposed IPO.

#### *Services*

The Corporate Advisor has been engaged to provide advice in respect of the proposed capital raising of DomaCom in respect of its listing. Its services include:

- Acting as a sounding board on the capital raising process;
- Assisting DomaCom by providing advice on the capital raising process;
- Developing the scope of work for other professional services where required to complete the documentation, including legal documentation; and
- Management of the process, including co-ordinating the preparation of investor research, and the required documentation to facilitate the capital raising.

The Corporate Advisor in providing these services will approach investors both in Australia and overseas with exclusive rights to approach specified investors.

#### *Liability*

In addition to any rights that the Corporate Advisor may have at law or in equity, DomaCom shall be liable to the Corporate Advisor in respect of all losses that arise directly from their role under the agreement, where the Corporate Advisor has relied on DomaCom for information and provided this to prospective investors including, without limitation, losses arising from a breach of the terms of the agreement by DomaCom.

Liability is excluded if loss results from the Corporate Advisor's:

- wilful misconduct, fraud or negligence; or
- breach of the terms, except where the breach arose solely from the acts or omissions of DomaCom;

The Corporate Advisor holds the benefit of the rights under the liability provisions for itself and as trustee for its directors, staff and affiliated parties.

DomaCom is not restricted from pursuing any legal claims against the Corporate Advisor which are available, where the Corporate Advisor's conduct in connection with its engagement involves wilful misconduct, fraud or negligence or it is in breach of the terms of the engagement (except to the extent that the breach arose solely from the acts or omissions of DomaCom).

### *Fees*

DomaCom has agreed to pay the Corporate Advisor for its services:

- a success fee equal to 5% of the value of Applications made by Applicants introduced by the Corporate Advisor to whom Shares are allotted pursuant to this Prospectus; and
- DomaCom may also pay the Corporate Advisor a discretionary bonus on the completion of the engagement, the quantum of which will be based on DomaCom's assessment of the Corporate Advisor's overall contribution to ensuring the process is completed in accordance with its timetable.

### *Termination*

The initial term of the engagement will be for 3 months from the agreement date (Initial Period). After the Initial Period the agreement will continue on a monthly basis.

After the Initial Period, DomaCom may terminate the agreement at any time with one month's notice. DomaCom is obliged to pay the Corporate Advisor any accrued fees up to the date of termination, including any out-of-pocket expenses.

If a transaction is completed prior to the first anniversary of the early termination of the agreement by DomaCom, the Corporate Advisor will be entitled to payment in full of the success fee.

The Corporate Advisor may terminate the agreement, on reasonable notice to DomaCom (and in any event no less than one month's written notice) for any reason. The Corporate Advisor will be entitled to all payments due pursuant to the engagement with DomaCom up to the date of termination.

### 12.5.3 Lead Institutional Manager Agreement

Pulse Markets Pty Ltd ACN 081 505 268 (Lead Institutional Manager) entered into an agreement on 21 June 2016 with DomaCom to act as Lead Institutional Manager in relation to the Offer.

### *Role*

The Lead Institutional Manager has exclusive rights to introduce Australian institutional clients to the Offer unless otherwise agreed. The Lead Institutional Manager may also introduce the Offer to its own retail and wholesale client base.

### *Own account dealings*

The Lead Institutional Manager may make Applications on its own account (i.e. as principal), for Shares.

Additionally, the Lead Institutional Manager's representatives may also participate in the Offer on their own accounts upon their respective absolute and individual discretion.

### *Fees*

The Lead Institutional Manager will receive a capital raising fee equal to 5% (plus GST) of the gross proceeds of Applications introduced by it to be paid on completion of the Offer.

### *Termination*

Unless terminated earlier for convenience or by mutual written agreement, the Lead Institutional Manager Agreement will continue until the earlier of:

- Completion; and
- 12 months after the date of the agreement.

### *Indemnity*

DomaCom agrees to indemnify the Lead Institutional Manager and its related bodies corporate and their respective directors, officers, employees and advisers, from any liabilities it/they may sustain or incur in connection with the Offer, including (but not limited to) losses incurred directly as a result of some of the following:

- any public or media announcements made by DomaCom in connection with the Offer (Public Information) and any roadshow presentation or investor education materials produced in connection with the Offer with DomaCom's approval;
- DomaCom's failure to perform any of its obligations under the Lead Institutional Manager agreement or any other material obligation binding on it;
- a claim brought by a third party against the Lead Institutional Manager in relation to the Offer;
- an Application under the Offer; and
- any non-compliance by the Company or its officers or employees with any applicable law, regulation or rule, including the Corporations Act and the Listing Rules, in relation to the Offer.

The indemnity will not apply to the extent (but only to the extent) that the Liability has resulted from:

- the fraud, wilful misconduct or negligence of the Lead Institutional Manager or its related bodies corporate and their respective directors, officers, employees and advisers;
- breach of this agreement by the Lead Institutional Manager or its related bodies corporate and their respective directors, officers, employees and advisers; and
- a criminal penalty or fine which the Lead Institutional Manager or its related bodies corporate and their respective directors, officers, employees and adviser is required to pay for any contravention of the Corporations Act or any other applicable law.

### 12.5.4 Sponsoring Retail Broker Agreement

Shaw and Partners Limited (the Sponsoring Retail Broker) under an agreement dated 8 June 2016 has been appointed by DomaCom as the Sponsoring Retail Broker to the proposed Initial Public Offering that is the subject of this prospectus.

The Sponsoring Retail Broker's role as Sponsoring Retail Broker is to assist where possible, with applications to be made by retail investors. The Sponsoring Retail Broker is not acting as an underwriter.

### *Fees*

On the date of allotment and, if applicable, transfer of the Shares pursuant to the Offer, DomaCom will pay the Sponsoring Retail Broker a capital raising fee representing the greater of $50,000 plus GST or 5% (plus GST) of the total value of Applications made by retail investors to whom Shares are transferred or allotted under the Offer.

The Sponsoring Retail Broker's fees and agreed expenses will be payable out of the proceeds of the Offer.

### *Termination*

Either the Sponsoring Retail Broker, or DomaCom, may terminate the agreement without cause by giving 7 day's written notice.

Any termination under the agreement will be without liability or continuing obligation to any other party, except for the provisions relating to:

- the reimbursement of legal and out of pocket expenses incurred as at the date of termination which have not yet been invoiced or paid;
- the indemnification of the Sponsoring Retail Broker and limitation of liability of third parties' provisions of the agreement, which will remain operative regardless of a termination;
- the confidentiality obligations and governing law provisions of the agreement which will remain operative regardless of any termination; and
- all other accrued rights and/or liabilities at the date of termination.

If DomaCom terminates the Sponsoring Retail Broker's appointment for reasons other than the Sponsoring Retail Broker's insolvency event, material default (which cannot or has not been remedied within a reasonable period following notice), gross negligence or breach of law, and Completion occurs or an initial public offering is completed within a period of 12 months from the termination date then the Sponsoring Retail Broker will continue to be entitled to the fees payable under the agreement.

Upon termination of the agreement, DomaCom will be responsible for payment of all expenses of the Offer incurred to that date either directly by them or on their behalf by the Sponsoring Retail Broker.

If the Sponsoring Retail Broker experiences an insolvency event (as defined in the agreement) DomaCom may terminate with written notice, effective immediately. DomaCom in this instance will have no liability to the Sponsoring Retail Broker, including (without limitation) any liability for fees, expenses or costs.

### *Indemnity*

The Sponsoring Retail Broker accepts no liability in the event that its endeavours are unsuccessful and its appointment or the Offer does not proceed. DomaCom has agreed to indemnify the Sponsoring Retail Broker, its officers, employees, agents and advisers and must keep each of them indemnified against all liability and loss arising from, and all costs, charges and expenses incurred before or after entering into the agreement, arising out of or in connection with:

- the appointment or any other matter or activity referred to or contemplated by the agreement arising out of any breach by DomaCom of any obligations under the terms of agreement, arising from activities undertaken after signing the agreement;
- the issue of this Prospectus or the proposed allotment, issue or sale of the Shares;
- any statement in this Prospectus that is false or misleading, or any omission from this Prospectus;
- any conduct by a person in connection with the issue of this Prospectus or proposed allotment, issue or sale of the Shares that is false or misleading or deceptive or likely to mislead or deceive; or

- any conduct by a person that was engaged in contravention of a provision of Part 7.10 of the Corporations Act or any other applicable law in connection with the Prospectus or the proposed allotment, issue or sale of the Company's securities, except to the extent that such liability and loss was the result of the Sponsoring Retail Broker's negligence or wilful misconduct, negligent misrepresentation, material breach of contract and/or fraud.

The Sponsoring Retail Broker disclaims all responsibility, whether to DomaCom or to third parties, for all claims arising out of advice given by it based upon information provided to it by DomaCom or third parties which is materially misleading, inaccurate or incomplete. The Sponsoring Retail Broker will only be liable where its wilful misconduct, negligent misrepresentation, material breach of contract and/or fraud has been judicially determined.

DomaCom will notify the Sponsoring Retail Broker if it becomes aware of any claim which may give rise to a liability under this indemnity and will not settle any such proceeding without the Sponsoring Retail Broker's prior written consent.

Without prejudice to any claim DomaCom may have against the Sponsoring Retail Broker, no proceedings may be taken against any director, officer, employee or agent of the Sponsoring Retail Broker in respect of any claim DomaCom may have against the Sponsoring Retail Broker.

***Limitations of liability of third parties***

DomaCom will promptly notify the Sponsoring Retail Broker of any limitation on the extent to which DomaCom may claim against any third party or third parties in connection with the appointment. Where any damage or loss is suffered by DomaCom for which the Sponsoring Retail Broker is liable and for which any third party or third parties are liable to it, the extent to which such loss will be recoverable by DomaCom from the Sponsoring Retail Broker will:

- be limited so as to be in proportion to the Sponsoring Retail Broker's contribution to the overall fault for such damage or loss, as agreed between the parties or, in the absence of agreement, as finally determined by a Court of competent jurisdiction; and
- be no more than it would have been had any limitation not been agreed to by DomaCom.

### 12.5.5 Underwriting agreement

DomaCom and each of the Underwriters have entered into Underwriting Agreements with respect to the Offer for the maximum amount (in aggregate) of $5 million. Each of the Underwriters (severally) agrees to underwrite a proportion of the Underwritten Amount as agreed under their respective Underwriting Agreement. If one of the Underwriters defaults on its commitment, the minimum subscription would not be met, the Offer would not proceed and all Application Monies would be returned.

***Underwriting Fees***

In consideration for underwriting the Underwritten Amount, the Company agrees to pay to the Underwriters (in aggregate) an underwriting fee of 5% of the Underwritten Amount.

***Termination events***

The obligation of the Underwriters to underwrite the Underwritten Amount is also subject to certain events of termination. An Underwriter may terminate their Underwriting Agreement at any time before the date when the Shares are quoted on the ASX by notice to DomaCom if any of the following events occur:

- ASX listing application or quotation is refused or not granted, or approval is granted subject to conditions other than customary conditions to the admission to the official list of ASX;

- DomaCom becomes unable to pay its debts as and when they fall due, or appoints a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other similar official in relation to any property of DomaCom; or
- circumstances exist which would permit a presumption of insolvency in relation to DomaCom (or any of its subsidiaries) under section 459C(2) of the Corporations Act.

***Underwriters' interests***

The Underwriters do not include any of the Directors or their associates. Even if the maximum number of Shares are subscribed for by the Underwriters under the Underwriting Agreement, it will not affect the 10 largest shareholders as disclosed in Section 4 Investment and Business Overview.

None of the Underwriters has or had during the two years preceding the Prospectus Date, an interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with its formation, promotion of the Offer; or
- the Offer; or

has been paid or agreed to be paid any amount (whether in cash, Shares or otherwise), or has been given or agreed to be given any other benefit, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

### 12.5.6 Hosted services agreement

Prior to 13 November 2014, DomaCom entered into a general agreement with Microsoft Inc for the provision of services, including but not limited to the application hosting, website and software services.

DomaCom's use of these services is governed by the online terms for the Microsoft® Azure™ Agreement and the Microsoft Azure™ Services Terms. Services are renewed either monthly or annually. There are comprehensive provisions in the agreement which specifically relate to security, privacy and data protection; in particular detailed information on security, privacy, and compliance topics are contained in the Microsoft® Azure™ Trust Centre. DomaCom may terminate the arrangements at any time if it elects to do so; Microsoft Inc may suspend the use of the services if DomaCom violates its acceptable use policy.

## 12.6 Legal Proceedings

So far as the Directors are aware, at the Prospectus Date, there is no current, pending or threatened litigation with which the Company is directly or indirectly involved which the Company believes is likely to have a material adverse impact on the business or financial results of the Company.

## 12.7 Expenses of the offer

No sums have been paid or agreed to be paid to a prescribed person for services rendered by the prescribed person in connection with the promotion or formation of the Company or the Offer except as set out below.

### Table 19 Expenses of the Offer

| Offer expenses and listing costs (inclusive of GST) | MINIMUM SUBSCRIPTION OF $5,000,000 $ | MAXIMUM SUBSCRIPTION OF $23,707,475 $ |
|---|---|---|
| Commissions Fee | $275,000 | $990,000 |
| Underwriting Commission | $250,000 | $250,00 |
| Insurance | $169,000 | $169,000 |
| ASX Fees | $135,694 | $144,274 |
| Printing and associated costs | $5,000 | $5,000 |
| Legal Fees | $165,000 | $165,000 |
| Registry | $11,688 | $11,688 |
| Investigating Accountant's Fees | $42,900 | $42,900 |
| Corporate Advisory Fee | $39,600 | $39,600 |
| Other miscellaneous fees | $2,320 | $2,320 |
| Total Offer Expenses | $1,096,202 | $1,819,782 |

## 12.8 Governing law

This Prospectus and the contracts that arise from the acceptance by the Company of the Applications are governed by the laws applicable in Victoria and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Victoria.

## 12.9 Statement of Directors and SellerCo Limited directors

The Directors of the Company and the directors of SellerCo Limited state that for the purposes of section 731 of the Act, they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe that any statements by them in this Prospectus are true and not misleading or deceptive, and that with respect to any other statements made in this Prospectus by persons other than the Directors and SellerCo Limited's directors, the Directors and SellerCo Limited's directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, and that those persons have given the consent required by section 716(2) of the Act and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

Each of the Directors and SellerCo Limited's directors consents to the lodgement of this Prospectus with ASIC, and has not withdrawn that consent prior to this Prospectus being lodged.

## 12.10 Interests of experts and Advisers

Other than as disclosed in this Prospectus, no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

- has or had at any time during the two years preceding the Prospectus Date, any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of the Company or the Offer.

### *Sponsoring Broker, Corporate Adviser and Lead Institutional Manager*

The fees payable to the Corporate Advisers, Lead Institutional Manager and Sponsoring Retail Broker are described in Sections 12.5.2, 12.5.3 and 12.5.4 respectively.

Each of the Corporate Adviser, Lead Institutional Manager and Sponsoring Retail Brokers and their respective affiliates are financial service firms engaged in various activities which may include trading, financing, corporate advisory, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services.

### *Investigating Accountant*

Grant Thornton Corporate Finance Pty Ltd has acted as the Company's Investigating Accountant in relation to the Financial Information and provided the Independent Limited Assurance Report in Section 9. The Company has paid or agreed to pay an amount of approximately $36,000 (plus disbursements and goods and services tax (GST)) in respect of these services up until the Prospectus Date. Further amounts may be paid to Grant Thornton Corporate Finance Pty Ltd in accordance with time-based charges.

### *Legal Advisers*

Hall & Wilcox has acted as the legal advisers to the Company and SellerCo in relation to the Offer. The Company has paid or agreed to pay an amount of approximately $150,000 (plus disbursements and GST) in respect of these services up until the Prospectus Date. Further amounts may be paid to Hall & Wilcox in accordance with its normal time-based charges.

## 12.11 Consents

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in this Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent:

- Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987 has consented to being named in this Prospectus as the Company's Investigating Accountant, to the inclusion of its Independent Limited Assurance Report in Section 9 and to being named in the Corporate Directory of this Prospectus;
- Grant Thornton Audit Pty Ltd ACN 130 913 594 has consented to being named in the Corporate Directory of this Prospectus as the Auditor of the DomaCom Group;

- Hall & Wilcox has consented to being named in the Corporate Directory of this Prospectus as the Australian legal adviser to the Company and SellerCo Limited in relation to the Offer;
- Perpetual Trust Services Limited ABN 48 000 142 049 AFSL 236648 and Perpetual Corporate Trust Limited ABN 99 000 341 5833 as an authorised representative of Perpetual Trustee Company Limited ABN 42 000 001 007 AFSL 236643 (authorised representative number 266799) has consented to be named in this Prospectus as the trustee and custodian of the DomaCom Fund;
- Deloitte Actuaries & Consultants Limited ACN 092 651 057 has consented to the inclusion of a reference to its 2013 report "Dynamics of the Australian Superannuation System The next 20 years: 2015-2035" in Section 5.2.3;
- Boardroom Pty Limited ACN 003 209 836 has consented to being named in the Corporate Directory of this Prospectus as the Share Registry in relation to the Offer.
- Odyssey Capital Pty Ltd ABN 56 169 888 779 has consented to being named in this Prospectus as the Corporate Adviser.
- Pulse Markets Pty Ltd ACN 081 5050 268 has consented to being named in this Prospectus as the Lead Institutional Manager.
- Shaw and Partners Limited ABN 24 003 221 583 has consented to being named in this Prospectus as the Sponsoring Retail Broker.

No entity or person referred to above has made or has purported to make any statement or representation that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. None of the entities or persons referred to above has authorised or caused the issue of this Prospectus, does not make any offer of Shares and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statement in, or omission from, this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described above.

No entity or person referred to above has made or has purported to make any statement or representation that is included in this Prospectus or any statement on which a statement made in the Prospectus is based, except as stated above. None of the entities or persons referred to above has authorised or caused the issue of the Prospectus, does not make any offer of Shares and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statement in, or omission from, this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described above.

## 12.12 Escrow restrictions

As a condition of admitting the Company to the Official List, the ASX may classify certain existing securities in the Company as restricted securities in accordance with the ASX Listing Rules. Any such classification will restrict the transfer of effective ownership or control of any restricted securities without the written consent of the ASX and for such period as the ASX may determine.

Prior to Official Quotation, the parties holding restricted securities must enter into restriction agreements with the Company on the terms set out in the ASX Listing Rules. Details of those restriction agreements will be disclosed to the market on the ASX's announcements platform prior to commencement of Official Quotation of the Shares.

As at the date of this Prospectus, the Company believes that following completion of the Offer and the ASX Listing of the Company with a minimum subscription of 6,666,667 shares approximately 27% of shares on issue will be subject to some form of restriction arrangement under the ASX Listing Rules and with a maximum subscription of 24,000,000 shares approximately 23% of shares on issue will be subject to some form of restriction arrangement under the ASX Listing Rules. Details of those restriction agreements will be disclosed to the market on the ASX's announcements platform prior to commencement of Official Quotation of the Shares.

## 12.13 ASX listing

The Company has applied to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).

If ASX does not grant permission for Official Quotation within 3 months after the date of this Prospectus (or within such longer period as may be permitted by ASIC) none of the Shares offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

## 12.14 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants on subscription for Shares under the Offer.

## 12.15 CHESS and issuer sponsored holdings

The Company will apply to be admitted to participate in the Clearing House Electronic Sub-Register System, known as CHESS, and will comply with the ASX Listing Rules and the ASX Settlement Rules. ASX Settlement Pty Ltd, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the ASX Listing Rules and ASX Settlement Operating Rules.
On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of Shares.

The Company will not issue certificates to Shareholders. Shareholders who are allotted Shares under this Prospectus will be provided with a transaction confirmation statement that sets out the number of Shares allotted to the Shareholder. Shareholders who elect to hold Shares on the issuer-sponsored sub-register will be provided with a holding statement (similar to a bank account statement), that sets out the number of Shares allotted to the Shareholder under this Prospectus. For Shareholders who elect to hold their Shares on the CHESS sub-register, the Company will issue an advice that sets out the number of Shares allotted to the Shareholder under this Prospectus. At the end of the month of allotment, CHESS, acting on behalf of the Company, will provide Shareholders with a holding statement that confirms the number of Shares held and any transactions executed by the Shareholder during that month.

A holding statement (whether issued by CHESS or the Company) will also provide details of a Shareholder's Holder Identification Number (HIN) in the case of a holding on the CHESS sub-register or Shareholder Reference Number (SRN) in the case of a holding on the issuer-sponsored sub-register. Following distribution of these initial holding statements to all Shareholders, a holding statement will also be provided to each Shareholder at the end of any subsequent month during which the balance of that Shareholder's holding of Shares changes.

A Shareholder may request a holding statement at any other time. However, a charge may be made by the Share Registry for additional statements.

## 12.16 ASIC exemptions, modifications and relief

No modification of the Corporations Act or other relief has been sought or obtained by the Company in relation to the Offer.

## 12.17 Australian taxation implications

The following comments provide a general summary of Australian tax issues for Applicants who are Australian tax resident investors who acquire Shares under this Prospectus.

The categories of investors considered in this summary are limited to individuals, certain companies, trusts, partnerships and complying superannuation funds, each of whom hold their Shares on capital account.

This summary does not consider the consequences for non-Australian tax resident investors, or Australian tax resident investors who are insurance companies, banks, investors that hold their Shares on revenue account or carry on a business of trading in Shares or investors who are exempt from Australian tax. This summary also does not cover the consequences for Australian tax resident investors who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or "TOFA" regime).

This summary is based on the law in Australia in force at the time of issue of this Prospectus. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal of the Shares will depend upon each investor's specific circumstances.

Investors should obtain their own advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

### 12.17.1 Dividend on Shares

***Individuals and complying superannuation entities***

Where a dividend on a Share is distributed, that dividend should constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend, together with any franking credit attached to that dividend if they are a "qualified person" (refer further comments below). Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a "qualified person" or where the investor receives less than $5,000 in franking credits from all sources for the income year. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income in an income year, such investors should be entitled to a tax refund.

Where a dividend paid is unfranked, the investor will generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

It is important to note that there is no short term expectation that DomaCom will pay any dividend.

### *Corporate Investors*

Corporate investors are required to include both the dividend and associated franking credit in their assessable income subject to being a "qualified person". A tax offset is then allowed up to the amount of the franking credit on the dividend.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. Such corporate investors can then pass on the benefit of the franking credits to their own investor(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

### *Trusts and partnerships*

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in their assessable income in determining the net income of the trust or partnership. Subject to being a "qualified person", the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

### *Shares held at risk*

The benefit of franking credits can be denied where an investor is not a "qualified person" in which case the investor will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, an investor must satisfy the holding period and the related payment rule.

The holding period rule requires an investor to hold the Shares 'at risk' for more than 45 days continuously, in the period beginning the day after the day on which the investor acquires the Shares and ending on the 45th day after the day on which the Shares become ex-dividend. The date the Shares are acquired and disposed of are ignored for the purposes of determining the 45 day period. Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the investor held the Shares "at risk". This holding period rule is subject to certain exceptions. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to a dividend and the investor had not held the Shares 'at risk' around the dividend period. A related payment is one where an investor or their associate passes on the benefit of the dividend to another person. The related payment rule requires the investor to have held the Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Practically, this should not impact investors who do not pass the benefit of the dividend to another person. Investors should obtain their own tax advice to determine if these requirements have been satisfied.

Dividend washing rules can apply such that no tax offset is available (nor is an amount required to be included in your assessable income) for a dividend received. Investors should consider the impact of these rules having regard to their own personal circumstances.

### 12.17.2 Disposal of Shares

The disposal of a Share by an investor should trigger a capital gains tax (CGT) event. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus any transaction costs). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

A CGT discount may be applied against the capital gain (after reduction of total capital gains by capital losses) where the investor is an individual, complying superannuation entity or trustee, the Shares have been held for more than 12 months and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

Where the investor is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the investor in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

### 12.17.3 Goods and Services Tax (GST)

Investors should not be liable for GST in respect of their investment in Shares. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by investors in this respect.

### 12.17.4 Stamp duty

Investors should not be liable for stamp duty in respect of their holding of Shares, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in the Company. Under current stamp duty legislation, no stamp duty would ordinarily be payable by investors on any subsequent transfer of Shares.

Applicants should seek their own advice as to the impact of stamp duty in their own particular circumstances.

### 12.17.5 Tax file numbers (TFN)

Resident investors may, if they choose, notify the Company of their TFN, ABN or a relevant exemption from withholding tax with respect to dividends. In the event the Company is not so notified, tax will automatically be deducted at the highest marginal rate, including, where relevant, the Medicare Levy and Temporary Budget Repair Levy, from unfranked dividends and/or distributions.

Resident investors may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

## 12.18 Restrictions on owning shares in Australian companies

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 12.18 contains a general description of these laws.

### 12.18.1 Foreign Acquisitions and Takeovers Act 1975 (Cth) and Commonwealth

#### *Government Foreign Investment Policy*

Generally, the Foreign Acquisitions and Takeovers Act 1975 (Cth) applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (Substantial Interest), or 40% or more by two or more unassociated foreign persons and their associates (Aggregate Substantial Interest).

Where a proposed acquisition of a Substantial Interest or Aggregate Substantial Interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Commonwealth Treasurer and the Commonwealth Treasurer has either stated that there is no objection to the proposed acquisition in terms of Australia's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a Substantial Interest or an Aggregate Substantial Interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, have passed.

In addition, in accordance with Australia's Foreign Investment Policy, proposed acquisitions of a direct investment in an Australian company by foreign government investors and their associates must be notified to the Foreign Investment Review Board for prior approval, irrespective of the value of the investment. According to Australia's Foreign Investment Policy, a direct investment will typically include any investment of 10% or more of the shares (or other securities or equivalent interest or voting power) in an Australian company but may also include investment of less than 10% where the investor is building a strategic stake in the target or obtains potential influence or control over the target.

### 12.18.2 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of relevant interests in issued voting shares in listed companies, and unlisted companies with more than 50 members, if, as a result of the acquisition, the acquirer's (or another party's) voting power in that company would increase from 20% or below to more than 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or together with their associates.

#### *Selling Restrictions*

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside Australia where such an offering would be illegal.

No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law, and persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### *United States of America*

This Prospectus may not be distributed to, or relied upon by, any person in the United States. The Shares have not been, and will not be, registered under the US Securities Act of 1933 (the US Securities Act) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Shares are registered under the US Securities Act or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

### *Singapore*

This Prospectus is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and, accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and prospective investors should consider carefully whether the investment is suitable for them. This Prospectus or any other offering material relating to the Shares has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor, (as defined under section 4(A)(1) of the Securities and Futures Act, Chapter 289 of Singapore (SFA), in accordance with and pursuant to section 274 of the SFA, or (ii) to a relevant person (as defined under the SFA) in accordance with and pursuant to Section 275(1) of the SFA, or any person in accordance with and pursuant to Section 275(1A) of the SFA.

Any offer is not made to an investor with a view to the Shares being subsequently offered for sale to any other party. Investors should note there are certain on-sale restrictions (set out in, among others, sections 257 and 276 of the SFA) applicable to all investors who acquire the Shares pursuant to the exemptions in section 274 of the SFA. Where the Shares are subscribed or purchased under Sections 274 and/or 275 of the SFA, such Shares may not be subsequently sold to any person other than an institutional investor (as defined under the SFA), a relevant person (as defined under the SFA), or any person pursuant to Section 275(1A) of the SFA.

Where the Shares are subscribed or purchased under Section 275 of the SFA by a relevant person (as defined under the SFA) which is:

(a) a corporation (which is not an accredited investor (as defined under the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one (1) or more individuals, each of whom is an accredited investor (as defined under the SFA); or

(b) a trust (where the trustee is not an accredited investor (as defined under the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor (as defined under the SFA),

the securities (as defined under the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor (as defined under the SFA), to a relevant person (as defined under the SFA), or to any person arising from an offer referred to in Section 275(1A) of the SFA;

(2) where no consideration is or will be given for the transfer; and

(3) where the transfer is by operation of law.

As such, investors are advised to acquaint themselves with the SFA provisions relating to on-sale restrictions in Singapore or to consult their own professional advisers as to such on-sale restrictions, and to comply accordingly. The contents of this Prospectus have not been reviewed by any regulatory authority in Singapore. In the event of any doubt about any of the contents of this Prospectus or an investor's legal rights and obligations in connection with the Offer, investors ought to obtain appropriate professional advice.

### *United Arab Emirates (excluding Dubai)*

This Prospectus is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (UAE). The Shares have not been and will not be registered under Federal Law No.4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities Market or with any other UAE exchange. The promotion of the Shares and interests therein have not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities in the UAE, and does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No.8 of 1984 (as amended) or otherwise.

In relation to its use in the UAE, this Prospectus is strictly private and confidential and is being distributed to a limited number of persons and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The Shares may not be offered or sold directly or indirectly to the public in the UAE.

### *United Kingdom*

This Prospectus does not constitute a prospectus for the purpose of the prospectus rules issued by the Financial Conduct Authority (FCA) pursuant to section 84 of the Financial Services and Markets Act 2000 (as amended) (FSMA) and has not been approved by or filed with the FCA.

The information contained in this Prospectus is only being made, supplied or directed at:

(a) persons in the United Kingdom who are qualified investors within the meaning of section 86(7) of the FSMA; or

(b) no more than 150 persons in the United Kingdom (other than those qualified investors in paragraph (a) above) within the meaning of section 86(1)(b) of the FSMA,

and the Shares are not otherwise being offered or sold and will not otherwise be offered or sold to the public in the United Kingdom (within the meaning of section 102B of the FSMA), save in circumstances where it is lawful to do so without an approved prospectus (within the meaning of section 85 of FSMA) being made available to the public before the offer is made.

In addition, in the United Kingdom no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Shares except in circumstances in which section 21(1) of the FSMA does not apply to the Company or SellerCo (as applicable) and this document is made, supplied or directed at:

- qualified investors in the United Kingdom who are: (a) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended) (FPO); or (b) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in article 49 of the FPO;

- persons whom the Company reasonably believes are the Company's creditors or members or persons entitled to specific investments issued by the Company in the United Kingdom under article 43 of the FPO; or
- persons who fall within any other exemption to the FPO (all such persons being Relevant Persons).

Any investment or investment activity to which this Prospectus relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Each United Kingdom recipient is deemed to confirm, represent and warrant to the Company and SellerCo that they are a Relevant Person.

### *Malaysia*

The Shares may not be offered or sold, directly or indirectly, nor may any document or material in connection therewith be distributed in Malaysia, other than to persons listed in both paragraph 10, Part 2 of Schedule 5 and Part 1 of Schedule 6 of the Capital Markets And Services Act 2007.

### *New Zealand*

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

The Offer and the contents of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

### *Hong Kong*

Each Applicant has represented and agreed that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Shares other than: (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

- it has not issued or had in its possession for the purpose of issue, and will not issue or have in its possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### *Switzerland*

The Shares will not be offered, directly or indirectly, to the public in Switzerland and this Prospectus does not constitute a public offering prospectus as that term is understood pursuant to art. 652a of the Swiss Federal Code of Obligations. The Company has not applied for a listing of the Shares being offered pursuant to this Prospectus on the SIX Swiss Exchange or on any other regulated securities market, and consequently, the information presented in this Prospectus does not necessarily comply with the information standards set out in the relevant listing rules. Neither this Prospectus nor any other offering or marketing material relating to the Shares may be publicly distributed or otherwise made publicly available in Switzerland.

# 13 GLOSSARY

| THE TERM | MEANS |
|---|---|
| **ABN** | Australian Business Number |
| **ACN** | Australian Company Number |
| **AEST** | Australian Eastern Standard Time |
| **Applicant** | A person who submits an Application |
| **Application** | An application for Shares under this Prospectus |
| **Application Form** | The application forms attached to or accompanying this Prospectus (including the electronic form provided by an online application facility) |
| **Application Monies** | Application monies for Shares from Applicants with respect to Applications received and banked by the Company |
| **Approved Product List/APL** | A list of financial products that a Dealer Group has approved for use by financial advisers authorised to operate under that Dealer Group's licence |
| **APRA** | Australian Prudential Regulation Authority |
| **ASIC** | Australian Securities and Investments Commission |
| **Asset Allocation** | A common method for building an investment portfolio by implementing an investment strategy that attempts to balance risk and reward by adjusting the percentage of each asset class in an investment portfolio according to the investor's risk tolerance, goals and investment time frame |
| **Asset Class** | A group of assets or investments that exhibit similar characteristics, behave similarly in a market and are subject to the same laws and regulations. Commonly used significant asset classes are equities (stocks and shares), fixed income (bonds), cash and cash equivalents, direct property, and collectibles |
| **ASX** | ASX Limited (ABN 98 008 624 691) or the securities exchange it operates as the context requires |
| **ASX Corporate Governance Principles** | The corporate governance principles and recommendations of the ASX Corporate Governance Council as at the Prospectus Date |
| **ATO** | The Australian Taxation Office |
| **ASX Listing Rules** | The official listing rules of ASX as amended or waived from time to time |
| **ASX Settlement Operating Rules** | The operating rules of ASX Settlement Pty Limited (ACN 008 504 532) |

| THE TERM | MEANS |
|---|---|
| **Australian Accounting Standards** | Australian Accounting Standards and other authoritative pronouncements adopted by the Australian Accounting Standards Board |
| **Australian Accounting Standards Board / AASB** | Australian Accounting Standards Board |
| **Australian Financial Services Licence or AFSL** | A licence for a business in Australia that is involved in the provision of financial services, as defined in s761A of the Corporations Act |
| **Board** | The board of Directors |
| **Book Build** | A process that enables a group of property buyers with a common goal to invest in a specific asset without committing to purchase the entire asset individually. Information about the DomaCom Book Build process can be found on DomaCom's website: https://www.domacom.com.au/the-domacom-fund/bookbuild-process/ |
| **Cash Pool** | In relation to the DomaCom Fund it means the Wholesale Cash Pool and the Retail Cash Pool. |
| **CHESS** | The Clearing House Electronic Sub-register System operated by ASX Settlement Pty Ltd |
| **Completion** | The completion of the Offer, being the date on which Shares are issued or transferred to successful Applicants in accordance with the terms of the Offer |
| **Corporations Act** | The Corporations Act 2001 (Cth) |
| **Crowdfunding** | Method of funding a project or venture by raising monetary contributions from a large number of people. DomaCom undertakes this fundraising by using its platform to enable investors to pool their funds together to acquire any assets (for example, DomaCom's crowdfunding campaign to acquire the Kidman Station properties) |
| **Custodian** | Perpetual Corporate Trust Limited ABN 99 000 341 5833 as an authorised representative of Perpetual Trustee Company Limited ABN 42 000 001 007 AFSL 236643 (authorised representative number 266799) |
| **Corporate Adviser** | Odyssey Capital Pty Ltd ABN 56 169 888 779 |

| THE TERM | MEANS |
|---|---|
| **Dealer Group** | Traditionally the distribution arm typically of funds management groups or banking institutions designed to offer investors financial planning services. Dealer groups often employ large numbers of financial planners, offering them training, licensing and support services. Dealer Groups are also made up of independent firms of financial planners who enter into arrangements with an AFSL holder who authorises them to operate under its licence and provides them with research, compliance and other services. |
| **Director** | A director or directors of the Company |
| **Directors' Long Term Incentive Plan** | The LTIP approved for Directors under which the Company provides incentives and rewards to Directors to motivate and reward their contributions to the DomaCom Group. Details of the LTIP and the awards made under it are set out in Sections 10.2.7 and 12.4. |
| **Diversification** | A technique that reduces risk in an investment strategy by allocating investments among various financial instruments, industry sectors and other categories. It aims to maximize return by investing in different areas that would each react differently to the same event. |
| **DomaCom Australia** | DomaCom Australia Limited ACN 153 951 770 is a wholly owned subsidiary of DomaCom Limited and also holds an AFSL 444365 which authorises DomaCom Australia to deal in financial products, make a market, act as investment manager and promoter of the DomaCom Fund and operate the DomaCom Platform. |
| **DomaCom Limited, DomaCom, the Company, the Parent Company, Parent** | DomaCom Limited ACN 604 384 885 |
| **DomaCom Corporate Bonds** | The product currently under development that is described in Section 6.5.2 |
| **DomaCom Equity Release** | The product currently under development that is described in Section 6.5.3 |
| **DomaCom Fund or / Fund** | The DomaCom Fund ARSN 167 020 626, a managed investment scheme registered under the Corporations Act. Information about the DomaCom Fund can be found in its PDS available from the DomaCom website: http://www.domacom.com.au/the-domacom-fund/product-disclosure-statement/ |
| **DomaCom Group** | DomaCom and each of its subsidiaries |
| **DomaCom IPO** | The proposed initial public offering of Shares in DomaCom being listed on the ASX and the subject of this Prospectus |
| **DomaCom Platform or Platform** | The technology platform and business processes designed, built and implemented by the DomaCom Group and which DomaCom Australia uses to manage the DomaCom Fund. |

| THE TERM | MEANS |
|---|---|
| **EBIT** | Earnings before interest and tax |
| **Eligible Employee** | In respect of the LTIP and Performance Rights, means an employee of the DomaCom Group (including a director whether employed in an executive capacity or not) or any other person who is declared by the Board to be eligible to receive a grant of an award under the LTIP |
| **Employees Long Term Incentive Plan** | The LTIP approved for employees of the DomaCom Group under which the Company provides incentives and rewards to personnel to motivate and reward their contributions to the DomaCom Group. Details of the LTIP and the awards made under it are set out in Sections 10.2.7 and 12.4. |
| **Escrowed Shareholders** | The holders of Shares expected to be subject to escrow restrictions as set out in section 12.12 |
| **Executive Share Plan / ESP** | The long and short term incentive plans for Directors and employees that DomaCom Group introduced in October 2015 which is described in section 10.2.7 |
| **Existing Shareholders** | The holders of Shares as at the Prospectus Date |
| **Expiry Date of the prospectus** | The Prospectus expires on the date which is 13 months after the Prospectus date. |
| **Exposure Period** | A period of 7 days from the date this Prospectus is lodged with ASIC during which Applications for Shares cannot be processed. ASIC may extend the Exposure Period for a further 7 days. |
| **Financial Planner / Financial Adviser** | A qualified investment professional who helps individuals and corporations meet their long-term financial objectives by analysing their client's financial objectives and goals and implement a plan (for example an asset allocation model) to achieve that client's goals |
| **FOFA** | The Future of Financial Advice which came into effect on 1 July 2012 |
| **Fractional Property Interests** | A term used by the DomaCom Group to describe the interests that investors in the DomaCom Fund hold in its Sub-Funds which constitute fractionalised interests in the underlying asset of the Sub-Fund. |
| **FUM** | Funds under management |
| **Global Financial Crisis (GFC)** | A term often used in connection with the economic conditions over the period 2008 – 2011. |
| **Group Companies** | Any member of the DomaCom Group |
| **HIN** | Holder Identification Number which is the unique identifier that links a Shareholder to Shares on the CHESS sub-register. |

| THE TERM | MEANS |
|---|---|
| **Intermediary** | A person or firm who acts as a link between people in order to try and bring about an agreement. In the case of DomaCom Australia's marketing of the DomaCom Fund which it manages, intermediaries include Financial Planning Firms and Accountants who introduce their clients to the DomaCom Fund and advise them in respect to their decision to invest in it. |
| **Internally Developed Intangibles** | Intangibles (for example, intellectual property) which are developed within an entity or group. |
| **Independent Financial Advisers / IFAs** | A general term encompassing financial planners operating independently or belonging to a Dealer Group network, or authorised as an intermediary by a financial institution and may access the DomaCom Fund and platform to carry out their client's investments objectives. |
| **Investment Management Agreement /IMA** | The agreement under which the Responsible Entity appoints DomaCom Australia as the investment manager of the DomaCom Fund |
| **Lead Institutional Manager** | Pulse Markets Pty Ltd ACN 081 505 268 |
| **Listing Rules or ASX Listing Rules** | The rules of ASX that govern the admission, quotation and removal of securities from the Official List, as amended from time to time. |
| **LTIP** | Long Term Investment Plan |
| **Members** | Members of the DomaCom Fund |
| **MIS** | Managed investment scheme as defined under section 9 of the Corporations Act |
| **Official List** | The official list of entities that ASX has admitted and not removed |
| **Offer** | The offer of Shares pursuant to this Prospectus |
| **Parent Company** | DomaCom Limited |
| **Performance Condition** | In respect to an award made under an LTIP means one or more conditions which must be satisfied or circumstances which must exist before a Performance Right vests under that LTIP |
| **Performance Rights** | A right to acquire one ordinary share in the capital of the Company in accordance with the LTIP. |
| **Proper ASTC Transfer** | The meaning given to that term in the Corporations Regulations 2001 (Cth) |
| **Property** | In relation to the DomaCom Fund refers to real property in Australia |

| THE TERM | MEANS |
|---|---|
| **Prospectus** | This document dated 24 June 2016 and any replacement or supplementary prospectus in relation to this document |
| **Prospectus Date** | The date on which a copy of this Replacement Prospectus was lodged with ASIC, being 8 July 2016 |
| **Research & Development** | DomaCom Group has incurred expenditure which is eligible for the receipt of Research and Development Grants under a current government program. |
| **Responsible Entity (RE)** | The responsible entity of the DomaCom Fund, being Perpetual Services Limited ABN 48 000 142 049 AFSL 236648 as of the Prospectus Date |
| **Sale Shares** | Up to 7,609,966 Shares held by Selling Shareholders |
| **Sell Down Agreement** | The deed between the Company, SellerCo and Selling Shareholders dated on or around 2 June 2016 |
| **SellerCo or SellerCo Limited** | A special purpose vehicle established to enable Selling Shareholders to sell part or all of their investment in DomaCom through the Offer |
| **Selling Shareholders** | Existing Shareholders who have agreed to sell the Sale Shares to SellerCo Limited under the Sell Down Agreement for the purposes of the Offer |
| **Shareholder** | Holders of Shares in DomaCom Limited |
| **Share Registry** | Boardroom Pty Ltd ABN 14 003 209 836 |
| **Shares** | Fully paid ordinary shares in the capital of DomaCom Limited ACN 604 384 885 |
| **SMSF** | Self-Managed Superannuation funds are a type of superannuation trust structure. The main difference between SMSFs and other superfunds is that an SMSF is limited to a maximum of 4 members and those members are also the trustees of the fund. |
| **Sponsoring Retail Brokers Agreement** | The Sponsoring Retail Brokers Agreement entered into between the Sponsoring Retail Broker, the Company and SellerCo dated on or about the Prospectus Date |
| **Sponsoring Retail Broker** | Shaw and Partners Limited ABN 24 003 221 583 AFSL 236048 |
| **SRN** | Shareholder Reference Number, being the unique identifier that links a Shareholder to their Shares on the issuer-sponsored sub-register |

| THE TERM | MEANS |
|---|---|
| **Sub-Fund** | A sub-fund established within the DomaCom Fund to hold an underlying property and any assets of that property of which the Responsible Entity in its capacity as responsible entity of the Sub-Fund or the Custodian in its capacity as custodian for the DomaCom Fund will hold those assets. |
| **TFN** | Tax file number |
| **Underwriters** | A group of Existing Shareholders and new investors who have agreed (severally) to underwrite the minimum subscription of $5 million. |
| **Underwriting Agreement** | An agreement under which the Underwriters agree to underwrite the minimum subscription of $5 million and to pay the Underwritten Amount. |
| **Underwritten Amount** | An amount each of the Underwriters has agreed to underwrite as agreed under their respective Underwriting Agreement. |

# 14 CORPORATE DIRECTORY

### COMPANY'S REGISTERED OFFICE

DomaCom Limited
ACN 604 384 885
Level 6, 99 Queens Street
Melbourne VIC 3000
Phone: 1800 702 479

### CORPORATE ADVISERS

Odyssey Capital Pty Ltd
ABN 56 169 888 779
Level 10, 50 Pitt Street
Sydney NSW 2000

### PULSE MARKETS PTY LTD

ACN 081 505 268
Level 2, 1 Alfred Street
Sydney NSW 2000

### SPONSORING RETAIL BROKER

Shaw and Partners Limited
ABN 24 003 221 583
Head Office
Level 15, 60 Castlereagh Street
Sydney NSW 2000

### INVESTIGATING ACCOUNTANT

Grant Thornton Corporate Finance Pty Ltd
ACN 003 265 987
Level 30, The Rialto
525 Collins Street
Melbourne VIC 3000

### INDEPENDENT AUDITOR

Grant Thornton Audit Pty Ltd
ACN 130 913 594
Level 30, The Rialto
525 Collins Street
Melbourne VIC 3000

### LEGAL ADVISERS

Hall & Wilcox
Level 11, Rialto South Tower
525 Collins Street
Melbourne VIC 3000

### SHARE REGISTRY

Boardroom Pty Limited
ABN 14 003 209 836
Level 12, 225 George Street
Sydney NSW 2000
GPO Box 3993
Sydney NSW 2001
Phone: +61 (0) 2 9290 9600
Fax: +61 (0) 2 9279 0664
Email: enquiries@boardroomlimited.com.au
Website: www.boardroomlimited.com.au

DomaCom
FRACTIONAL PROPERTY INVESTING

**DomaCom Limited**
**ACN 604 384 885**

# General Offer Application Form

If your adviser has given you a Priority Allocation Code enter it here:

This is an Application Form for Shares in DomaCom Limited (Company) on the terms set out in the prospectus dated 24 June 2016 (Prospectus). Defined terms in the Prospectus have the same meaning in this Application Form. You may apply for a minimum of 3,000 Shares and multiples of 100 Shares thereafter. This Application Form and your cheque or bank draft must be received by **5.00pm (Sydney Time) on the Closing Date. Alternatively you can apply online at www.domacom.com.au and pay by BPAY, applications and payment must be received by 5.00 pm (Sydney Time) on the Closing Date.**

**This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus dated 24 June 2016 contains information relevant to a decision to invest in the Shares of the Company and you should read the entire Prospectus carefully before applying for Shares.**

The Share Registry's Privacy Policy (**Privacy Policy)** also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Company. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting this Application Form. The Privacy Policy can be found on the website http://www.boardroomlimited.com.au/Privacy.html

To meet the requirements of the *Corporations Act 2001* (Cth), this Application Form must not be distributed to another person unless included in, or accompanied by the Prospectus. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the Prospectus. During the Offer period the Company will send you a free paper copy of the Prospectus if you have received an electronic prospectus and you ask for a paper copy before the Prospectus expires on 24 July 2017.

**PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.**

**A NUMBER OF SHARES YOU ARE APPLYING FOR**

x $0.75 per Share =

Minimum of 3,000 Shares to be applied for and thereafter in multiples of 100 Shares

**B TOTAL AMOUNT PAYABLE**

$

**C WRITE THE NAME(S) YOU WISH TO REGISTER THE SHARES IN (SEE REVERSE FOR INSTRUCTIONS)**

NAME OF APPLICANT #1

NAME OF APPLICANT #2 OR <ACCOUNT DESIGNATION>

NAME OF APPLICANT #3 OR <ACCOUNT DESIGNATION>

**D WRITE YOUR POSTAL ADDRESS HERE**

**NUMBER/STREET**

**SUBURB/TOWN** **STATE** **POSTCODE**

**E CHESS PARTICIPANT – HOLDER IDENTIFICATION NUMBER (HIN)**

***IMPORTANT PLEASE NOTE*** *IF THE NAME AND ADDRESS DETAILS ABOVE IN SECTIONS C AND D DO NOT MATCH EXACTLY WITH YOUR REGISTRATION DETAILS HELD AT CHESS, ANY SHARES ISSUED AS A RESULT OF YOUR APPLICATION WILL BE HELD ON THE ISSUER SPONSORED SUBREGISTER.*

**F ENTER YOUR TAX FILE NUMBER(S), ABN, OR EXEMPTION CATEGORY**

**APPLICANT #1** **APPLICANT #2**

**APPLICANT #3**

**G CHEQUE PAYMENT DETAILS – PIN CHEQUE(S) HERE.**

**CHEQUE TO BE MADE PAYABLE TO "DOMACOM LIMITED" AND CROSSED NOT NEGOTIABLE. ENTER CHEQUE DETAILS BELOW.**

| NAME OF DRAWER OF CHEQUE | CHEQUE NO. | BSB NO. | ACCOUNT NO. | CHEQUE AMOUNT A$ |
|---|---|---|---|---|
| | | | | |

**H CONTACT TELEPHONE NUMBER (DAYTIME/WORK/MOBILE)** **CONTACT NAME**

**E-MAIL ADDRESS**

**DECLARATION: BY SUBMITTING THIS APPLICATION FORM WITH YOUR APPLICATION MONIES, I/WE DECLARE THAT I/WE:**

- ✔ have read the Prospectus in full;
- ✔ have received a copy of the electronic Prospectus or a print out of it;
- ✔ have completed this Application Form in accordance with the instructions on the form and in the Prospectus;
- ✔ declare the Form and declare that all details and statements made by me/us are complete and accurate;
- ✔ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- ✔ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- ✔ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✔ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- ✔ acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- ✔ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✔ am/are over 18 years of age;
- ✔ agree to be bound by the constitution of the Company;
- ✔ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✔ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✔ represent, warrant and agree that I/we have not received this Prospectus outside Australia or New Zealand and am/are not acting on behalf of a person resident outside Australia or New Zealand.

# GUIDE TO THE APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.
Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

## INSTRUCTIONS

**A)** If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than 3,000 Shares representing a minimum investment of $2,250.00). Multiply by A$0.75 to calculate the total Application Monies for Shares and enter the **A$amount** at Item **B**.

**C)** Write your **full name**. Initials are not acceptable for first names.

**D)** Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

**E)** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**

**G)** Complete **cheque details** as requested. Make your cheque payable to "DomaCom Limited". Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and must be drawn on a bank or financial institution in Australia. **Alternatively you can apply online at www.domacom.com.au and pay by BPAY. If you apply online, you do not need to complete a paper Application Form. See below.**

**H)** Enter your **contact details,** including name, phone number and e-mail address, so we may contact you regarding your Application Form or Application Monies.

By providing an e-mail address you are electing to receive notices of meetings, annual reports and other communications from the Company electronically to the provided e-mail address.

## PAYMENT BY BPAY

You may apply for shares online and pay your Application Monies by BPAY. Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of the prospectus available at www.domacom.com.au and follow the instructions on the online Application Form. When completing your BPAY payment please ensure you use the specific Biller Code and Unique CRN provided in the online Application Form and confirmation e-mail. If you do not use the correct Biller Code and CRN your Application will not be recognised as valid. It is your responsibility to ensure payment is received by 5:00pm (Sydney Time) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. Neither Boardroom Pty Limited nor DomaCom Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments.

## CORRECT FORM OF REGISTRABLE TITLE

**Note that ONLY legal entities can hold the Shares.** The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. **Examples of the correct form of registrable title are set out below.**

| TYPE OF INVESTOR | CORRECT FORM OF REGISTRABLE TITLE | INCORRECT FORM OF REGISTRABLE TITLE |
|---|---|---|
| Individual | Mr John David Smith | J D Smith |
| Company | ABC Pty Ltd | ABC P/L or ABC Co |
| Joint Holdings | Mr John David Smith & Mrs Mary Jane Smith | John David & Mary Jane Smith |
| Trusts | Mr John David Smith<br><J D Smith Family A/C> | John Smith Family Trust |
| Deceased Estates | Mr Michael Peter Smith<br><Est Lte John Smith A/C> | John Smith (deceased) |
| Partnerships | Mr John David Smith & Mr Ian Lee Smith | John Smith & Son |
| Clubs/Unincorporated Bodies | Mr John David Smith<br><Smith Investment A/C> | Smith Investment Club |
| Superannuation Funds | John Smith Pty Limited<br><J Smith Super Fund A/C> | John Smith Superannuation Fund |

**LODGMENT**

Mail or deliver your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

**Mailing address:**
DomaCom Limited
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

**Delivery address:**
DomaCom Limited
C/-Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

**The Offer closes at 5:00 p.m. (Sydney Time) on 5 August 2016, unless varied in accordance with the Corporations Act and ASX Listing Rules.**
It is not necessary to sign or otherwise execute the Application Form.

**If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.**

**PRIVACY STATEMENT**

DomaCom Limited advises that Chapter 2C of the Corporations Act requires information about its shareholders (including names, addresses and details of shares held) to be included in the Company's share register. Information is collected to administer your security holding and if some or all of the information is not collected then it might not be possible to administer your security holding. Your personal information may be disclosed to the Company. To obtain access to your personal information or more information on how the Company collects, stores, uses and disclosures your information please contact the Company at the address or telephone number shown in the Prospectus.

DomaCom

FRACTIONAL PROPERTY INVESTING

# PROSPECTUS

An initial public offering of fully paid ordinary shares

DomaCom Limited
ACN 604 384 885
SellerCo Limited
(ACN 612 713 452)

**An investment in the Company's securities should be considered speculative**

Sponsoring Retail Broker: Shaw and Partners Limited
ABN 24 003 221 583 AFSL 236048

# 1 IMPORTANT NOTICES

## The Offer

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares in DomaCom Limited ACN 604 384 885 (DomaCom or the Company) (the Shares). This Prospectus is issued by the Company SellerCo Limited (ACN 612 713 452) (SellerCo) for the purposes of Chapter 6D of the Corporations Act. The Offer in Australia is made through this Prospectus.

## Lodgement and Listing

This Prospectus is dated 24 June 2016 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. None of ASIC, ASX Limited (ASX) or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

DomaCom will apply to the ASX for listing and quotation of its Shares on the ASX within seven days after the date of this Prospectus (Prospectus Date).

## Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (Expiry Date) and no Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date.

## Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in DomaCom. In particular, in considering the prospects of DomaCom, you should consider the risks that could affect the financial performance of DomaCom. You should carefully consider these risks in light of your personal circumstances, investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in DomaCom.

Some of the key risks that should be considered by prospective investors are set out in Sections 4 and 7. There may be risks in addition to the risks set out in those sections that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of DomaCom, the repayment of capital or the payment of a return on the Shares.

## No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law, and persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, any person in the United States. The Shares have not been, and will not be, registered under the US Securities Act of 1933 (the US Securities Act) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Shares are registered under the US Securities Act or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. See Section 12.18 for more information on selling restrictions that apply to the offer and sale of Shares outside of Australia.

## Exposure Period

The Corporations Act prohibits the Company from processing applications to purchase Shares under this Prospectus (Application) in the seven-day period after the date of lodgement of this Prospectus (Exposure Period). The Exposure Period may be extended by ASIC by up to a further seven days. The Exposure Period is to enable this Prospectus to be examined by market participants prior to the sale of Shares. The examination may result in the identification of deficiencies in this Prospectus.

Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

## Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustrative purposes only and should not be interpreted to mean that any person shown in them endorses this Prospectus, or its contents, or that the assets shown in them are owned by DomaCom or the DomaCom Fund.

Diagrams used in this Prospectus are illustrative only. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

## Financial years

References to financial years (or FY) are references to periods of 12 months ending on 30 June in the relevant year. Accordingly, a reference to FY15 is a reference to the 12 month period ending 30 June 2015.

## Forward-looking statements

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by DomaCom, the Directors, the Corporate Advisers (being Odyssey Capital Pty. Ltd. ABN 56 169 888 779), the Lead Institutional Manager (being Pulse Markets Pty Ltd ACN 081 505 268) and the Sponsoring Retail Broker (being Shaw and Partners Limited ABN 24 003 221 583) or any other person in connection with the Offer.

This Prospectus contains forward-looking statements, which are identified by words such as 'will', 'may', 'expect', 'indicative', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'probability', 'risk', 'project', 'likely', 'estimate', 'anticipate' or 'believe' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the Prospectus Date, are expected to take place (including the key assumptions set out in Section 8.2). Such forward-looking statements are not guarantees of future performance and involve uncertainties, assumptions, known and unknown risks, and other important factors, many of which are beyond the control of DomaCom, the Directors and management. Forward-looking statements should therefore be read in conjunction with, and are qualified by reference to, Section 7, and other information in this Prospectus.

DomaCom cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur, and investors are cautioned not to place undue reliance on these forward-looking statements. This Prospectus, including the industry overview in Section 5, uses market data, industry forecasts and projections. DomaCom has obtained significant portions of this information from market research prepared by third parties. There is no assurance that any of the forecasts contained in the reports, surveys and research of such third parties that are referred to in this Prospectus will be achieved. DomaCom has not independently verified, and cannot give any assurances, as to the accuracy and completeness of the market data and industry forecasts and projections contained in this Prospectus.

Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors in Section 7.

Except where required by law, DomaCom has no intention of updating or revising the forward-looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

These forward-looking statements are subject to various risk factors that could cause DomaCom's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7.

## Statements of past performance

This Prospectus includes information regarding the past performance of DomaCom. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

## Financial Information presentation

The basis of preparation and presentation of the Financial Information is set out in Section 8.2.

The Statutory Financial Information has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards (AAS) (including the Australian Accounting Interpretations), issued by the Australian Accounting Standards Board (AASB) which are consistent with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

The Financial Information in this Prospectus is presented in an abbreviated form insofar as it does not include all of the presentation disclosures, statements or comparative information required by AAS applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Any discrepancies between totals and sums of components in tables and figures contained in this Prospectus are due to rounding.

## Underwriting

The Offer has been underwritten to the minimum subscription amount of $5 million, subject to the Underwriting Agreements.

## DomaCom's website

Any references to DomaCom's website are provided for convenience only, and none of the documents or other information on DomaCom's website, or any other website referred to in the sources contained in this Prospectus, is incorporated in this Prospectus by reference.

## Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary set out in Section 13. These words are usually capitalised.

Unless otherwise stated or implied, references to times in this Prospectus are to the time in Melbourne, Victoria Australia.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated.

## Privacy

By filling out the Application Form to apply for Shares you are providing personal information to DomaCom and Boardroom Pty Ltd ABN 14 003 209 836 (Share Registry).

DomaCom and the Share Registry may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, DomaCom and the Share Registry may not be able to process or accept your Application.

Your personal information may be provided to DomaCom's agents and service providers on the basis that they deal with such information in accordance with DomaCom's privacy policy and applicable laws.

DomaCom's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- printers and other companies for the purpose of preparing and distributing of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires DomaCom to include information about that Shareholder (including name, address and details of the Shares held) in its public register of Shareholders. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in DomaCom's register of Shareholders must remain there even if that person ceases to be a Shareholder. Information contained in DomaCom's register of Shareholders will also be used to facilitate corporate communications (including financial results, annual reports and other information that DomaCom may wish to communicate to its Shareholders), compliance with legal and regulatory requirements and dividend payments.

An Applicant has a right to access and correct the information that DomaCom and the Share Registry hold about that person and to make complaints.

Applicants can obtain a copy of DomaCom's privacy policy by visiting the DomaCom website (**www.domacom.com.au** ).
By submitting an Application, you agree that DomaCom and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer.

## Use of trademarks

This Prospectus includes the Company's unregistered trademarks. All other trademarks, tradenames and service marks appearing in this Prospectus are the property of their respective owners.

Microsoft Azure, SharePoint, Office365, Visual Studio and TFS are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries.

## Questions

If you have any questions about how to apply for Shares, please call DomaCom on 1800 702 479 from 8.00 am to 5.00 pm AEDT during the Offer Period.

If you have any questions about whether to invest in DomaCom you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in DomaCom.

This Prospectus is important and should be read carefully and in full.

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# 1 KEY INFORMATION

**TABLE 1 - KEY OFFER INFORMATION**

| Key Event | Anticipated Date |
|---|---|
| Lodgment of the Prospectus with ASIC | 24 June 2016 |
| Expiry of the Exposure Period | 8 July 2016 |
| Opening date of the Offer | 11 July 2016 |
| Closing date of the Offer | 5 August 2016 |
| Settlement of the Offer | 12 August 2016 |
| Completion (Shares issued and holding statements dispatched to successful Applicants) | 12 August 2016 |
| Commence trading on the ASX | 18 August 2016 |

Other than the date of lodgement of this Prospectus, the above date are subject to change and are indicative only. All dates and times stated above are AEST. The Company reserves the right to vary the dates and time of the Offer, including subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer or to accept late Applications without notifying any recipient of this Prospectus or any Applicants.

The Company reserves the right not to continue with the Offer at any time before the issue or transfer of Shares to successful Applicants.

If the Offer is cancelled or withdrawn before the issue or transfer of Shares, then all amounts accompanying the Application Form will be refunded in full without interest in accordance with the requirements of the Corporations Act.

The quotation and commencement of trading of Shares is subject to confirmation by the ASX.

## TABLE 2 - KEY OFFER INFORMATION

| | MINIMUM SUBSCRIPTION $5m | MAXIMUM SUBSCRIPTION $23.71 |
|---|---|---|
| Offer Price per Share | $0.75 | $0.75 |
| Total number of Shares being offered under this Prospectus | 6.67m | 31.61m |
| Total number of Shares offered under the Offer | | |
| • new Shares to be issued; | 6.67m | 24m |
| • Sale Shares to be sold by SellerCo | 0 | 7.61m |
| Gross proceeds of the Offer | $5m | $23.71m |
| • proceeds of the Offer retained by the Company | $5m | $18m |
| • proceeds of the Offer paid to Selling shareholders | $0 | $5.71m |
| Indicative market capitalisation at the Offer Price | $80.6 million | $93.6 million |

No Sale Shares will be sold in the Offer unless Applications under the Offer reach $10 million. If the aggregated Application value is greater than $10 million and less than $15.7 million, the Sale Shares will be sold by Selling Shareholders pro rata.

Whilst the table above sets out some key information, it is important that you read this Prospectus carefully and in full before deciding whether to invest in DomaCom. In particular, in considering the prospects of DomaCom, you should consider the risks that could affect the financial performance of DomaCom. Information about some of the risks is summarised in Section 4 and then set out in more detail in Section 7. You should carefully consider these risks in light of your personal circumstances, investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in DomaCom. The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor.

### How to Invest

Applications for Shares can be only be made by completing and lodging the Application Form attached to or accompanying this Prospectus.

## 2 LETTER FROM THE CHAIRMAN

Dear Investor,

On behalf of the Board, it is with great pleasure that I invite you to consider becoming a shareholder in DomaCom Limited.

### What is DomaCom?

DomaCom is at the forefront of change occurring within global financial services coupled with innovations occurring in technology. We are seeing rapid development in new companies like DomaCom using the power of technology to disrupt the traditional methods of delivering financial services.

The DomaCom Group has pioneered, through a combination of a familiar legal structure, business processes and a technology platform, a fractional investment product (the DomaCom Fund) that allows retail investors to obtain access to investments in asset classes, such as (at present) direct property and (subject to regulatory approvals) corporate bonds, that are relatively difficult for retail investors to access due to their investment size and/or illiquidity or are not available for sale to retail investors.

### DomaCom is targeting the growing SMSF market

DomaCom's primary target market for the DomaCom Fund is the Australian Self-Managed Superannuation Fund (SMSF) sector, which has been growing significantly and is now estimated to represent approximately $600 billion in assets (as at 31 December 2015), comprising approximately 29% of total Australian superannuation assets, which have grown to over $2 trillion in assets (as at 31 December 2015 - APRA Quarterly Statistics, 31 December 2015 www.apra.gov.au).

DomaCom believes it is well placed to grow the DomaCom Fund's market share in this sector, as self-managed superannuants wish to have control and direction, transparency, simplicity and competitive fee structures in their superannuation arrangements. DomaCom believes that the DomaCom Fund delivers these features to clients of the DomaCom Fund and their advisers.

### What is the Offer?

DomaCom is seeking to raise $10,000,000 with a minimum of $5,000,000. A number of Existing Shareholders and new investors have agreed (severally) to underwrite up to the maximum amount of $5 million to raise the minimum subscription amount of $5 million. Oversubscriptions will be allowed up to a maximum of $23,707,475 (before Offer costs). We will issue a minimum of 6.67 million and up to 24 million new ordinary Shares and facilitate the sale by Existing Shareholders of 7.6 million Sale Shares at $0.75 cents a Share.

The capital raising and ASX listing will allow DomaCom to:

- increase its marketing efforts into both the intermediary and direct consumer channels for its products;
- support the planned development and launch of new products, such as the DomaCom Equity Release and DomaCom Corporate Bond products;
- improve the financial strength of the DomaCom Group;
- provide a liquid market for DomaCom shares and allow new shareholders to invest in DomaCom;
- assist in retaining and attracting employees to DomaCom; and
- subject to receipt of Applications having an aggregate value of $10 million or greater, provide a mechanism for some Existing Shareholders to realise all or part of their investment.

**Please read this Prospectus in its entirety**

The Prospectus sets out an overview of DomaCom Group's business, the industry in which it operates and market trends impacting that industry. It also sets out financial information about the Group and the key people involved at DomaCom.

The Prospectus also sets out some of the key risks that could impact DomaCom's ability to realise its objectives and achieve financial success. These risks include the potential for it to fail to grow funds under management in the DomaCom Fund, which would result in a reduction in its revenues and have an adverse impact on its financial position. Other risks include the potential for a competitor to duplicate DomaCom's business and technology model, pressure of fees and pricing or the termination of the investment management agreement under which it provides its platform and funds management services to the DomaCom Fund. These risks are summarised in Section 4 in the section entitled "What are the Key Risks" and set out in much more detail in Secton 7. I strongly recommend that you read those sections carefully.

Please take the time to read through this document before making your decision to invest.

On behalf of the Directors, I look forward to welcoming you as a shareholder of DomaCom.

Yours sincerely

**Grahame Evans**
Chairman

# 3 CEO'S LETTER

Dear Investor,

DomaCom began the journey to create what it believes to be one of the world's most innovative asset securitisation platforms – the DomaCom Fund – nearly 5 years ago. Whilst the DomaCom Fund provides a bespoke platform that has the potential to 'fractionalise' any asset, the first asset class we chose to focus on was 'direct property' (that is, investments in real property selected by the investor).

It is well known that direct property as an asset class provides some key challenges for the investment adviser community. Given the large transaction size in direct property relative to many investor portfolios, and that it is not a regulated financial product, it is often not included in a financial adviser's advice process. By the same token, if advisers do not provide a direct property solution to their clients, then someone else outside the investment adviser community may do so.

### The DomaCom Fund

The DomaCom Fund is structured as a combination of a managed fund and an online crowdfunding platform. The underlying managed fund structure of the Fund can best be described as a segregated property trust, where one sub-fund is created for each property crowdfunded by investors. In order to create this structure, DomaCom obtained necessary regulatory relief and a 'make a market' authorisation for the Fund's secondary market functionality.

Our proprietary cloud-based technology platform includes a number of key innovations such as:

- Book Build functions that enable investors to pool together to acquire any asset – this is also known as "crowdfunding";
- Secondary trading screens that work much like those of an online stock broker providing our investors with functionality to trade their investment (subject to buyer demand); and
- Intra-day fund registry that underpins the secondary trading platform.

DomaCom Australia, as the investment manager, receives revenues for the provision of management and platform services to the DomaCom Fund.

### Key objective and target market

The key objective for us is for the DomaCom Fund to become a preferred solution for independent financial advisers (IFAs) when including direct property within their client's asset allocation strategies. We are particularly targeting the burgeoning SMSF sector within the financial services market for these reasons:

- SMSFs like transparency and control, and the DomaCom Fund through its platform allows SMSFs to choose specific property investments;
- SMSFs like property as evidenced by the growth of limited recourse borrowing arrangements for SMSFs; and
- the SMSF sector is approaching $600 Billion in size.

The DomaCom Fund has received "investment grade" reports by two independent fund research firms. 37 IFA dealer groups, which together represent more than 850 advisers, have included the DomaCom Fund on their approved product list (APL). This is a very pleasing result as this provides DomaCom with access to approximately 5% of the IFA market.

More importantly, over 500 IFAs have also completed or are in the process of completing the DomaCom Fund accreditation course, which is a pre-requisite to IFAs being able to recommend or advise their clients on investment in the DomaCom Fund. These are all great "lead indicators" for the Fund and its opportunities in the year ahead.

**The outlook**

We believe that the DomaCom Fund is on the cusp of significant growth which should lead to improvement in funds under management. As at the date of this Prospectus, there are 17 sub-funds in the DomaCom Fund (each with an underlying property or deposit for a selected investment) and another 9 Book Builds in progress. We also have another 31 Book Builds for residential properties currently being structured and several $20 million - $100 million development Book Builds being negotiated. At this stage, we have no way of determining the likelihood of success of any of these Book Builds.

Additionally, over the past few months DomaCom has been running a well publicised crowdfunding campaign to acquire the iconic Kidman Station. DomaCom is seeking to raise approximately $210 million to acquire the land assets of Kidman Station and has engaged Lloyds Business Brokers who are seeking to raise the capital to acquire the operating business. This is a very competitive process and there are hurdles to overcome in order to achieve a successful purchase.

In a global context, DomaCom is part of a property crowdfunding phenomenon – a sector showing rapid growth (US$19 million in 2012, US$1 billion in 2014 to an estimated US$2.5 billion of transactions in 2015). To our knowledge, there are now more than 100 property crowdfunding platforms in the UK and US with a number of new entrants now in Australia and DomaCom is the only platform using a registered managed investment scheme legal structure that enables the participation of retail investors to simulate an investment in direct property and (potentially) other asset classes. Additionally, we believe that the DomaCom Fund is the only crowdfunding platform that has a "make a market" authorisation (a prerequisite to offering a secondary market capability to retail investors).

We are now in the process of extending the Fund's legal structure and the platform's functionality to cater for other asset classes, with the next key asset class being corporate bonds. We believe corporate bonds are appropriate for the DomaCom business model as:

- they generally have large minimum transaction size of $500,000; and
- the offer of most corporate bonds is often restricted to sophisticated or institutional investors.

DomaCom's business model, through the fractionalisation of interests, provides opportunity to overcome both these issues. In the current low interest rate environment, there is a demand for higher yielding assets and we believe that the successful development and launch of the DomaCom Corporate Bond product currently under development will accelerate the take up of the DomaCom Fund within the investment community.

I look forward to sharing this journey with you.

**Arthur Naoumidis**
Chief Executive Officer

# 4 INVESTMENT AND BUSINESS OVERVIEW

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **What is DomaCom?** | DomaCom is the parent company of the entities that together make up the DomaCom Group.<br><br>DomaCom Australia Limited, a wholly owned subsidiary of DomaCom, is the Australian Financial Services Licence holder (AFSL holder) and investment manager of the DomaCom Fund, which is the first fractional online crowdfunding investment platform available to retail investors in Australia.<br><br>DomaCom Australia, as the investment manager of the DomaCom Fund, derives revenues from the management and platform services that it provides to the DomaCom Fund.<br><br>DomaCom Group's core business is the delivery of management and operation of the DomaCom Fund. DomaCom's primary source of competitive advantage is its business model which combines a proprietary online technology platform with a tailored managed investment scheme structure, with benefits for distribution and scalability. DomaCom Australia's AFSL also authorises it to 'make a market'. This means that it can provide a secondary trading functionality that (subject to buyer demand) allows holders of fractional property interests to trade their interests. | Section 6 |
| **What Industry does DomaCom operate in?** | The DomaCom Group operates in the financial services industry, primarily targeting the Self-Managed Superannuation Fund (SMSF) category. | Section 5.1 |
| **What is the market for DomaCom's products?** | SMSF is a large and growing sector of the Australian investment market, with total assets of approximately $600 billion in assets and approximately 567,000 individual funds[1] and represents the largest single component of the Australian superannuation market, which is now in excess of $2 trillion.<br><br>With estimates of up to $120 Billion[2] in property asset class exposure within the Australian SMSF sector alone, DomaCom believes a large addressable market exists for the DomaCom fractional investment platform. | Section 5.2 |
| **What geographies do we operate in?** | The DomaCom Group has offices in Melbourne, Sydney, Adelaide and Singapore.<br><br>Currently the DomaCom Fund only invests in properties in Australia and accepts investors from Australia and Singapore.<br><br>1 Statistics issued by the ATO in February 2016 available from www.superannuation.asn.au/resources/superannuation-statistics<br><br>2 Approximately 20% of 600 billion in SMSF as at 31 December 2015, using the 20% Historic Property Asset Allocation to achieve inflation +3% returns (ie conservative investor) as calculated by Mercers for CARM PGS | Section 6.2 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **What is the DomaCom Fund?** | The DomaCom Fund is a registered managed investment scheme which is designed to simulate investment in direct property. The DomaCom Fund facilitates investment in fractional interests in property, being the underlying property held by a Sub-Fund of the DomaCom Fund.<br><br>The DomaCom Fund's fractional investment platform breaks down high value, illiquid assets into smaller fractions that are available for retail investment. In this way, it enables SMSFs and other retail investors to access investment opportunities in property (and potentially other asset classes, such as corporate bonds) that otherwise may not be available to them. The DomaCom Fund enables investors and their IFAs entirely online to identify properties, initiate and participate in Book Builds for those properties, deposit and withdraw cash, trade their investments with other investors (subject to buyer demand) and otherwise manage their investments in the DomaCom Fund.<br><br>Any investor in the DomaCom Fund can select a property listed on the DomaCom Platform and initiate a Book Build for the purchase of that property. Provided that sufficient capital is raised and the property is successfully purchased, each investor who invests in that specific property will be issued units in the Sub-Fund which acquires and holds the underlying property. | Section 6.5 |
| **What is DomaCom's strategy for growth?** | DomaCom's strategy for growth is based on increasing the value of funds under management (FUM) in the DomaCom Fund, which in turn will increase DomaCom Australia's revenue base, through the following growth initiatives:<br><br>• growing the number of IFA dealer groups which include the DomaCom Fund on their approved product lists (APLs), thereby increasing the number of financial advisers who are authorised to recommend and advise on investment in the DomaCom Fund's products;<br><br>• increasing DomaCom Australia's sales and marketing efforts both to intermediaries such as IFAs and directly to retail investors to increase their awareness of the DomaCom brand and the DomaCom Fund and in turn increase the number of retail investors (and value of FUM) and accordingly DomaCom Australia's revenues;<br><br>• identifying exciting and interesting opportunities for the crowdfunding model that allows retail investors to obtain access to assets which might otherwise be outside their reach and lead to an increase in FUM (and accordingly revenues), for example the campaign to crowd fund the acquisition of Kidman Station; | Section 6.4 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | • continuing to innovate our product offerings by launching new products designed to cater for the needs of SMSF investors and their advisers;<br><br>• continuing to develop and enhance the DomaCom Platform functionality and provide tools that assist IFAs to provide efficient, transparent and cost effective services to their clients;<br><br>• creating opportunities for IFAs to benefit from the growth of the DomaCom Fund and in particular the public crowdfunding opportunities; and<br><br>• obtaining the necessary regulatory approvals under the laws of Singapore, to enable offering investments in the DomaCom Fund to retail investors in Singapore (currently the DomaCom Fund is only available for investment to Singapore's equivalent of wholesale investors). | |
| **What is the key product offered on the DomaCom Fund?** | There is currently one product available for investment, the DomaCom Fractional Property Investment – a product designed for the investment market which allows retail investors to select and invest in fractions of specific properties online without having to purchase the whole property themselves. | Section 6.5 |
| **What products does DomaCom currently have in development?** | Other products currently under development and, subject to regulatory approval, expected to be launched in the 2017 Financial Year include the **DomaCom Corporate Bonds Product** and **DomaCom Equity Release Product.**<br><br>DomaCom expects over time (subject to regulatory approvals) to be able to fractionalise other asset classes in addition to property and bonds, for example collectables, precious metals (gold, platinum etc.) and even crowdfund new business ventures, thereby further expanding the product base and diversifying DomaCom's revenue streams. However, at this time, no such future developments have commenced. | Section 6.5.2 and Section 6.5.3 |
| **Who are DomaCom's customers?** | DomaCom's customers are primarily retail investors, the trustees of SMSFs and the IFAs and accountants who advise them. | Section 6.6 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **Why will investors and their advisers select DomaCom's products?** | In DomaCom's experience, investors generally, and SMSF investors in particular, seek to build their investment portfolios around asset classes (targeting specific percentages in a range of classes/sub-classes with a view to achieving diversity and minimising risk). DomaCom believes that property and corporate bonds are key asset classes which provide opportunities for fractional ownership by retail investors utilizing the DomaCom Fund. | Section 6.5 and Section 6.6 |
| **How do we generate revenue and what are our key expenses?** | DomaCom Australia is the investment manager of the DomaCom Fund which is operated through the DomaCom Platform developed by the DomaCom Group. For providing the DomaCom Platform and the administrative and management support required to manage the DomaCom Fund, DomaCom Australia receives a management fee based on the value of the Fund's underlying assets.<br><br>DomaCom Australia's fee on non-cash investments is 80 basis points, plus GST (0.88% p.a.).<br><br>In addition, DomaCom Australia receives a fee of 0.20% plus GST (0.22% p.a.) on the value of investments held in cash.<br><br>DomaCom Group's primary costs are employee expenses and costs of product development. Other expenses include office premises, marketing, information technology costs including costs relating to cloud based storage, professional fees and general administration.<br><br>As at 31 March 2016, DomaCom employed 26 staff and employee related expenses represented 54% of total operating costs. | Section 6.3 |
| **When will I receive dividends?** | The Directors intend to use DomaCom's cash reserves and any surplus cash flow to fund the business, rather than distributing these funds as dividends. The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by DomaCom. | Section 11.2 |
| **What are the Key Risks?** | There are risks associated with an investment in DomaCom. Some are specific to DomaCom and others are general risks that are associated with investments generally. The specific risks include risks associated with:<br><br>• failing to attract customers and grow assets under management efficiently enough to become profitable;<br><br>• competition – in particular the risk that competitors duplicate our asset fractionalisation technology and our legal structure, which provide our competitive advantage; | Section 7 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | • pressure on fees and pricing which could result in reduced margins and profitability;<br><br>• the termination of the investment management agreement which would result in DomaCom Australia being replaced as the investment manager of the DomaCom Fund;<br><br>• the high reliance that DomaCom Australia has on the availability and functionality of the platform technology means that disruptions to the platform services, errors or omissions in the functionality in the platform or force majeure events (for example third party intrusions) could significantly impact the DomaCom Group's ability to scale, deliver services or its reputation and standing;<br><br>• Reliance on third party suppliers, including suppliers of IT services and infrastructure;<br><br>• Failure to innovate or failure for innovative products to receive regulatory approvals or failure to achieve client adoption will negatively impact the DomaCom Group's financial performance and condition;<br><br>• Significant regulatory change that affects the financial services industry generally or managed investment schemes generally could negatively impact DomaCom Group's financial performance and condition;<br><br>• Risks associated with failure to attract or retain key personnel;<br><br>• If only the minimum amount of funding is raised ($5 million) pursuant to this Offer it is likely, that a further capital raising will be required in the medium term, and<br><br>• Other risks associated with the listing of the Company.<br><br>Further detail on each of these and other Key Risks is provided in Section 7, together with information about the mitigation strategies that we have put in place to address and minimise them. | |
| **What is the current status of the DomaCom fund?** | At 31 March 2016, the DomaCom Fund comprised 16 Sub-Funds with a total valuation of non-cash assets of $1.6 million and cash of $10.7million, representing total FUM of $12.4 million.<br><br>There are currently 37 active Book Builds taking place on the platform at various stages. Of those 9 have reached the stage where investors have committed funds to undertaking due diligence. If those 9 are all successful, then the FUM will increase by approximately $2.5 million. | Section 10 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | There are currently a number of large crowdfunding campaigns taking place, for example, the campaign to Crowdfund the acquisition of the land assets comprising the Kidman Station (being undertaken in collaboration with another group who are seeking to raise capital to fund the purchase of the operating business). At this stage, the DomaCom Group has no way of determining the likelihood of success of that, or any other, book build or campaign. | |
| **Who are the key people and what experience do they have?** | The DomaCom Group executive team has extensive experience within financial services and platform development and implementation.<br><br>**Arthur Naoumidis CEO:** DomaCom's founder was the founder and former CEO of a complex investment management and administration platform, Praemium (ASX:PPS), that grew from a start-up in 2001 to a listed company with nearly 500 client firms (accountants, financial planners & stockbrokers), over 45,000 investors and over $40 billion on its platform.<br><br>**Ross Laidlaw CFO/COO:** Ross Laidlaw is a seasoned funds management executive who was previously CEO of Skandia in Australia for 8 years. Over time, its platform grew organically to over $5 billion funds under management and with over 200 staff.<br><br>The team also includes executives with significant profile and experience in funds management, property investment and technology development for financial services. Further information on the key people is provided in the Key People, Interests and Corporate Governance (Section 10). | Section 10 |
| **Why is the Offer being undertaken?** | The Offer is being conducted to:<br><br>• provide a liquid market for shares and an opportunity for others to invest in the Company;<br><br>• raise capital in order to strengthen DomaCom's balance sheet and provide financial stability to pursue its identified growth opportunities;<br><br>• provide the Company with the benefits of an increased profile that arises from being a listed public company;<br><br>• provide the Company with access to capital markets to improve capital management;<br><br>• provide Selling Shareholders with an opportunity to realise all or part of their investment in the Company; and<br><br>• assist in retaining and attracting employees to the Company through the ability to provide shares to them in a publicly listed company. | Section 11.2 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **Who are the issuers of this Prospectus** | DomaCom Limited ACN 604 384 885 &<br><br>SellerCo Limited ACN 612 713 452 | Section 11.1 |
| **What is the Offer?** | The Offer is an initial public offering of at least 6.67 million and up to 24 million new Shares to be issued by the Company and 7.6 million Shares to be sold by SellerCo Limited. The Shares being offered will represent between approximately 6.20% and 25.33% of the total outstanding Shares on issue on Completion.<br><br>A summary of the rights attaching to the Shares is set out in Section 12.2. | Section 11.1 and 12.2 |
| **What is the consideration payable for the Shares?** | AUD$0.75 per Share | Section 11 |
| **How will the proceeds of the offer be used?** | The Offer is targeting to raise $10,000,000 with a minimum of $5,000,000. Oversubscriptions will be allowed up to a maximum of $23,707,475.<br><br>The proceeds of the Offer will be applied to:<br><br>• provide further capital for the business to fund further growth of the DomaCom Fund and significantly increase its funds under management, which it in turn generates revenue for DomaCom in the form of management fees;<br><br>• allow DomaCom the ability to increase its sales and marketing efforts into both the intermediary and direct consumer channels for its products;<br><br>• support the launch and development of the DomaCom Equity Release and Corporate Bond products;<br><br>• continue to develop and enhance the Platform functionality and provide tools that assist intermediaries to provide efficient, transparent and cost effective services to their clients;<br><br>• improve the financial strength of the Company, in turn increasing the confidence of intermediaries in DomaCom's products and longevity; and<br><br>• subject to Applications having an aggregate value of $10 million or greater, provide a mechanism for Selling Shareholders to realise all or a portion of their investment. | Section 11.2 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | All of the proceeds received by SellerCo Limited for the sale of the Sale Shares less brokerage will be paid to Selling Shareholders.<br><br>If only the minimum amount of the capital raising is achieved (being $5 million), this will curtail the amount of activity DomaCom could undertake in sales and marketing programs to grow FUM and building brand awareness in the direct consumer market. It is likely to lead to the need for a further capital raising in the medium term to meet working capital requirements.<br><br>Increases in the amount of capital raised will allow DomaCom to accelerate their sales and marketing efforts both into the intermediary and direct consumer channels, increase the speed of the development and enhancement of the Platform and commence exploring opportunities for growing the business globally.<br>Increases in capital raised will also improve the financial strength of the Company which will support the accelerated use of the Platform by intermediaries.<br>There is no expectation that any dividends will be paid in the short to medium term. | |
| **What are the holdings of Shares of Directors and other persons connected with DomaCom or the Offer?** | | Section 10.2 & Section 12.10 |

| Director | Number of Shares immediately following Completion | Percentage holding immediately following Completion* |
|---|---|---|
| Grahame Evans | 687,500 | 0.64% |
| Graeme Billings | 375,000 | 0.35% |
| David Archbold | 250,000 | 0.23% |
| Peter Church | 50,000 | 0.05% |
| Arthur Naoumidis | 18,913,323 | 17.60% |
| Ross Laidlaw | 1,625,000 | 1.51% |

*Assumes that the total subscriptions made are at least $5 million. If the amount raised is greater than $5 million, the percentages held by directors and their associates of all shares on issue in the Company will be less.

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **Who are the Existing Shareholders and what will their interest in the Company be immediately following Completion?** | There are 200 Existing Shareholders as at the Prospectus Date.<br><br>The following table lists the 10 largest shareholders as at the Prospectus Date, identifying the number and percentage of Shares that they hold now and the number and percentage of Shares they will hold after the Offer closes. | Section 12.2 |

| Name | No of Shares at the Prospectus Date | % at the Prospectus Date | No of Shares on Completion | % on Completion * |
|---|---|---|---|---|
| A & K Naoumidis Trust# | 18,359,952 | 18.22 | 17,706,619 | 15.51 |
| Minto Global Ltd | 4,000,001 | 3.97 | 4,000,001 | 3.50 |
| Sonenberg Super Fund Account# | 3,583,333 | 3.56 | 2,383,333 | 2.09 |
| National Nominees Limited# | 3,200,000 | 3.17 | 2,300,000 | 2.01 |
| Nolan Joyce Family Trust# | 3,125,000 | 3.10 | 2,125,000 | 1.86 |
| Snibson Super fund | 3,083,333 | 3.06 | 3,083,333 | 2.70 |
| Gorman Super fund# | 3,025,000 | 3.00 | 2,570,000 | 2.25 |
| UCAN Nominees Pty Ltd | 2,824,445 | 2.80 | 2,824,445 | 2.47 |
| Stanboultgis Super Fund# | 2,673,000 | 2.68 | 1,973,000 | 1.73 |
| Toronto Cove Pty Ltd | 2,562,500 | 2.54 | 2,562,500 | 2.25 |

# denotes a Selling Shareholder
* Percentage is calculated on the basis that sufficient subscriptions are received to allow 7,609,966 Sale Shares to be sold by Selling Shareholders. If there are under subscriptions, the percentages will vary depending on the total subscription.

The above table assumes no shares are subscribed by existing shareholders who are underwriting the offer.

| | | |
|---|---|---|
| **Who is SellerCo Limited?** | SellerCo Limited is a special purpose vehicle established to enable Selling Shareholders to sell part or all of their investment in DomaCom through the Offer. | Section 12.2 |
| **Are there any employee of director incentives programs?** | Yes.<br><br>All Directors and employees are entitled to participate in the Long Term Incentive Plan (LTIP). Only the CEO (and employees hired after November 2015) have not participated in the LTIP to date.<br><br>The Directors and senior managers of the DomaCom Group (other than the CEO) have been granted Performance Rights | Section 12.4.2 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | under the LTIP. These (other than the Performance Rights granted to CFO/COO Ross Laidlaw) will vest on DomaCom being admitted to the official list of ASX.<br><br>The Performance Rights for the Executive Directors and the senior management team (other than for Executive Director and CFO /COO Ross Laidlaw) will vest on the listing of the company.<br><br>The performance rights for Ross Laidlaw will not vest until the DomaCom Fund's FUM has reached $100 million and the Company's share price on ASX has reached $1.00. Both of these goals are required to be achieved within 12 months of Listing in order for Mr Laidlaw's Performance Rights to vest. | |
| **Is the offer underwritten?** | The Offer is partially underwritten by the Underwriters (severally) up to a maximum number of $5 million to raise the minimum subscription amount of $5 million, subject to the Underwriting Agreements. | Section 11.4 |
| **Who are the Sponsoring Retail Broker, Corporate Adviser and Lead Institutional Manager for the Offer?** | The Sponsoring Retail Broker to the Offer is Shaw and Partners Limited ABN 24 003 221 583<br><br>Odyssey Capital Pty Ltd ABN 56 169 888 779 trading as Odyssey Capital Partners is acting as Corporate Adviser to the Offer<br><br>Pulse Markets Pty Ltd ACN 081 505 268 is acting as Lead Institutional Manager to the Offer. | Sections 12.5.2, 12.5.3 and 12.5.4 |
| **Will the Shares be quoted on ASX?** | DomaCom will apply to ASX within seven days of the Prospectus Date, for admission to the Official List and quotation of Shares on ASX (which is expected to be under the code "DCL"). If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. | Section 11.4 |
| **What is the allocation policy?** | The allocation of Shares among Applicants will be determined by DomaCom in consultation with the Sponsoring Retail Broker, the Company's Corporate Adviser and the Lead Institutional Manager. DomaCom intends to give priority to Applicants who are investors in the DomaCom Fund.<br><br>DomaCom, its Corporate Adviser, the Lead Institutional Manager and the Sponsoring Retail Broker reserve the right to reject any Application or bid, or to allocate to any Applicant or bidder, fewer Shares than the number, or the equivalent dollar amount, applied for. | Section 11.4 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **How can I apply?** | Applicants may apply for Shares by completing the Application Form included in or accompanying this Prospectus, and either lodging it with the broker or adviser who invited them to participate in the Offer or posting it to the Company at C/-Boardroom Pty Limited, GPO Box 3993, SYDNEY NSW 2001. There is also an online application form that can be found at www.domcacom.com.au/investor-relations<br><br>To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable. | Section 11.5 and Application Form |
| **When and how will I know whether my Application has been successful?** | It is expected that initial holding statements will be dispatched by standard post on or around 12 August 2016. | Section 11.4 and 1.5 |
| **When can I sell my Shares on ASX?** | It is expected that dispatch of holding statements will occur on or about 12 August 2016 and that Shares will commence trading on the ASX on or around the 18 August 2016.<br><br>It is the responsibility of each Applicant to confirm their holding before trading their Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. | Section 11.4 and 11.5 |
| **Can the Offer be withdrawn?** | DomaCom and SellerCo Limited reserve the right to not proceed with the Offer at any time before the issue or transfer of Shares to successful Applicants.<br><br>If the Offer does not proceed, Application Monies will be fully refunded.<br><br>*No interest will be paid on any Application Monies that are refunded to unsuccessful Applicants or in the event that the Offer does not proceed.* | Section 11.4 |
| **Is there any brokerage, commission or stamp duty payable by Applicants?** | No brokerage, commission or stamp duty is payable by Applicants on an acquisition of Shares under the Offer. | Section 12.14 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| **What are the tax implications of investing in the Shares?** | Summaries of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 12.17. | Section 12.17 |
| **What should I do if I have further questions?** | The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.<br><br>All enquiries in relation to this Prospectus should be directed to the DomaCom information line on 1800 702 479 from 8.00am until 5.00pm (AEST), Monday to Friday.<br><br>If you are unclear in relation to any matter, or are uncertain as to whether DomaCom is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest. | Call 1800 702 479 between 8.00am and 5.00pm AEST or speak with your adviser. |

# 5 INDUSTRY OVERVIEW

## 5.1 Trends influencing DomaCom's market entry

The DomaCom Group has identified a number of emerging trends within the financial services industry generally (and the superannuation industry in particular) and the convergence with developments occurring in the technological space. DomaCom has developed the DomaCom Fund in response to those trends.

Each of the following trends are described in more detail below:

- SMSFs are a growing and significant component of the superannuation market and will continue to grow as more Australians look to take responsibility for their own retirement savings (See Section 5.2);
- Financial services disruption and the continued growth of digital technology, including the development of cloud computing and digitalisation of the real estate industry, has allowed DomaCom to deliver its services efficiently, securely and totally online. (See section 5.3);
- There is an increasing appetite for SMSF and other investors to utilise the internet to buy and transact financial services due to its ease of use. (See section 5.3);
- Growth and expansion in crowdfunding and in particular property crowdfunding provides opportunities for innovative offerings. (See section 5.3);
- Innovative products available to the retail market to offer further choice and diversification in the current low interest rate environment. (See Section 5.4);
- Australia's ageing population and their retirement options are issues at front of mind for many Australians and their financial advisers (See section 5.5); and
- Recent regulatory reforms reflect a greater appetite for the use of "fee for service" advisers rather than "commission based" advisers (See Section 5.6).

## 5.2 Growth in Superannuation market and the dynamics of SMSF market in particular

### 5.2.1 Size of the market

Funds under management in Australian superannuation funds as at 31 December 2015 represented over $2 trillion in assets. The market has continued to grow since 1992 when compulsory superannuation was first introduced. The government-imposed mandatory contributions as a proportion of each individual's total salary package or wage have progressively increased over time. The mandatory contribution rate at the inception of the system was 3% and it was raised most recently to 9.5% from 9.25% on 1 July 2014. This rate is expected to increase to 12% over the next decade.

As illustrated in Figure 1 the Australian Superannuation Market is large and growing.

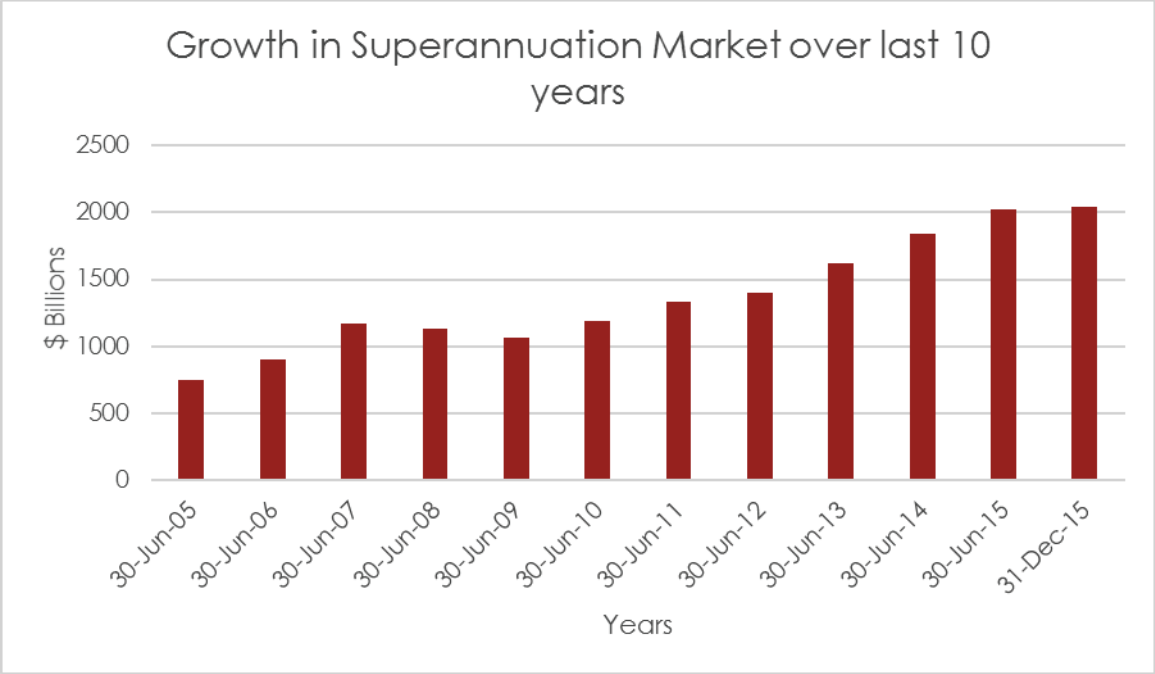


Figure 1 Growth in Superannuation Market over the last 10 years

Source: Annual Superannuation Bulletin 30 June 2015 (issued 10 Feb 2016) and Annual Superannuation Bulletin June 2013 (revised 5th Feb 2014), Quarterly Superannuation Performance 31 Dec 2015 (issued 23 Feb 2016).

[3] Australian Taxation Office, Superannuation guarantee percentage, last modified 24 June 2015.

### 5.2.2 Sectors of the superannuation market

The Superannuation market can be further broken down into its various sectors. The SMSF sector is the largest sector of the superannuation market, representing approximately $600 billion as at 31 December 2015. There are now more than one million Australians who have superannuation in SMSF and FUM held in SMSF represents 29% of the total assets held in superannuation as at 30 June 2015. The retail and industry fund sectors represent 26% and 21% respectively, followed by the public, corporate and statutory fund sectors. As at July 2015, the average value of funds invested in SMSF was estimated to be in the order of $1million with the median assets held in SMSF being just over $600,000.

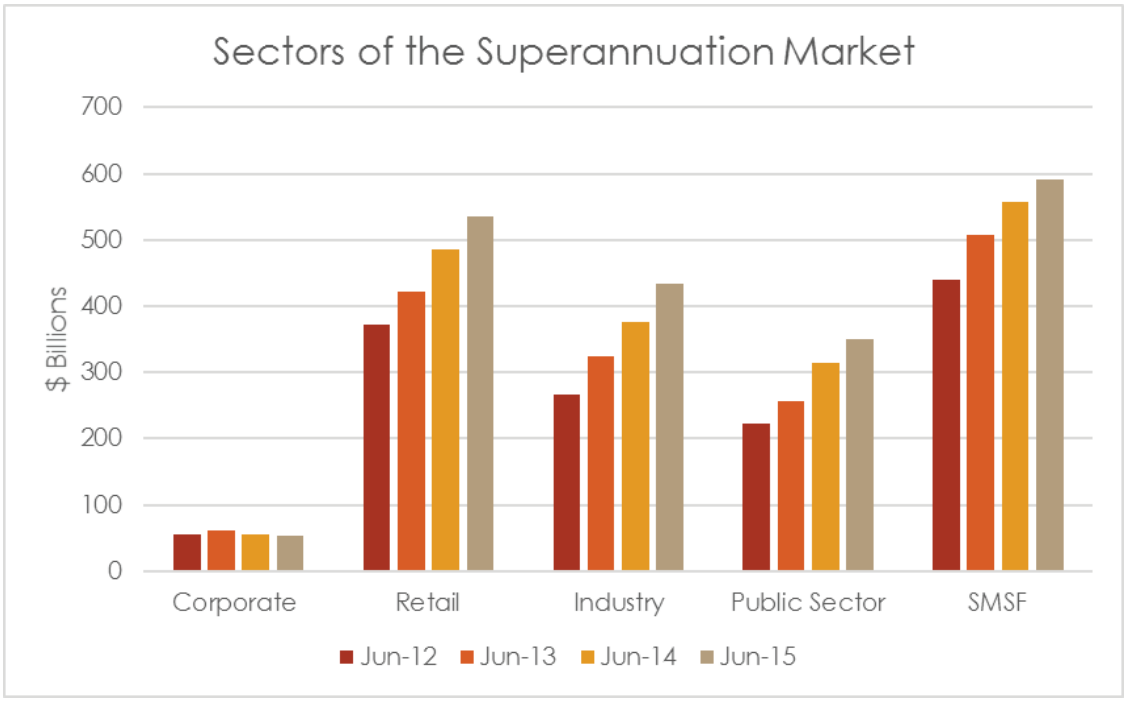


Figure 2 Superannuation FUM (billions) APRA Statistics

Source: Annual Superannuation Bulletin 30 June 2015 (issued 10 Feb 2016) and Annual Superannuation Bulletin June 2013 (revised 5th Feb 2014)

### 5.2.3 Continued Growth in SMSF

We believe that SMSFs will continue to grow both in number and FUM. Key reasons for our view are as follows.

- **Control and direction** – individuals can control their retirement savings within a SMSF and direct the funds to investments of their choice.
- **Transparency** – individuals are able to see and control all transactions, including the impact of taxation such as franking credits and capital gains tax.
- **Fees** – many individuals believe the fund management costs for externally managed funds are too high.
- **Ability to impact and control investment performance** – many individuals believe that SMSF's give them more control over investment decisions that suit their personal objectives and often at a lower cost.
- **Retirement and Estate planning** – SMSFs allow flexibility for individuals to move from accumulation phase to the pension phase relatively easily and to establish appropriate estate planning mechanisms to transfer wealth to the next generation.

Deloitte Actuaries & Consultants Limited in its research paper "Dynamics of the Australian Superannuation System The next 20 years: 2015-2035" published in November 2015 show in base projections from their superannuation model that total superannuation assets in Australia are expected to increase steadily to $9.5 trillion by 2035 and report that they believe the industry will be dominated by the SMSF, retail and Industry sectors, with the SMSF sector to exceed $2.5 trillion in assets by 2035.

## 5.3 Financial Services disruption, cloud computing and crowdfunding

### 5.3.1 Digital disruption / Fin-Tech

Like many industries, the financial services industry is seeing a rapid increase in the numbers of internet savvy investors willing to transact and obtain reports using smart phones, tablets and personal computers.

Within the financial services industry, we are seeing rapid development in new companies using the power of technology looking to disrupt the traditional methods of delivering financial services. This can be seen in the development of 'robo advice', 'peer to peer' lending, cloud computing and crowdfunding. These kinds of advances and disruptive business models are often loosely grouped together and referred to as "Fintech".

### 5.3.2 Cloud computing

Cloud computing allows individuals and organisations to store their data in offsite data centres supported by multiple redundancy and security systems rather than on their own desktops or servers located in the office environment.

DomaCom has been able to leverage this new technology with the significant growth in availability, reliability and security that cloud based infrastructure provides without the burden and cost of integrating legacy systems.

### 5.3.3 Crowdfunding

In the real estate industry new and disruptive digital technologies and business models have resulted in the creation of crowdfunding businesses.

Property crowdfunding is the process of multiple investors coming together to buy a property. Investors receive their returns through monthly rental income and movement in property prices. The properties are typically residential but can also be commercial, retail and agricultural.

Property crowdfunding falls within the wider 'Fintech' trend of using technology to simplify and streamline various financial payments and investment activities such as a property investment. Digital technology allows efficient delivery of information, provides scalability by allowing investors all over the world to be connected, and provides convenience as all financial, legal and administrative processes are delivered on a platform that can be accessed across any smart phone, tablet or other digital device.

### *Global Overview*

Over the last few years there has been a growth in crowdfunding globally and in particular property crowdfunding platforms. In the US alone, there are over 100 providers, including companies such as RealtyMogul.com and FundRise.com. According to their websites, RealtyMogul has raised over $196 million in debt and equity funding with over 78,000 investors and FundRise has more than 80,000 investors and has invested in nearly $3 billion worth of real estate.

A similar development has occurred in the UK, where property crowdfunding firms include Property Partner, Property Crowd, Crowd Property, House Crowd and Property Moose.

### *Australian property crowdfunders*

Property crowdfunding has also developed in Australia within the last few years and a number of companies operate in this area in addition to DomaCom. These include Venture Property Crowd (venturepropertycrowd.com.au) which offers wholesale investors a chance to invest in residential properties, CrowdfundUP (crowdfundup.com) which allows investors to invest in a range of commercial properties and projects and BrickX (brickx.com) which is focused on residential investments.

## 5.4 Appetite for new products in the retail market which offer further choice and diversification in low interest rate environment

Australia, like the rest of the world, has historically low interest rates with the expectation that interest rates will remain low for some time. This has resulted in a search for access to fixed interest products offering a better rate than that available with bank deposits.

Consequently, there has been a shift of interest into corporate bonds so that investors can obtain better returns on their cash. This asset class is still considered a defensive asset class but is well suited for SMSFs who are looking for better yields than cash but without taking on the additional risk of equities. The corporate bonds are independently rated based on the quality of the issuer of the Bond.

The DomaCom Corporate Bond product is currently under development in response to these factors and, subject to regulatory approvals and other factors, is expected to be launched during FY2017.

## 5.5 Ageing Society and the risk of outliving savings

As with most developed countries, Australia's population is ageing as a result of sustained low fertility and increasing life expectancy. This has resulted in proportionally fewer children under 15 years of age in the population, and a proportionally larger increase in those aged 65 and over and 85 and over respectively.

ABS statistics show that over the 20 years between 1994 and 2014, the proportion of the population aged 65 years and over increased from 11.8% to 14.7%. This proportion is projected to grow over the next decade, as further cohorts of baby boomers turn 65. By 2061, it is predicted that 25% of Australia's population will be aged over 65. Over the same 20 years period, the number of persons aged 85 years and over increased by 153%, compared with a total population growth of 32%. In the year ending 30 June 2014, the number of people aged 85 years and over increased by 19,200 people (4.4%) to reach 456,500.

The ageing of the population and the growth in the size of the cohort over 65 years of age has significant issues for retirement planning, in particular:

- Concerns about the adequacy of housing for the elderly;
- The risk of Australians outliving their retirement savings;
- Concerns about the extent to which financial requirements impact an elderly person's ability to choose whether to remain in the family home or move to aged care; and
- Levels and quality of health and other support services.

DomaCom believes that there is opportunity for it to lead the innovation required in product development for the retiree market to assist retirees to sustain quality of life in their final years. For this reason, DomaCom is in the process of developing the DomaCom Equity Release product, which is designed to enable retirees to draw on the equity in their homes while continuing to live there (for more information refer to section 6.5.3)

## 5.6 Regulatory reform (FOFA)

The implementation of the Future of Financial Advice reforms (also known as FOFA) in 2012 has resulted in significant changes in the ways in which Australian financial advisers can receive remuneration, in turn leading to an increase in the proportion of "fee for service" advisers. This is expected to drive more investors towards an asset allocation framework (and away from commission based product recommendations). The DomaCom Fund features have been developed from an asset allocation and risk mitigation mindset and DomaCom believes are therefore favourably placed in the new FOFA environment.

# 6 COMPANY OVERVIEW

## 6.1 About DomaCom

DomaCom has developed what it believes to be the first registered managed investment scheme in Australia offering a fractional investment product through a bespoke online platform. The DomaCom Fund currently provides fractional property interests in real property. Its objective is to further develop this model so that additional asset classes may be fractionalised and offered to retail and SMSF investors (for more information see Section 6.5).

DomaCom Australia as the investment manager of the DomaCom Fund, derives an investment management fee based on the value of the assets held by the DomaCom Fund. This is the DomaCom Group's primary source of revenue.

## 6.2 Where does DomaCom operate?

The DomaCom Group has offices in Melbourne, Sydney, Adelaide and Singapore.
Currently, the DomaCom Fund only invests in properties in Australia and markets to investors in Australia and Singapore.

The DomaCom Group believes that its platform has potential applications in other jurisdictions where collective investment schemes are available to retail investors and accordingly there is potential for further growth internationally. However, at this time, there are no developed plans for international expansion.

## 6.3 Our Business model

### 6.3.1 Revenues

The DomaCom Group's business model derives revenue for the services it provides to the DomaCom Fund. The fee it receives is based on the value of the underlying assets held within the DomaCom Fund. By growing FUM in the DomaCom Fund, DomaCom will grow its revenues. The management fee ranges from 0.80% per annum of the value of the property investments to 0.20% per annum of the daily cash balance (excluding GST).

### 6.3.2 Structure of the DomaCom Fund provides efficiency and scalability and market leading proposition

We believe that there is currently nothing else available in the Australian market that enables investors to acquire fractional ownership of a specific property interest using a retail managed fund legal framework combined with an online and scalable platform. The current alternatives involve the creation of one-off property syndicates or unregistered trusts which come with a number of practical drawbacks such as high set up costs, no liquidity measures, difficulty in finding syndicate members and inability to access the financial planning distribution channel.

The DomaCom Fund structure is unique, as it combines a well understood legal structure that IFAs are able to advise on, with a proprietary technology platform.

In summary, the DomaCom Fund structure involves:

- Separating the ownership of the asset (real property) and the beneficial rights to ownership of income and capital growth (or losses) attributable to that property (which we refer to as the Property Interests).

- A legal structure that enables efficient fractionalisation of the Property Interests. The structure provides for the income and capital rights in each Property acquired by the Fund to be owned by the investors of a distinct Sub-Fund within the DomaCom Fund. Each investor will hold separate classes of units in one or more Sub-Funds (each separate class of units is unique to a particular Sub-Fund and a particular Property) and the combination of the Sub-Funds and the cash pool together comprise the DomaCom Fund. Investors receive the specific returns from the Sub-Funds (and specific Properties) they have invested in and not a blended return from all Sub-Funds (and all Properties).

- DomaCom Australia has a "make a market" authorisation, allowing for the provision of a secondary trading facility to the DomaCom Fund. This allows investors (subject to buyer demand) to trade their fractional interests.

- DomaCom Australia's online platform supports property listing management, secondary market bid/offer trading, unit registry and Book Build processing for existing properties and proposed developments.

- An unlimited number of Sub-Funds or separate unit classes (each representing a separate Property) can be created within the DomaCom Fund. This, combined with the platform technology, results in the DomaCom Fund being potentially highly scalable.

## 6.4 Our Business strategy

The DomaCom Group's core strategy is built on developing and implementing innovative products. This strategy is executed through the DomaCom Fund and the activities of DomaCom Australia as the investment manager of the DomaCom Fund.

Our key strategy has been to identify specific problem areas for SMSF investors and their advisers and, using a combination of technology, business processes and legal structures, to provide innovative and useful ways of addressing those problems.

Fundamentally, the DomaCom Fund creates a mechanism whereby a high value asset (currently real property) can be fractionalised and invested in by numerous investors, thereby creating an opportunity for Australian retail investors.

Fractionalisation of assets also provides an opportunity to increase the liquidity of an investment that previously may have been characterised by low liquidity.

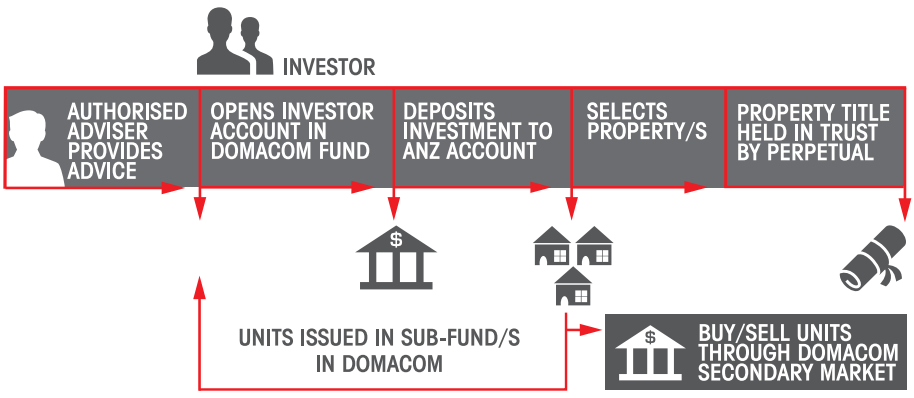


Figure 3 Overview of the DomaCom Fund

### 6.4.1 Strategies for growth

Our growth strategy is based on the following components:

- **growing the number of APLs on which our products are listed**, thereby increasing the number of IFAs who are authorised to recommend and advise on those products;
- **increasing DomaCom Australia's sales and marketing efforts** to increase awareness of the DomaCom brand and the DomaCom Fund and in turn increase number of retail investors (and value of FUM and accordingly revenues) through both intermediated and direct channels;
- **continuing to innovate our product offerings** by launching products designed to cater for the needs of SMSF investors and their advisers (see below);
- **continuing to develop and enhance the Platform functionality** and provide tools that assist IFAs to provide efficient, transparent and cost effective services to their clients so that ours is the platform of choice;
- **continuing to offer Crowdfunding opportunities.** An example of this is the crowdfunding opportunity that we are currently undertaking with the Kidman Station. We are giving investors the opportunity to acquire a fractional interest in one of the largest private agricultural landholdings with 101,411 square km of prime pastoral land across 12 properties, as well as a head office located in North Adelaide. The land is used for 10 cattle stations, a bull breeding stud farm and a feedlot covering regional South Australia, Western Australia, Northern Territory and Queensland. This campaign is being conducted in partnership with Lloyd Business Brokers which is seeking to raise the capital required to acquire the Kidman Station operating business and accordingly provide a yield to investors holding a fractional interest in the land. At this stage, we have no way of determining the likelihood of success of this campaign.
- **creating opportunities for IFAs** to benefit from the growth of the DomaCom Fund and in particular the public Crowdfunding opportunities;
- **obtaining the necessary regulatory approvals under the laws of Singapore** to expand our marketing there to include marketing investments in the DomaCom Fund to retail investors in Singapore (as we currently are only able to offer investments in the DomaCom Fund to Singapore's equivalent of wholesale investors); and
- **exploring global opportunities** to licence the DomaCom Platform in international markets. However, it is likely that this strategy will only be implemented if more than $10 million is raised under the Offer.

### 6.4.2 Growing intermediary network

In order to grow the number of Platform users and the value of FUM, DomaCom Australia has concentrated its sales and marketing efforts on growing the number of IFAs that can use the product.

This has involved seeking and obtaining independent research reports required by Dealer Groups before products can be listed on Dealer Group APLs, as well as creating a sales and marketing team well connected within the financial planning community.

As at 31 March 2016, 37 financial planning Dealer Groups have included the DomaCom Fund on their APL. Together, these firms represent more than 850 Financial Advisers or approximately 5% of the Australian financial planning market.

Investors who do not wish to seek full service advice from an IFA may also invest directly into the DomaCom Fund.

### 6.4.3 The business model and product offering have been built in response to FOFA changes

The Corporation Amendment (Future of Financial Advice) Act 2012 ("FOFA") and The Corporations Amendment (Further Future Financial Advice Measures) Act 2012 reforms required all Financial Advisers in Australia to cease accepting product commissions and rebates. These changes are aimed at transforming Australia's Financial Planning industry away from commission based sales to a fee for service based model.

The DomaCom Group believes these changes will drive an increase in the use of asset allocation models by Financial Planners which will in turn further drive a demand into the direct property asset class.

The DomaCom Group's business model, which simulates a direct investment in real property but does so utilising a registered managed investment scheme structure, provides an opportunity for Financial Planners to continue to advise their clients across all asset classes to which they are exposed without requiring the investor to 'give up' the ability to select the underlying investment property.

## 6.5 Our Products

### 6.5.1 Current Product -DomaCom Fractional Property Investment

The DomaCom Fund's initial offering allows investors the opportunity to build a property investment portfolio across a diverse range of residential, commercial and agricultural properties by geographic region (suburb, city, region and state), providing both a potential net income yield and possibility for capital growth.

Participating investors are exposed to an income stream and capital growth (or loss) of the underlying properties in direct proportion to the fractional interest purchased. For example, if an investor acquires 10% of the units in a Sub-Fund which is linked to a specific property investment, they will receive 10% of the net income yield and exposure to 10% of the capital value of that property.

### 6.5.2 Product in development - DomaCom Corporate Bonds

This product is designed to allow investors an opportunity to build a corporate bond investment portfolio that incorporates a diverse range of corporate bonds providing them with access to risk weighted interest rates. In this way, investors can construct a bond portfolio that gives them the more attractive yields whilst still managing their investment risk through diversification. Currently, retail investors are restricted to either ASX listed corporate bonds or to corporate bonds that have a retail prospectus. The majority of corporate bonds are not retail offerings and are not listed on the ASX which means that retail investors do not have access to much of the corporate bond market.

Subject to obtaining necessary regulatory approvals, the DomaCom Fund's structure will enable corporate bonds not otherwise available for investment by retail investors to be fractionalised and invested in by members of the DomaCom Fund. Those fractional interests will also be able to be traded between members of the DomaCom Fund (subject to buyer demand).

The offering is expected to increase the value of assets in the DomaCom Fund and accordingly revenues that will be derived by DomaCom Australia for its services to the DomaCom Fund. It is intended that some of the proceeds of this capital raising will be used to fund the technology and legal development required to modify the DomaCom Platform and Fund to support the offering of corporate bonds in addition to our existing offer of properties.

### 6.5.3 Product in development - DomaCom Equity Release

It is estimated that $500 billion of home equity is held by Australians over the age of 65, with the total reverse mortgage loan book worth more than $3.66 billion at the end of 2014. This demonstrates that there is a significant market for products that allow older Australians to utilise their property assets, only a very small proportion of which is currently subject to reverse mortgage products.

The DomaCom Group is currently developing the DomaCom Equity Release product that will enable those who are seeking to obtain cash by releasing equity in their homes to be matched with investors who wish to make investments that are underpinned by those properties. If the DomaCom Equity Release product is approved and launched, it will provide an attractive solution to 'asset rich/cash poor' retirees who may otherwise have difficulty funding their retirements whilst continuing to live in their own homes.

DomaCom Australia expects to be in a position to launch the DomaCom Equity Release product as an additional feature of the DomaCom Fund prior to the end of FY2017. This is, however, subject to obtaining regulatory approval within that timeframe and completion of additional Platform technology elements that may be required.

## 6.6 Our Customers

### 6.6.1 The DomaCom Group

DomaCom Australia derives revenues based on the FUM in the DomaCom Fund. Accordingly, the DomaCom Fund is regarded as DomaCom Australia's 'customer'. DomaCom Australia delivers platform and fund management services to the Fund's responsible entity and custodian.

DomaCom's revenues will increase in direct proportion to the value of FUM in the DomaCom Fund.

### 6.6.2 The DomaCom Fund

The DomaCom Fund's customers are retail investors who are introduced to the DomaCom Fund via DomaCom Australia's primary distribution channel is through intermediaries - IFAs and accountants.

The DomaCom Fund also offers a range of crowdfunding opportunities to retail investors directly, such as the Kidman Station campaign.

## 6.7 Our Service Providers

The DomaCom Group has outsourced a number of functions to key service providers in order to ensure an efficient and compliant administration of the DomaCom Fund within a registered scheme environment.

- Perpetual Trust Services Limited ABN 48 000 142 049 and Perpetual Corporate Trust Limited ABN 42 000 001 007 act as the Responsible Entity and Custodian respectively for the DomaCom Fund. Perpetual is one of Australia's largest professional Responsible Entity (RE) and custodian and is an ASX listed company with capitalisation of around $1.95 billion.
- Fund BPO Pty Ltd ABN 81 118 902 891 a wholly owned subsidiary of the ASX listed company MainstreamBPO Limited provides the Fund Accounting and Unity Registry services for the Fund. Mainstream Group has seen exceptional growth over last 10 years providing fund and superannuation administration services for a diverse client base of over 350 funds with in excess of $US50 billion in funds under administration and was listed on the ASX in late 2015.
- Australia and New Zealand Banking Group ABN 11 005 357 522 (ANZ Bank) provides the DomaCom Fund cash account that gives investors an attractive return. ANZ Bank is also the banker for the DomaCom Group.

# 7 KEY RISKS

This Section describes some of the potential risks associated with the business undertakings of the DomaCom Group, the industries in which it operates and an investment in the Shares. Some risks are specific to DomaCom Group's business activities, while others are more general in nature.

This Section does not purport to list every risk that may be associated with the DomaCom Group or an investment in the Shares. The occurrence or consequence of some of the risks described in this Section is partially or completely outside the control of DomaCom, its Directors and senior management.

Prior to applying for Shares, investors should read the Prospectus carefully and in full and satisfy themselves that they have a sufficient understanding of the risks associated with DomaCom and an investment in the Shares before deciding whether the Shares are a suitable investment for them, having regard to their own investment objectives, financial circumstances and taxation position. If investors are unclear in relation to any matter associated with an investment in DomaCom, they should seek professional advice from their stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in DomaCom.

## 7.1 Risks specific to investing in DomaCom

### 7.1.1 Failure to attract customers and grow assets under management

DomaCom is dependent on growing its customer base, increasing the number and value of properties in the DomaCom Fund and in turn the assets under management based on which it derives a management fee in order to more than offset its running expenses. Failure to attract customers and grow funds under management will negatively impact the DomaCom Group's financial position and prospects.

Failure to attract customers to the DomaCom Fund may also impact the secondary market on the Platform, which in turn could impact the ability of investors to trade Fractional Property Interests or the price achieved. The reputational consequences of this could negatively impact DomaCom Fund's growth and accordingly DomaCom Australia's revenues and financial position.

We are working with 37 Dealer Groups, representing more than 850 Financial Advisers. Over 350 Financial Advisers have been accredited by DomaCom in Fractional Property Investing as at 31 March 2016 and at that date Domacom Australia had FUM of $12.4 million. Revenue generated from the FUM is currently small and DomaCom needs to grow its FUM significantly to generate sufficient revenue to cover its cost base.

### 7.1.2 Competition

While DomaCom Australia believes it is the first to operate a fractional investment platform in the form of a registered managed investment scheme in Australia, there is a risk that existing financial service providers or new players enter this market or duplicate DomaCom's technology and business model.

The key industries in which the DomaCom Group operates are all competitive markets which are expected to remain competitive. Examples of factors that may impact on DomaCom Group's competitive position include:

- level of innovation relative to that of competitors;
- commercial factors, including pricing and liability terms;

- ability to keep up with technological or regulatory change;
- ability to respond to client preferences for products and services; and
- ability to maintain strong relationships with existing clients by upholding the consistency and quality of its services.

In addition, the DomaCom Group needs to respond effectively to any changes in the competitive landscape, which may evolve as a result of a number of factors, including the entry of new competitors into the market and the consolidation of existing market participants.

Increased competition may adversely affect DomaCom's business, financial performance and financial condition. Increased competition may also result in pressure on the management fees charged by DomaCom Australia.

### 7.1.3 Termination of the Investment Management Agreement

DomaCom Australia is the investment manager appointed by the Responsible Entity of the DomaCom Fund under the investment management agreement dated 4th February 2014. If the Responsible Entity as trustee of the DomaCom Fund terminates the Investment Management Agreement, DomaCom Australia would lose its primary source of income.

### 7.1.4 Reliance on platform technology

The DomaCom Fund relies on an online technology solution which is delivered by the DomaCom Platform to facilitate the application process, the on boarding of clients and properties and regular reporting.

There is a risk of cyber-attacks which could lead to loss, theft or corruption of data. This could render the Platform unavailable for a period of time and the unauthorised disclosure of client data.

This is a risk of disruption of Platform services due to:

- an inability of the system to handle increase in capacity of clients and transactions or errors or omissions that may occur in performing certain tasks and transactions; and
- a force majeure event that affects the systems and in turn the clients of or suppliers to DomaCom.

### 7.1.5 Reliance on third party suppliers

***IT Suppliers***

The DomaCom Group relies on certain contracts with third party suppliers to maintain and support its IT infrastructure and software, which underpins its core business activities. DomaCom's reliance on third parties to provide key services decreases its control over the delivery of these services and the quality and reliability of the services provided. DomaCom is also subject to the risk of any failures in each third party provider's systems or IT infrastructure, which may impact that third party's ability to deliver the services it is contracted to provide. Any delay, disruption or deterioration in the level of service by a third party provider could impair DomaCom's ability to provide services to its clients at all, or to the service levels DomaCom and its clients expect. In addition, if any such contracts are terminated for any reason and an alternative source of technology or systems is not found in a timely manner or on similar commercial terms, DomaCom's operations, earnings and financial condition could be adversely impacted.

### *Performance of third party infrastructure*

DomaCom Australia and the DomaCom Fund are dependent on the effective performance, reliability and availability of DomaCom's Platform, third party data centres and communication systems.

While DomaCom's Platform is designed to appropriately and effectively service the DomaCom Fund, changes and developments in technology, including by its competitors, or the commercial and/or regulatory environment may require DomaCom to develop and maintain new and/or enhanced technology platforms. There is a risk that DomaCom may fail to successfully achieve the required development of its technology and systems, which may, in turn, adversely affect its operations, relationship with clients, financial performance and financial condition.

Further, DomaCom's core technologies may be exposed to damage or interruption from system failures, viruses, cyber-attacks, telecommunication provider failures, disasters from natural or human causes, or other unforeseen events which may cause the systems to be unavailable from time to time. This may affect the ability of DomaCom to deliver consistent, quality services to its clients and lead to reputational damage and may also adversely impact DomaCom's operations, financial performance and financial condition.

### *Risks associated with Third Party Suppliers*

DomaCom Australia utilises a range of third party suppliers.

DomaCom Australia could face business interruption risk, brand and reputational risk if any of the third parties failed to perform and undertake their obligations.

#### 7.1.6 Product Development

DomaCom is required to bring new products to the market and continue to innovate and maintain its existing products.

If these products take longer to develop and/or obtain necessary regulatory approvals, this could result in further investment than anticipated and/or slower progress in development and sales.

#### 7.1.7 Failure to be included on Approved Product Lists

DomaCom Australia's distribution strategy is an intermediated model. By providing features that SMSF investors are looking for, together with opportunities for Financial Planners to advise on and training for those advisers, DomaCom plans to leverage the networks of financial advisers to grow the DomaCom Fund. Most Australian Financial Planners are connected to Dealer Groups who provide the master AFSL through which the advisers are regulated. This means that Financial Planners can only recommend products that have been incorporated onto their Dealer Group's Approved Product List (APL). In order to qualify for inclusion on APLs DomaCom has commissioned independent research reports and will continue to need to commission such reports in the future. In the event that independent research reports are negative, the DomaCom Fund and its products may not be listed on APLs or may be removed from APLs. In such an event DomaCom's financial performance and financial condition may be negatively impacted.

### 7.1.8 Regulatory changes

DomaCom Australia operates within a registered managed investment scheme environment. Changes to laws, regulations, standards and practices applicable to the industry in which DomaCom Australia operates could adversely impact its business. For instance, there could be changes to legislation surrounding SMSFs that could positively or negatively impact the business.

### 7.1.9 Key personnel risk

DomaCom relies on a number of key personnel to conduct the business including certain personnel who are named as key persons on the DomaCom AFSL. If such key personnel were to leave the business or for other reasons could not perform their duties, and there was an inability to recruit suitable replacements, this could result in an inability to continue to promote or operate the DomaCom Group's business and the DomaCom Fund in accordance with DomaCom's business plan.

### 7.1.10 Trading and Liquidity in Shares and Escrowed Shareholders' Interests

There can be no guarantee that an active market for the Shares will develop. There may be relatively few potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also impact the prevailing market price at which Shareholders are able to sell their Shares.

Depending on the number of Shares issued on Completion, escrowed shareholders will hold between 23 – 27% of all Shares on issue following listing. The inability of escrowed shareholders to sell any Shares during the two year restriction period may result in, or at least contribute to, limited liquidity in the market for the Shares during this time. This could impact the prevailing market price at which Shareholders are able to sell their Shares. It is important to recognise that, on a disposal, Shareholders may receive a market price for their Shares that is less than the price that they paid under the Offer.

Following release from escrow, Shares held by the escrowed Shareholders will be able to be freely traded on ASX. A significant sale of Shares by the escrowed Shareholders, or the perception that such sales have occurred or might occur, could adversely impact the price of the Shares. The escrowed Shareholders' shareholding may also allow them to, collectively, exert significant influence over the outcome of matters relating to the Company, including the election of Directors and the approval of transactions. The interests of the escrowed Shareholders may be different from the interests of investors who acquire Shares in the Offer.
In the event that the amount raised pursuant to this Prospectus is less than $10 million and no Selling Shareholders are able to sell Shares prior to the listing, there may be a greater number of Shares in the market as those Selling Shareholders seek to realise some of their investment in DomaCom. This may have an adverse impact on the market price for Shares.

### 7.1.11 Significant holding retained by certain Existing Shareholders

Immediately after Completion, assuming that the Existing Shareholders and their associates do not subscribe for any Shares under the Offer and depending on the amount raised pursuant to this Prospectus, the Existing Shareholders will beneficially own between 75% and 94% of the Company's issued Shares.

The Existing Shareholders, if they act together, will be able to exert a significant degree of influence over the Company's management and affairs and over matters requiring Shareholder approval, including the election of Directors and approval of significant corporate transactions.

The interests of these Shareholders may differ from the interests of the Company and the interests of Shareholders who purchase Shares under the Offer. Also, while they hold a large stake in the Company, these Shareholders may be able to determine or influence whether a takeover or similar offer for the Shares is successful.

It should be noted that there are 200 Existing Shareholders, many of whom are sophisticated or professional investors who have had no prior relationship with the Company, its founders or staff prior to making their investments.

### 7.1.12 Risk of dilution

There is a risk that there will be additional equity raised in the future that could result in dilution for shareholders. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraising.

If only the minimum amount of funding is raised ($5 million) it is likely within a medium term period, that a further capital raising will be required.

### 7.1.13 Compliance with regulations

DomaCom Australia operates a registered Managed Investment Scheme that is subject to regulations, laws, standards and practices.

DomaCom Australia holds an AFSL required for the conduct of its regulated activities. Failure to comply with the terms of this licence could have significant consequences for DomaCom Australia, including removal of the AFSL resulting in DomaCom Australia no longer being able to operate or promote the DomaCom Fund. Failure to comply with the regulations could result in an inability of the business to operate, suspension of its licence and reputational damage to its brand.

DomaCom is subject to privacy laws in Australia. These laws regulate the handling of personal information and data collection. Such laws impact the way DomaCom can collect, use, analyse, transfer and share personal and other information. Any actual or perceived failure by DomaCom to comply with relevant laws and regulations may result in the imposition of fines or other penalties, client losses, a reduction in existing services, and limitations on the development of technology and services making use of such data. Any of these events could adversely impact DomaCom's business, financial condition and financial performance.

### 7.1.14 Impairment of Intangible Assets

DomaCom's balance sheet includes intangible assets. Under Australian Accounting Standards, goodwill and indefinite life intangible assets must be regularly tested for impairment. If impaired, DomaCom would need to write down the value of its intangible assets which would result in an expense in the income statement, thereby potentially materially impacting DomaCom's financial condition and reported earnings.

### 7.1.15 Reputational damage

DomaCom's brand is important in attracting and retaining clients to the DomaCom Fund. There is a risk that the brand may be tarnished by incidents such as negative publicity, data security breach or one-off unforeseen events that negatively impact DomaCom's operations. Even though the DomaCom Group is not involved in the selection of properties that the DomaCom Fund invests in, the failure of Crowdfunded investments could indirectly have a negative impact on DomaCom's brand and reputation. The occurrence of any such incidents may lead to client loss and the failure to attract new clients and grow FUM, which, in turn, may have an adverse impact on DomaCom's financial performance.

### 7.1.16 Litigation

DomaCom may in the ordinary course of business become involved in litigation and disputes, for example with its suppliers or clients. Any such litigation or dispute could involve significant economic costs and damage to relationships with suppliers, clients and/or other stakeholders. Any such outcomes may have an adverse impact on DomaCom's business, market reputation and financial condition and financial performance.

### 7.1.17 Failure to realise benefits from research and development investments

Developing software and technology is expensive and the investment in the development of these product and service offerings often involves an extended period of time to achieve a return on investment. For example, DomaCom estimates that it has invested approximately $3.1 million over the last five years in the development and implementation of its platform. An important element of DomaCom's corporate strategy is to continue to make investments in innovation and related product and service opportunities through internal investments and, potentially, the acquisition of intellectual property or businesses from third parties. DomaCom believes that it must continue to dedicate resources to its innovation efforts to develop its software and technology service offering and embed its competitive position. However, DomaCom may not receive significant revenues from these investments for several years, or may not realise such benefits at all.

### 7.1.18 Failure to protect IP rights

Third parties may knowingly or unknowingly infringe DomaCom's proprietary rights, and/or may challenge proprietary rights held by the DomaCom Group. In such cases, DomaCom may be required to expend significant time and expense in order to prevent infringement or to enforce its rights. If the protection of its proprietary rights is inadequate to prevent unauthorised use or appropriation by third parties, its competitors may be able to more effectively mimic its products, services, and methods of operation. Any of these events could have an adverse effect on its business, financial condition and financial performance.

### 7.1.19 Infringement of third party intellectual property rights

DomaCom may receive notices from third parties claiming infringement of their intellectual property rights and/or breach of its agreements with them. DomaCom cannot assure Applicants that such claims may not arise, including from its competitors, or that such claims may not require protracted negotiation, including litigation, to resolve, or the payment of monetary damages or the satisfaction of indemnification obligations in its agreements with suppliers. In addition, such claims may increase as DomaCom continues to grow and enter new markets. In such cases, if a determination was made that DomaCom had infringed such third party rights, DomaCom's business and financial condition may be adversely affected.

### 7.1.20 Failure to execute the planned growth strategy

DomaCom's growth strategy is focused on growing the number of members of the DomaCom Fund and the value of FUM. To the extent DomaCom is not able to execute its strategy, its business and growth prospects may be adversely impacted. In such cases, DomaCom may not be able to execute its growth strategy which could adversely impact its business and growth prospects.

## 7.2 General Risks

### 7.2.1 General Economic conditions

DomaCom business operates in the financial markets and within the general economy. Conditions which affect the economic conditions such as interest rates, inflation, level of unemployment and economic growth all may impact on DomaCom's ability to grow its business and be successful.

### 7.2.2 Force majeure

This is the occurrence of events which are beyond the Company's control. This could include the outbreak of war or acts of terrorism, or natural disaster events which occur inside or outside Australia which have a significant impact on DomaCom's business and its ability to achieve its goals and objectives.

### 7.2.3 Share market risks

The share market is subject to a wide range of factors which cause the share prices for company shares to rise and fall. The impact of both domestic and global economic factors, geopolitical factors, interest rates and level of inflation can all impact the local share market.
This may cause the share price for DomaCom Shares to fall below their issue price.

### 7.2.4 Liquidity of shares

There can be no guarantees that there will be an active market in DomaCom Shares and therefore shareholders may have inability to sell their shares at or above the issue price.

### 7.2.5 Changes to Regulations - accounting standards and taxation

There is always a risk that a change may occur in the applicable laws and regulations, across accounting standards and within the Australian taxation regime. These changes could have an impact on DomaCom's business and in turn impact its share price.

# 8 FINANCIAL INFORMATION

## 8.1 Introduction

DomaCom Limited (previously known as DomaCom Holdings Limited) is the holding company of the wholly-owned DomaCom Group. DomaCom Australia Limited (previously known as DomaCom Limited) holds the Australian Financial Services Licence and employs all people in Australia, with the exception of those involved in information technology. DomaCom Platform Services Pty Ltd conducts the group's information technology development activities and employs the information technology people. DomaCom Singapore Private Limited was established to promote DomaCom products to the accredited advisers licenced in Singapore.

DomaCom Australia Limited was incorporated on 26 October 2011 and has prepared audited financial statements since the year ending 30 June 2013. DomaCom Limited was incorporated on 23 February 2015 and prepared audited consolidated accounts for the period to 30 June 2015. DomaCom Singapore Private Limited was incorporated on 7 November 2014 and prepared audited accounts for the period to 30 June 2015. DomaCom Platform Services was incorporated on 29 June 2015 and has not prepared audited accounts.

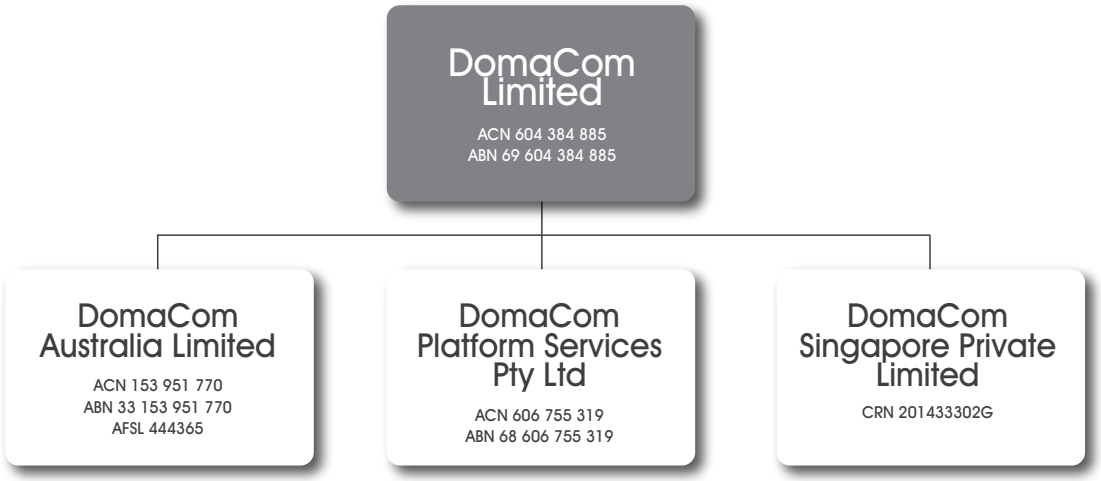


Figure 4 DomaCom Corporate Structure (operating entities only)

## 8.2 Basis of preparation of pro forma financial information

For the year ended 30 June 2014 the historical information presented in this financial information section is from the restated audited statutory financial statements of DomaCom Australia Limited. As no other entities existed within the DomaCom Group there has been no requirement to prepare consolidated financial information for this period.

On 27 March 2015 a restructure was undertaken to form the consolidated group consisting of DomCom Limited and its controlled entities (the "DomaCom Group"). Audited consolidated accounts were prepared for the period from 23 February 2015 to 30 June 2015. For the year ended 30 June 2015 the historical information presented in this financial information section includes the restated consolidated financial statements for the 12 month period to 30 June 2015. Adjustments have been made to represent the consolidated group being in existence for the 12 month period to 30 June 2015.

For the 9 month period ended 31 March 2016 pro forma consolidated financial statements have been prepared for the DomaCom Group. The structure of the DomaCom Group has remained unchanged since being formed on 27 March 2015.

The audit reports prepared by Grant Thornton Audit Pty Ltd ACN 130 913 594 for DomaCom Australia Limited for the years ended 30 June 2014 and 30 June 2015 are unqualified and include emphasis of matter paragraphs drawing attention to the uncertainties in relation to going concern basis. The audit report prepared by Grant Thornton Audit Pty Ltd for DomaCom Limited which includes the consolidated accounts of the DomaCom Group for the period ended 30 June 2015 is unqualified and includes an emphasis of matter paragraph drawing attention to the uncertainties in relation to going concern basis.

The pro forma historical information has been prepared under the measurement and recognition requirements (but not disclosure requirements) of Australian Accounting Standards. The financial statements have been presented in Australian Dollars.

The historical and pro forma historical Financial Information was reviewed by Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987 whose report is included in Section 9. Investors should note the scope and limitation of the Investigating Accountants' report.

The adjusted pro forma financial statements as at 31 March 2016 have been prepared to reflect the following pro forma adjustments:

- The issue of shares resulting from the Offer;
- The anticipated costs of carrying out the capital raising and listing; and
- The vesting of Performance Rights conditional on the Offer completing.

Further details of these adjustments ("Pro forma Adjustments") are set out in Section 8.10.

The historical financial information for the years ended 30 June 2014 and 30 June 2015 presented in the financial information section include the impact of a restatement resulting from a change in accounting policy. Further details are set out in Section 8.6.1.

## 8.3 Financial Analysis based on the audited/reviewed accounts

**Table 3 Historical consolidated income statement**

| | FY2014 $ (i)(iv) | FY2015 $ (ii)(iv) | HISTORICAL 31/03/2016 $ (iii) |
|---|---|---|---|
| Revenue | - | 8,826 | 11,016 |
| Other Income(v) | 240,997 | 421,774 | 294,255 |
| Business expenses | (1,903,407) | (4,366,860) | (4,629,746) |
| EBIT (vi) | (1,662,410) | (3,936,260) | (4,324,475) |
| Net Interest expense | (23,631) | (83,285) | (36,181) |
| Net Loss Before Tax | (1,686,041) | (4,019,545) | (4,360,656) |
| Income tax benefit / (expense) | (147,738) | (44,132) | (84,607) |
| Net Loss After Tax | (1,833,779) | (4,063,677) | (4,445,263) |

(i) includes the results of DomaCom Australia for the 12 months ended 30 June 2014

(ii) includes the consolidated results of DomaCom Australia, DomaCom Limited, DomaCom Platform Services and DomaCom Singapore for the 12 months ended 30 June 2015

(iii) includes the historical consolidated results of DomaCom Australia, DomaCom Limited, DomaCom Platform Services and DomaCom Singapore for 9 months ended 31 March 2016

(iv) includes restated balances as a result of a revision to the accounting policy for R&D grants

(v) Other Income – represents amounts received from the ATO for R&D claims for expenses that have not been capitalised

(vi) EBIT – represents earnings before interest and tax

## 8.4 Revenue

Management fees are charged on average Funds Under Management ("FUM") for Fractional Property Interests at a rate of 0.88% p.a. (inclusive of GST) and Cash at a rate of 0.22% p.a. (inclusive of GST).

At 31 March 2016 the DomaCom Fund comprised 16 sub-funds with a valuation of non-cash assets of $1.6 million and cash of $10.7 million representing total FUM of $12.4m.

The key driver of revenue is FUM in the DomaCom Fund. The growth in the properties on boarded is the key driver of revenue generated by DomaCom Australia.

Other revenue represents the portion of R&D grant monies received not eligible for set off against the capitalised R&D expenditure. See Section 8.6 for further details.

## 8.5 Expenses

### 8.5.1 Employee Expenses

Employment costs represent the largest expense of DomaCom and for the 9 months to 31 March 2016 represented 54% of the total expenses. As at 31 March 2016 there were a total of 26 full and part time employees. Since the business commenced there has been a gradual build up in the number of employees with increases being largely in the operational Information Technology and sales areas.

**Table 4 Analysis of employees and co-located consultants**

| ROLE | 30 JUNE 2015 | 31 MARCH 2016 |
|---|---|---|
| Executive Management | 2 | 2 |
| Platform & Client Services | 3 | 3 |
| Property Management | 1 | 1 |
| Legal and Compliance | 2 | 2 |
| Information and Technology | 5 | 8 |
| Finance | 2 | 2 |
| Sales and Marketing | 8 | 8 |
| **Total** | **23** | **26** |

### 8.5.2 Marketing Expenses

Marketing expense excluding employees represented 11% of the DomaCom Group's total expenditure for the period ended 31 March 2016.

The expenditure relates to the marketing of our brand and the promotion of products to our targeted audience, the attendance at sales conferences of intermediaries (dealer groups and financial planners), and payment for research of the DomaCom Fund by research houses.

### 8.5.3 Other Expenses

Other key expenses include professional fees (that are paid to external legal firms and accounting and taxation advisers), rental expenses of office premises, and fund administration costs including the services of the Responsible Entity, Custodian and fund administrator.

## 8.6 Research and Development Grant

During the financial years ending 2013, 2014 and 2015 members of the DomaCom Group incurred expenditure that was eligible for the receipt of Research and Development Grants. This has arisen due to the research and development activities related to the DomaCom Platform.

**Table 5 Analysis of R&D Claims**

| RESEARCH & DEVELOPMENT | FY 2013 | FY2014 | FY2015 | FY2016* |
|---|---|---|---|---|
| Amount | 1,339,169 | 2,140,880 | 1,982,093 | 653,900 |
| Cash Refund 45% of the claim | 602,626 | 963,396 | 891,942 | 294,255 |

* Subsequent to 31 March 2016 an additional $294,255 has been received as a result of resubmitted R&D tax claims for FY2014 and FY2015. These reclaims have been included as Other Income in the period to 31 March 2016.

The originally submitted Research and Development claims were independently verified by our external R&D consultants. The resubmitted claims for FY2014 and FY2015 were also independently verified.

To the extent members of the DomaCom Group incur eligible expenditure, annual R&D claims will continue to be made. Claims are submitted based on expenditure incurred during the year and independently verified for eligibility. The accounting policy adopted by the DomaCom Group is to recognise the claims once reviewed by an independent expert and submitted to the ATO, therefore, no amount has been recorded for eligible expenditure incurred during the 9 month period ended 31 March 2016. The recognition of the claim for the year ended 30 June 2016 will have the impact of reducing the carrying value of the capitalised development expenditure which includes expenditure capitalised during the period ended 31 March 2016.

### 8.6.1 Change in accounting policy

The DomaCom Group has made a change to its accounting policy in respect to R&D claims. Under the previous accounting policy any claims submitted to AusIndustry and the ATO would be recognised in full as a tax credit in the period for which the claim was made. Under the revised accounting policy, the claim is offset against eligible capitalised R&D expenditure. To the extent the claim relates to costs that were expensed as they did not meet the capitalisation criteria under AASB 138 Intangible Assets, this amount is recognised as Other Income. The purpose of the change in accounting policy is to match the treatment of the claims with the underlying expenditure. The revised treatment is consistent with best practice and provides a clearer representation of the linked transactions. The change in accounting policy requires the restatement of prior year financial statements as summarised below (**See Table 6 Analysis of the impact of change in accounting policy**).

**Table 6 Analysis of the impact of change in accounting policy**

| Intangible Assets | FY2014<br>2,938,908 | FY2014 RESTATED<br>1,636,398 | FY2015<br>3,996,819 | FY2015 RESTATED<br>2,224,141 |
|---|---|---|---|---|
| Deferred tax liability | (868,340) | - | (1,181,785) | - |
| Accumulated Losses | (1,897,966) | (2,332,136) | (5,737,388) | (6,328,281) |
| Other Income | - | 240,997 | - | 421,774 |
| Income tax benefit /(expense) | 392,112 | (89,685) | 601,897 | 23,400 |

The original accounting treatment of recognising the R&D claim as an immediate credit to income tax benefit caused a difference in the carrying value of the capitalised intangible asset and the tax base that resulted in the creation of a deferred tax liability. The change in accounting policy will have the impact of aligning accounting and tax carrying values.

With the change in accounting policy resulting in a deferred tax liability no longer being recognised, an adjustment has also been made to remove the deferred tax asset of $125,585 at 30 June 2015 from the Statement of Financial Position as it is not considered appropriate to recognise this asset in the absence of a corresponding deferred tax liability due to uncertainty of recoverability.

## 8.7 Pro forma historical consolidated statement of financial position

**Table 7 Pro forma historical consolidated statement of financial position**

| | 2014 $ (i) | 2015 $ (i) | HISTORICAL 31/03/2016 $ (i) | PRO FORMA 31/03/2016 MINIMUM SUBSCRIPTION $ (ii) | PRO FORMA 31/03/2016 MAXIMUM SUBSCRIPTION $ (ii) |
|---|---|---|---|---|---|
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents | 347,661 | 720,935 | 3,841,896 | 7,755,457 | 20,031,878 |
| Receivables | 968,896 | 951,095 | 412,010 | 412,010 | 412,010 |
| Prepayments and other assets | 35,341 | 98,371 | 117,829 | 117,829 | 117,829 |
| TOTAL CURRENT ASSETS | 1,351,898 | 1,770,401 | 4,371,735 | 8,285,296 | 20,561,717 |
| **NON CURRENT ASSETS** | | | | | |
| Property, plant and equipment | 8,742 | 14,045 | 51,468 | 51,468 | 51,468 |
| Intangible assets | 1,636,398 | 2,224,141 | 3,084,364 | 3,084,364 | 3,084,364 |
| TOTAL NON CURRENT ASSETS | 1,645,140 | 2,238,186 | 3,135,832 | 3,135,832 | 3,135,832 |
| **TOTAL ASSETS** | 2,997,038 | 4,008,587 | 7,507,567 | 11,421,128 | 23,697,549 |
| **CURRENT LIABILITIES** | | | | | |
| Payables | 326,771 | 440,625 | 603,710 | 603,710 | 603,710 |
| Provisions | 94,665 | 103,959 | 142,186 | 142,186 | 142,186 |
| Interest bearing liabilities | 826,666 | 800,000 | - | - | - |
| TOTAL CURRENT LIABILITIES | 1,248,102 | 1,344,584 | 745,896 | 745,896 | 745,896 |
| **NON-CURRENT LIABILITIES** | | | | | |
| Provisions | 4,475 | 28,771 | 50,095 | 50,095 | 50,095 |
| TOTAL NON-CURRENT LIABILITIES | 4,475 | 28,771 | 50,095 | 50,095 | 50,095 |
| **TOTAL LIABILITIES** | 1,252,577 | 1,373,355 | 795,991 | 795,991 | 795,991 |
| **NET ASSETS** | 1,744,461 | 2,635,232 | 6,711,576 | 10,625,137 | 22,901,558 |
| **EQUITY** | | | | | |
| Issued capital | 3,885,050 | 8,838,435 | 16,957,685 | 21,405,667 | 33,633,931 |
| Reserves | 249,600 | 250,663 | 653,020 | 1,193,702 | 1,193,702 |
| Accumulated losses | (2,390,189) | (6,453,866) | (10,899,129) | (11,974,232) | (11,926,075) |
| **TOTAL EQUITY** | 1,744,461 | 2,635,232 | 6,711,576 | 10,625,137 | 22,951,558 |

(i) includes the historical statement of financial position as described in Section 8.9.

(ii) includes historical consolidated statement of financial position at 31 March 2016 after the pro forma adjustments set out in Section 8.10 based on a minimum subscription of $5,000,000 and a maximum subscription of $23,707,475.

## 8.8 Pro forma consolidated historical statement of cash flows

**Table 8 Pro forma historical consolidated statement of cash flows**

| CASH FLOWS FROM OPERATING ACTIVITIES | FY2014 $ (i) | FY2015 $ (ii) | HISTORICAL 31/03/2016 $ (iii) |
|---|---|---|---|
| Receipts from customers | 68 | 6,709 | 11,016 |
| Payments to suppliers and employees | (2,134,971) | (4,358,281) | (3,793,551) |
| Research and development tax offset received | 602,626 | 963,396 | 891,942 |
| Finance costs | (1,008) | (100,402) | (103,020) |
| Net cash used in operating activities | (1,533,285) | (3,488,578) | (2,993,613) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for plant and equipment | (19,925) | (10,063) | (48,079) |
| Payments for intangible assets | (1,605,331) | (1,066,213) | (1,098,217) |
| Interest received | 3,975 | 28,149 | 29,140 |
| Net cash used in investing activities | (1,621,281) | (1,048,127) | (1,117,156) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Net proceeds from share issue | 2,585,000 | 4,909,252 | 8,034,743 |
| Proceeds from short term loans | 800,000 | 1,000,000 | - |
| Repayment of short term loans | - | (1,000,000) | (800,000) |
| Net cash provided by financing activities | 3,385,000 | 4,909,252 | 7,234,743 |
| Net increase in cash and cash equivalents | 230,434 | 372,547 | 3,123,873 |
| Cash and cash equivalents at the beginning of period | 117,227 | 347,661 | 720,935 |
| Net foreign exchange difference | - | 727 | (2,912) |
| Cash and cash equivalents at the end of period | 347,661 | 720,935 | 3,841,896 |

(i) includes the cash flows of DomaCom Australia for the 12 months ended 30 June 2014.

(ii) includes the consolidated cash flows of DomaCom Australia, DomaCom Limited and DomaCom Singapore for the 12 months ended 30 June 2015.

(iii) includes the historical cash flows of DomaCom Australia, DomaCom Limited, DomaCom Platform Services and DomaCom Singapore for 9 months ended 31 March 2016.

## 8.9 Comments on consolidated statement of financial position

Table 7 Pro Forma Historical Consolidated Statement of Financial Position includes;

- the restated statement of financial position of DomaCom Australia at 30 June 2014,
- the restated consolidated statement of financial position of DomaCom, DomaCom Australia, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 30 June 2015;
- the historical consolidated statement of financial position of DomaCom, DomaCom Australia, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 31 March 2016; and
- the pro forma consolidated statement of financial position of DomaCom, DomaCom Australia, DomaCom Platform Services Pty Ltd and DomaCom Singapore Private Limited at 31 March 2016 showing the impact of both a minimum subscription of $5,000,000 and a maximum subscription of $23,707,475 under the Offer.

The key items included in the Pro Forma Consolidated Statement of Financial Position at 31 March 2016 are:

- Cash reflecting the balance of funds to be raised from the IPO;
- Intangible assets comprising capitalised development costs ($3,012,221) and computer software ($72,143). The capitalised development costs relating to the Fractional Property Investment Platform were amortised by $221,510 for the 9 months ended 31 March 2016 in accordance with the accounting policy in Section 8.11. The useful economic life has been determined to be 10 years based on the requirements set out in AASB 138 Intangible Assets, including consideration of expected period of use, technical, technological and commercial obsolescence and changes in market demand for services supported by the assets;
- Payables relating mainly to payments due to suppliers for services incurred in the ordinary course of business and recurring payroll and superannuation payables; and
- Reserves consisting of the Equity Compensation Reserve ($937,699) set up as a result of the issue of Performance Rights, a separate Share Based Payments reserve ($249,600) and a Foreign Currency Translation Reserve ($6,403).

## 8.10 Pro forma adjustments

The following transactions and events arising from this Prospectus which are to take place on or before the completion of the Offer, are referred to as pro forma adjustments and are presented as if they occurred on or before the 31 March 2016.

### 8.10.1 Description of Pro forma adjustments

A Minimum subscription of $5,000,000 and a maximum subscription of $23,707,475 have been included as 31 March 2016 pro forma adjustments.

- For the minimum subscription pro forma capital raising costs of $552,018 have been charged to Equity and $534,421 to Profit & Loss. For the maximum subscription pro forma capital raising costs of $1,323,754 have been charged to Equity and $486,264 to Profit & Loss. For the maximum subscription pro forma capital raising costs of $1,241,253 have been charged to Equity and $549,766 to Profit & Loss. These represent an estimate of the costs required to undertake the capital raising and listing. The allocation of costs between Equity and Profit and Loss is based on the purpose of the expenditure. Costs directly attributable to issuing new Shares are deducted from Equity. Costs that relate to the ASX listing, or are otherwise not directly attributable to issuing new shares, are recorded in Profit & Loss.

- Performance Rights issued to employees and Directors with an IPO vesting condition have been expensed in full representing a pro forma adjustment of $540,682. Performance Rights are described in more detail in Directors' Interest and Remuneration (Section 10.2).

### 8.10.2 Impact of pro forma adjustments on Cash and Cash Equivalents

*Table 9 Impact of pro forma adjustments on Cash and Cash Equivalents*

| | MINIMUM SUBSCRIPTION OF $5,000,000 $ | MAXIMUM SUBSCRIPTION OF $23,707,475 $ |
|---|---|---|
| **Cash and cash equivalents held at 31 March 2016** | **3,841,896** | **3,841,896** |
| Share Issue | 5,000,000 | 18,000,000 |
| Share Issue Costs | (1,086,439) | (1,810,018) |
| **Sub total pro forma adjustment** | **3,913,561** | **16,189,982** |
| **Pro forma cash and cash equivalents held as per the pro forma historical consolidated statement of financial position** | **7,755,457** | **20,031,878** |

The minimum subscription will result in a net increase to cash and cash equivalent of $3,913,561 being the net of cash raised of $5,000,000 and costs incurred in respect to the capital raise of $1,086,439.

The maximum subscription will result in a net increase to cash and cash equivalent of $16,189,982 being the net of cash raised of $18,000,000 and costs incurred in respect to the capital raise of $1,810,018.

### 8.10.3 Impact of pro forma adjustments on Issued Capital

*Table 10 Impact of pro forma adjustments on Issued Capital*

| | MINIMUM SUBSCRIPTION OF $5,000,000 $ | MAXIMUM SUBSCRIPTION OF $23,707,475 $ |
|---|---|---|
| **Issued capital as at 31 March 2016** | **16,957,685** | **16,957,685** |
| Proceeds from Share Issue | 5,000,000 | 18,000,000 |
| Share Issue Costs | (552,018) | (1,323,754) |
| Sub total pro forma adjustment | 4,447,982 | 16,676,246 |
| **Pro forma issued capital as per the pro forma historical consolidated statement of financial position** | **21,405,667** | **33,633,931** |

The minimum subscription will increase issued capital by $5,000,000. Costs directly attributable to the capital raising of $552,018 are charged to equity. The impact of the pro forma adjustments on issued capital under the minimum subscription is an increase of $4,447,982.

The maximum subscription will increase issued capital by $18,000,000 as $5,707,475 of the $23,707,475 maximum subscription will be the transfer of existing shares currently held by Existing Shareholders to Applicants. Costs directly attributable to the capital raising of $1,323,754 are charged to equity. The impact of the pro forma adjustments on issued capital under the minimum subscription is an increase of $16,676,246.

### 8.10.4 Impact of pro forma adjustments on Reserves

*Table 11 Impact of pro forma adjustments on Reserves*

| | MINIMUM SUBSCRIPTION OF $5,000,000 $ | MAXIMUM SUBSCRIPTION OF $23,707,475 $ |
|---|---|---|
| **Reserves at 31 March 2016** | **653,020** | **653,020** |
| Performance Rights vesting | 540,682 | 540,682 |
| Sub total pro forma adjustment | 540,682 | 540,682 |
| **Reserves per the pro forma historical consolidated statement of financial position** | **1,193,702** | **1,193,702** |

Performance Rights issued to staff and directors with an IPO vesting condition have been allocated to Reserves representing a pro forma adjustment of $540,682.

### 8.10.5 Impact of pro forma adjustments on Accumulated Losses

*Table 12 Impact of pro forma adjustments on Accumulated Losses*

| | MINIMUM SUBSCRIPTION OF $5,000,000 $ | MAXIMUM SUBSCRIPTION OF $23,707,475 $ |
|---|---|---|
| **Accumulated Losses at 31 March 2016** | **(10,899,129)** | **(10,899,129)** |
| Performance Rights vesting | (540,682) | (540,682) |
| Share Issue Costs charged to profit and loss | (534,421) | (486,264) |
| Sub total pro forma adjustment | (1,075,103) | (1,026,946) |
| **Pro forma accumulated losses as per the pro forma historical consolidated statement of financial position** | **(11,974,232)** | **(11,926,075)** |

Performance Rights issued to staff and Directors that vest on the ASX listing of the Company have been expensed in full representing a pro forma adjustment of $540,682. Costs that relate to the ASX listing, or are otherwise not directly attributable to issuing new Shares, are recorded in Profit & Loss. The impact on Accumulated Losses will depend on the amount raised under the Offer:

- the impact on Accumulated Losses under the minimum subscription is an increase of $534,421. Accumulated Losses have increased by $1,075,103 under the minimum subscription;
- the impact on Accumulated Losses under the maximum subscription is an increase of $486,264. Accumulated Losses have increased by $1,026,946 under the maximum subscription.

## 8.11 Significant accounting policies

### 8.11.1 Basis of consolidation

The DomaCom Group financial statements consolidate those of the Parent Company and all of its subsidiaries. The Parent Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group Companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group Companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of Subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the DomaCom Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the DomaCom Group. The DomaCom Group attributes total comprehensive income or loss of subsidiaries between the owners of the Parent and the non-controlling interests based on their respective ownership interests.

### 8.11.2 Revenue

Revenue arises from the investment management services provided to the DomaCom Fund and is recognised on an accruals basis. Interest income and expense are reported on an accruals basis. The DomaCom Group may be entitled to claim a refundable tax credit for eligible research and development expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The DomaCom Group accounts for a claim as an offset against eligible capitalised R&D expenditure. To the extent the claim relates to costs that were expensed as they did not meet the capitalisation criteria under AASB 138 Intangible Assets, this amount is recognised as Other Income.

### 8.11.3 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

### 8.11.4 Intangible assets

***Recognition of Acquired intangible assets***

Acquired computer software is capitalised on the basis of the costs incurred to acquire and install the specific software.

***Internally developed intangibles***

Expenditure on the research phase of projects to develop the software platform is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the DomaCom Group intends to and has sufficient resources to complete the project
- the DomaCom Group has the ability to use or sell the asset
- the software will generate probable future economic benefits

Development costs not meeting these criteria for capitalisation are expensed as incurred.

***Subsequent measurement***

All intangible assets, including the internally developed software platform, are accounted for using the cost model whereby capitalised costs are amortised on a systematic basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

Any capitalised internally developed asset that is not yet complete is not amortised but is subject to impairment testing.

The DomaCom Group may be entitled to claim a refundable tax credit for eligible research and development expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The DomaCom Group accounts for a claim as an offset against eligible capitalised R&D expenditure to the extent the claim relates to capitalised expenditure. Subsequent expenditures on the maintenance of computer software and the software platform will be expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

### 8.11.5 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the DomaCom Group and it is probable that reversal will not occur in the foreseeable future. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the DomaCom Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the DomaCom Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

### 8.11.6 Employee benefits

***Short-term employee benefits***

Short-term employee benefits, including annual leave entitlement, are current liabilities included in employee benefits, measured at the undiscounted amount that the DomaCom Group expects to pay as a result of the unused entitlement.

***Share-based payments***

Share-based compensation benefits are provided to employees for no cash consideration. The fair value of shares granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the shares. Performance Rights issued to Directors and Employees are described in Directors' Interest and Remuneration (Section 10.2).

### 8.11.7 Provisions, contingent liabilities and contingent assets

Provisions for legal disputes, onerous contracts or other claims are recognised when the DomaCom Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the DomaCom Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the DomaCom Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

# 9 INDEPENDENT LIMITED ASSURANCE REPORT

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**Appendix A (Financial Services Guide)**

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This Financial Services Guide is dated 24 June 2016.

### About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987, Australian Financial Services Licence no 247140) ("Grant Thornton Corporate Finance") has been engaged by DomaCom Limited ("the Company") to provide a report in the form of an Independent Limited Assurance Report for inclusion in a Prospectus dated on or about 24 June 2016 ("the Prospectus") relating to the offer of ordinary shares in the Company ("the Report"). You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

### This Financial Services Guide

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

### Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and to deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

### General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 ACN 003 265 987
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Holder of Australian Financial Services Licence No. 247140

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### Fees, commissions and other benefits we may receive

Grant Thornton Corporate Finance charges fees to produce reports, including the Report. These fees are negotiated and agreed with the entity who engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of the Report, our fees are charged on a fixed basis. Partners, Directors or employees of Grant Thornton Corporate Finance, Grant Thornton Australia Ltd, or other associated entities, may receive dividends, salary or wages from Grant Thornton Australia Ltd. The fees charged for the preparation of the Report agreed by the Company is approximately $40,000 plus GST.

### Associations with issuers of financial products

Grant Thornton Corporate Finance and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, Grant Thornton Audit Pty Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

### Complaints

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the National Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

PO Box 579 – Collins Street West
Melbourne, VIC 8007
Telephone: 1800 335 405

Grant Thornton Corporate Finance is only responsible for the Report and this FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

### Contact Details

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

National Head of Corporate Finance
Grant Thornton Corporate Finance Pty Ltd
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24 June 2016

Dear Directors,

## INDEPENDENT LIMITED ASSURANCE REPORT ON THE HISTORICAL AND PRO FORMA FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

### Introduction

We have been engaged by DomaCom Limited ("DomaCom", or the "Company") to report on the historical and pro forma financial information of the Company for inclusion in the prospectus (the "Prospectus") to be dated on or about 24 June 2016, and to be issued by DomaCom in respect of the Offer.

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") holds an Australian Financial Services Licence (AFS Licence Number 247140). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at **Appendix A**.

### Scope

You have requested Grant Thornton Corporate Finance to review the following Historical Financial Information of the Company included in the Prospectus:

#### *Historical Financial Information*

The Historical Financial Information, as set out in the Prospectus comprises:

- The audited consolidated historical statement of comprehensive income of the Company and its subsidiaries (the "Group") for FY2014 and FY2015, and the reviewed historical statement of comprehensive income for the nine months ending 31 March 2016;

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Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

- The audited consolidated historical statement of cash flows of the Group for FY2014 and FY2015, and the reviewed consolidated historical statement of cash flows for the nine months ending 31 March 2016;

- The audited consolidated historical statement of financial position of the Group as at 30 June 2014 and 30 June 2015, and the reviewed consolidated historical statement of financial position as at 31 March 2016; and

- The pro forma consolidated statement of financial position of the Group as at 31 March 2016, which assumes completion of the transactions outlined in **Section 8.10** of the "Financial Information" section (which include the Offer) (the "Pro Forma Transactions") as though they had occurred on that date.

The Historical Financial Information other than the Pro Forma Transactions and the results of the associated adjustments to the consolidated pro forma statement of financial position has been extracted from the audited financial statements for FY2014 and FY2015 which were audited by Grant Thornton Audit Pty Ltd restated for the impact of change in accounting policy detail in Section 8.6.1. Grant Thornton Audit Pty Ltd issued unqualified audit opinions in respect of these periods with an emphasis of matter on going concern.

The stated basis of preparation is the recognition and measurement principles contained under Australian Generally Accepted Accounting Principles ("AGAAP") and the DomaCom adopted accounting principles applied to the Historical Financial Information.

The Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in Australia in accordance with the Corporations Act 2001.

This report has been prepared for inclusion in the Prospectus. Grant Thornton Corporate Finance disclaim any assumption of responsibility for any reliance on this report or on the Historical Financial Information to which this report relates for any purpose other than the purposes for which it was prepared. This report should be read in conjunction with the Prospectus.

**Directors' Responsibility**

The Directors of DomaCom are responsible for the preparation and presentation of the Historical Financial Information. The Directors are also responsible for the determination of the Pro Forma Transactions and the basis of preparation of the Historical Financial Information.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine necessary to enable the preparation of the Historical Financial Information that are free from material misstatement.

**Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information based on the procedures performed and evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450: *"Assurance Engagements involving Corporate Fundraisings and/ or Prospective Historical Financial Information"* and ASAE 3420: *"Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information"*.

Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures applied to the accounting records in support of the Historical Financial Information.

These procedures are substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical Financial Information.

Our engagement did not involve updating or reissuing any previously issued audit reports on any historical financial information used as a source of the Historical Financial Information.

**Conclusion**

***Historical Financial Information***

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that:

- The Historical Financial Information as described in the "Financial Information" section of the Prospectus does not present fairly:
  - The audited consolidated historical statement of comprehensive income of the Group for FY2014 and FY2015, and the reviewed consolidated historical statement of comprehensive income for the nine months ended 31 March 2016;
  - The audited consolidated historical statement of cash flows of the Group for FY2014 and FY2015, and the reviewed consolidated historical statement of cash flows for the nine months ended 31 March 2016;
  - The audited consolidated historical statement of financial position of the Group as at 30 June 2014 and 30 June 2015, and the reviewed consolidated historical statement of financial position as at 31 March 2016; or
  - The pro forma consolidated historical statement of financial position of the Group as at 31 March 2016; or

- The pro forma consolidated statement of financial position of the Group as at 31 March 2016 has not been properly prepared on the basis of the Pro Forma Transactions or the Pro Forma Transactions do not set out a reasonable basis for it;

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements under AGAAP.

**Restriction on Use**

Without modifying our conclusion, we draw attention to the "Financial Information" section of the Propsectus, which describes the purpose of the Historical Financial Information, being for inclusion in the Prospectus. As a result, the Historical Financial Information may not be suitable for use for another purpose.

**Consent**

Grant Thornton Corporate Finance consents to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included.

**Liability**

The liability of Grant Thornton Corporate Finance is limited to the inclusion of this report in the Prospectus. Grant Thornton Corporate Finance makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.

**Independence or Disclosure of Interest**

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

Brad Taylor
Partner

Peter Thornely
Partner

# 10 KEY PEOPLE, INTERESTS, BENEFITS AND CORPORATE GOVERNANCE

## 10.1 Board of Directors

The Board of Directors have extensive experience across local and overseas financial markets and the combined talent and skills base provides experience across share markets, managed investments, property transactions and markets, technology, distribution and corporate governance. Further details about each director are set out below:

**Grahame Evans – Non-Executive Chairman**

Grahame has been extensively involved with the financial services industry for over 30 years.

He has held a variety of board positions including Chairman of Australian, Canadian, Singaporean & Chinese investment & advice businesses and also as a director of Malaysian and New Zealand companies. He is a regular speaker at conferences both in Australia and overseas and holds an MBA from the prestigious Australian Graduate School of Management, voted in the top 10 management schools in the Asian region. Grahame's executive roles have included CEO Investments for Tower Australia, Managing Director, AMP Consulting and Group Managing Director of Centrepoint Wealth. He is currently an executive director of GPS Wealth.

**Graeme Billings – Non-Executive Director**

Graeme has been a chartered accountant since1980. He retired from PricewaterhouseCoopers in 2011 after 34 years where he was a senior partner in the Assurance practice. Graeme is a former head of the Melbourne Assurance practice as well as leading the Firm's Australian and Global Industrial Products businesses. He has extensive experience in providing assurance, governance, transaction and consulting services to multi-national and national companies in the automotive, manufacturing, consumer goods and construction industries. Graeme was also a regular media commentator on the Industrial Products sector.

Graeme is now an advisor to various companies as well as acting as a non-executive director for a number of public and private companies in the financial services, manufacturing, retail and construction sectors.

### David Archbold – Non-Executive Director

David Archbold has over 45 years' experience in the property industry in Australia. Prior to the establishment of International Property Group Pty Limited in 1991, David was Executive Director - International, for Colliers Jardine New Zealand and Asia and Executive General Manager of Hooker Corporation. For 17 years prior he was the Managing Director of Baillieu Knight Frank (SA) Pty Ltd, then Managing Director of Baillieu Knight Frank (NSW) and a Director/Partner of the Australian Company.

David has extensive experience in property consultancy throughout Australia and South East Asia with Corporate and large family owned businesses.

### Peter Church OAM – Non-Executive Director

Peter Church OAM FAICD is a lawyer and corporate adviser who has spent much of his career in South East Asia and India where he advises a wide range of clients. He has written a number of books on the region and is an Adjunct Professor in the Business School of Curtin University. He was awarded the Medal of the Order of Australia (OAM) in 1994 by the Australian Government for the promotion of business relations between Australian and South East Asia. He is also a Fellow of the Australian Institute of Company Directors (FAICD). His current appointments include Executive Chairman of AFG Venture Group, Special Counsel to the English law firm, Stephenson Harwood, Non-Executive Director of OM Holdings Limited (ASX), Elara Capital PLC and the Singapore international Chamber of Commerce Limited.

### Arthur Naoumidis – CEO (Chief Executive Officer - Executive Director)

After 20 years as an IT consultant, Arthur spent 5 years at JB Were and BNP Paribas building and operating investment administration systems and businesses. Using his combined technology and investment administration background, Arthur founded the now ASX Listed Praemium (ASX: PPS). Under Arthur's leadership, Praemium grew into a business with 500 client firms (accountants, financial advisers, stockbrokers, SMSF administrators and institutions) in Australia administering over $43 billion as well as partnering with Blackrock Australia to launch Australia's first online separately managed account (SMA) platform. As a result of listing Praemium on the ASX, Arthur took the Praemium SMA concept to the UK and successfully launched the SMA platform business of Praemium UK.

**Ross Laidlaw – Chief Financial Officer/Chief Operational Officer (Executive Director)**

Ross has spent over 25 years in Financial Services, and has deep and expansive experience within markets in Australasia, Europe and America. His strength lies in the development of start-up or green field developments and driving them into fully fledged and profitable businesses. Ross was CEO of the successful Skandia platform for over 7 years, developing it into a leading platform that was well supported by independent financial advisers. Prior to Ross being transferred to Skandia's European business, the business had grown organically to over $5 billion in assets under management and employed over 200 staff. Ross has held a number of directorships within Skandia including Skandia's Australian businesses, Skandia's joint venture in mainland China, Skandia's fund management company in Ireland and Skandia's US broker dealer group.

**Philip Chard – Financial Controller and Company Secretary**

Philip has over 20 years of experience in the financial services industry. As a senior manager at Deloitte he provided assurance and advisory services within the funds management and investment banking sectors. Subsequently he has held a broad range of financial control and reporting positions within the property, funds management and banking sectors, including senior roles with Bank of Tokyo-Mitsubishi and APN Property Group Limited. He has a strong understanding of the requirements of highly regulated industries and the reporting obligations of listed companies. He has a proven track record of designing and implementing robust internal control and reporting systems.

## 10.2 Directors' interest and remuneration

### 10.2.1 Chief Executive Officer

Arthur Naoumidis is employed as the Chief Executive Officer of DomaCom. DomaCom has entered into an employment contract with Mr Naoumidis that governs his employment with the Company. Refer to Section 10.2.6 for further details.

### 10.2.2 Non-Executive Directors remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. However, under the ASX Listing Rules, the total amount of fees payable to all Directors for their services (excluding for these purposes, the remuneration of the Executive Directors) must not exceed in aggregate, in any financial year, the amount fixed by the Company in its general meeting. This amount has been capped by the Company at $180,000 per annum. Any increase to that aggregate annual sum needs to be approved by Shareholders. Directors will seek approval of the Shareholders from time to time, as appropriate.

This aggregate annual sum does not include any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for, or at the request of the Company, which may be made in addition to, or in substitution for the Directors' fees.

For FY2016, it is expected that the fees payable to the current Non-Executive Directors will not exceed $180,000 in aggregate. The annual Directors' fees currently agreed to be paid by the Company are $60,000 (exclusive of GST) to the Chairman and $40,000 (exclusive of GST) to each of the other Non-Executive Directors.

Superannuation payments are included in Director's fees with the exception of Grahame Evans.

### 10.2.3 Deeds of access, indemnity and insurance

The Company has entered into a deed of access, indemnity and insurance with each Director which contains the Director's right of access to Board papers and requires the Company to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain losses and liabilities (including all reasonable legal expenses) which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as a Director of the Company or of a related body corporate.

Under the deeds of access, indemnity and insurance, the Company must maintain a directors' and officers' insurance policy insuring each Director (amongst others) against liability as a director of the Company and its related bodies corporate for the period that they are directors and for seven years after they cease to act as directors of the Company or a related body corporate (or the date any relevant proceedings commenced during the seven-year period have been finally resolved).

### 10.2.4 Other entitlements

Directors may also be reimbursed for travel and other expenses reasonably incurred in connection with the performance of their duties as Directors. Directors may be paid such special remuneration as the Directors decide is appropriate where a Director performs extra work or services for or at the request of the Company. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

### 10.2.5 Directors' interests in shares and other securities

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director:

- has or had at any time during the two years preceding the Prospectus Date, an interest in:
  - > the formation or promotion of the Company;
  - > any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; or
  - > the Offer; or
- has been paid or agreed to be paid any amount (whether in cash, Shares or otherwise), or has been given or agreed to be given any other benefit, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

As at the date of this prospectus the Directors held shares and performance rights as set out below:

**Table 13 Directors' interests**

| DIRECTOR | SHARES(i) | PERFORMANCE RIGHTS |
|---|---|---|
| Grahame Evans | 687,500 | 42,786 |
| Graeme Billings | 375,000 | 28,590 |
| David Archbold | 250,000 | 28,590 |
| Peter Church | 50,000 | 28,590 |
| Arthur Naoumidis | 18,913,323 | 0 |
| Ross Laidlaw | 1,625,000 | 213,929 |

(i) As at the date of this Prospectus

These Shares will be subject to escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules.

### 10.2.6 Executive Directors remuneration

#### Chief Executive Officer

Arthur Naoumidis is employed by DomaCom Limited in the position of Chief Executive Officer. On 26 October 2015, the Company entered into an executive services agreement with Arthur Naoumidis with respect to his engagement as Chief Executive Officer of DomaCom. The key terms of the agreement are as follows:

**Term:** The term of the agreement commenced on 26 October 2015 and will continue until either the Company or the Executive elects to terminate;

**Services:** Arthur Naoumidis will provide the following services (amongst others) to the Company:

- maintaining direct responsibility for the day to day management and operational requirements of the Company's business and the DomaCom group of companies in accordance with stated strategy to ensure overall agreed profit targets are met;

- developing and promoting existing initiatives and new initiatives to strengthen brand reputation and market position;
- developing relationships with clients, providers, shareholders and prominent personnel in the regulatory environment to deliver best shareholder value;
- the development and execution of annual business plans, sales plans and budgets;
- direct oversight over the IT developments and direction;
- strategic planning around product development, customer and business development; and
- promoting leadership within the executive team and fostering a corporate culture that is collective and attracts employee commitment.

**Remuneration:** Arthur Naoumidis will receive an annual package of $330,000 ($301,370 being the fixed salary component and $28,630 being superannuation per annum). Arthur Naoumidis may also receive other benefits as agreed between the Company and himself from time to time;

**Entitlements:** Arthur Naoumidis is entitled to 4 weeks of annual leave per annum in addition to other employee entitlements that are customary for an agreement of this nature; and

**Termination:** both Arthur Naoumidis and the Company may terminate the agreement at any time and for any reason by giving 6 months' written notice to the other party. Arthur Naoumidis' employment may otherwise be terminated by the Company at any time for cause.

### Executive Director (Ross Laidlaw)

On 17 December 2012, the Company entered into an executive services agreement with Ross Laidlaw with respect to his engagement as Chief Financial Officer and Chief Operational Officer of DomaCom. The key terms of the agreement are as follows:

**Term:** the term of the agreement commenced on 17 December 2012, and will continue until either the Company or the Executive elects to terminate;

**Services:** Ross Laidlaw will provide the following services (amongst others) to the Company:
- co-drive corporate strategy of the DomaCom Group together with the CEO;
- assume the role of the second Executive Director of DomaCom;
- establish and oversee the operations team of the DomaCom Fund;
- preparation of the business plan in conjunction with CEO including preparation of sales targets;
- prepare the financial model of the DomaCom Group;
- establish a finance team and manage the oversight of the finance function of the DomaCom Group; and
- manage the audit of the DomaCom Group.

**Remuneration:** Ross Laidlaw will receive an annual salary package of $300,000, comprising of $273,972 fixed salary and $27,028 superannuation. Ross Laidlaw may also receive other benefits as agreed between the Company and himself from time to time;

**Entitlements:** Ross Laidlaw is entitled to 4 weeks of annual leave per annum in addition to other employee entitlements that are customary for an agreement of this nature; and

**Termination:** Both Ross Laidlaw and the Company may terminate the agreement at any time and for any reason by giving three months' written notice to the other party. Ross Laidlaw's employment may otherwise be terminated by the Company at any time for cause.

## Other Senior Management

All other senior management are employed under written terms of employment with either DomaCom Australia or another member of the DomaCom Group.

The key terms and conditions of their employment include:

- total remuneration packages (including mandatory superannuation contributions);
- the potential to receive an annual short-term Incentive; and
- provisions ensuring that all intellectual property developed by them in the course of their work with the DomaCom Group is created for the benefit of and owned by the DomaCom Group.

### 10.2.7 Director and Employee Long Term Incentive Plan (LTIP)

In 2014 the DomaCom Group's shareholders approved a Director Long Term Incentive Plan and Employee Long Term Incentive Plan (LTIP). The first awards were made under the LTIP in December 2015. The LTIP was established as a retention strategy and an incentive for staff and directors to continue to work hard for the DomaCom Group. Through obtaining equity, staff are motivated to strive to make the DomaCom Group successful as they will ultimately share in the success.
All Directors (excluding the CEO) and employees who were employed on 14th of December 2015 have been granted performance rights.

Mr Naoumidis, who is the key founder of DomaCom and as at the Prospectus Date is its largest shareholder did not participate in the ESP.

The Performance Rights granted to the non-executive Directors and employees (other than CFO/COO Ross Laidlaw) in December 2015 will vest if the Company lists on the ASX. Vesting gives the holder of a Performance Right the right to convert some or all of their Performance Rights into ordinary shares. Each Performance Right entitles its owner to one ordinary share in the Company on conversion. The performance rights expire on 31 December 2018 and may be exercised at any time after the Company is listed up to that date.

The Performance Rights granted to the Company's Chief Operating Officer, Executive Director Ross Laidlaw, will vest following achievement of each of the following milestones:

- the Company is admitted to the official list of ASX;
- FUM in the DomaCom Fund has reached $100 million; and
- the price at which ordinary shares in the Company have traded has reached $1.00.

For the avoidance of any doubt, Mr Laidlaw's Performance Rights will vest after each of these milestones has been achieved even if not all of them remain satisfied at the time the last of these milestones are met. Once vested, each Performance Right that Mr Laidlaw holds can be converted to ordinary shares at any time he chooses to exercise his rights between the date of vesting and 31 December 2018.

Further details of the LTIP are set out in Section 12.4.

**Table 14 Performance Rights**

| | NO OF PERFORMANCE RIGHTS GRANTED 14TH DECEMBER 2015 |
|---|---|
| **DIRECTORS (NON-EXECUTIVE AND EXECUTIVE)** | **342,485** |
| EMPLOYEES | 1,743,040 |

## 10.3 Corporate governance

The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving an annual business plan (including a budget). The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The ASX Corporate Governance Council has developed and released its third edition of the ASX Corporate Governance Principles and Recommendations for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Corporate Governance Principles and Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Corporate Governance Principles and Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and provide reasons for not following it. Section 10.3 sets out a brief summary of the approach currently adopted by the Company in relation to the ASX Corporate Governance Principles and Recommendations.

The DomaCom Board meets monthly and is responsible for the overall governance of the DomaCom Group and oversees the management of the DomaCom business. The Board reviews the development of the Company including its operational and financial performance and ensures it is compliant within the various laws, regulations and guidelines within which it operates. The Board reviews, discusses and agrees on DomaCom's strategy with the goal of maximising shareholder value, through the successful performance of the business. The Board, management and employees operate within a strong framework of corporate governance to protect the interests of shareholders, investors, directors and staff.

### 10.3.1 Board independence, composition and appointments

The Board is currently made up of 6 directors, 4 of which are independent non-executive directors and 2 are executive directors. The maximum number of directors can be 9.

The Board currently has skills and experience across share markets, property markets, managed investments, finance and regulatory and corporate governance environments. The Board also has experience across both domestic and international markets.

The Board will continue to ensure that it has the necessary skills and experience to carry out its roles and responsibilities in the operation of the DomaCom business.

The Company's constitution requires that one third of the directors, other than the Managing Director (CEO), must retire by rotation at each AGM.

The Board is responsible for the overall governance of the Company. Issues of substance affecting the Company are considered by the Board, with advice from external advisers as required.

Each Director must bring an independent view and judgement to the Board and must declare all actual or potential conflicts of interest on an ongoing basis. Any issue concerning a Director's ability to properly act as a Director must be discussed at a Board meeting as soon as practicable, and a Director may not participate in discussions or resolutions pertaining to any matter in which the Director has a material personal interest.

In accordance with the Board Charter (see Section 10.3.2), it is intended that the Board will be comprised of a majority of independent directors. The Board considers an independent Director to be a Non-Executive Director who is independent of management and any substantial shareholder.

In approaching the question of independence, the Board has adopted a definition of independence that is based on the definition set out in the ASX Corporate Governance Principles and Recommendations. Accordingly, in considering independence any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent and unfettered exercise of a Director's judgement are also taken into account. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board assesses independence of directors upon appointment and annually through attestation from each director.

### 10.3.2 Board Charter

A Board Charter prepared having regard to the ASX Corporate Governance Principles and Recommendations, has been adopted by the Board and covers the independence of directors (as described above), the Board's responsibility for overall governance of the Company, the Board members' roles, powers and responsibilities.

A copy of the Company's Board Charter is available on the Company's website at www.domacom.com.au/investor-relations

### 10.3.3 Board Committees

The Board has established 2 standing committees to facilitate and assist the Board in fulfilling its responsibilities. It may also establish other committees from time to time to assist in the discharge of its responsibilities.

#### *Audit Committee*

The Board has established a Board Audit Committee.

The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities in relation to the external audit function, accounting policies, financial reporting, funding, financial risk management, business risk monitoring, insurance and certain compliance matters.

The Committee has authority from the Board to review and investigate any matter within the scope of its Charter and make recommendations to the Board in relation to the outcomes. The Committee has no delegated authority from the Board to determine the outcomes of its reviews and investigations and the Board retains its authority over such matters.

The Committee must have at least three members, a majority of whom must be independent non-executive directors.

At least one member of the Committee should have significant expertise in financial reporting, accounting or auditing. The Chairman of the Committee should act independently and must not be the Chairman of the Board.

The current Audit Committee members are:

- Graeme Billings — Chairperson and Independent Non-Executive Director
- David Archbold — Independent Non-Executive Director
- Ross Laidlaw — Executive Director (Chief Operating Officer & Chief Financial Officer)

A copy of the Company's Audit Committee Charter is available on the Company's website at www.domacom.com.au/investor-relations

### *Remuneration Committee*

The Remuneration Committee is responsible for establishing the policies and practices of the DomaCom Group regarding the remuneration of Directors and senior executives and reviewing all components of the remuneration framework.

The purpose of the Remuneration Committee is to assist the Board in overseeing the controls, procedures and framework for setting DomaCom's remuneration framework for Directors. In performing its duties, the Committee will report to the Board and maintain effective working relationships with the Board and management. The Board shall be responsible for establishing the policies and practices of the DomaCom Group regarding the remuneration of Directors and senior executives and reviewing all components of the remuneration framework.

The Remuneration Committee at present comprises the full Board.

A copy of the Company's Board Charter is available on the Company's website at www.domacom.com.au/investor-relations

### *Nominations Committee*

The Company has recently formed a Nominations Committee.

The Chairman is responsible for advising the Board as a whole on the composition of the Board and its committees, reviewing the performance of the Board, its committees and the individual Directors, and ensuring the proper succession plans are in place.

The Nominations Committee at present comprises the full Board.

A copy of the Company's Board Charter is available on the Company's website at www.domacom.com.au/investor-relations

## 10.4 Policies

The Company has adopted the following policies, each of which has been prepared or revised having regard to the ASX Corporate Governance Principles and Recommendations and is available on the Company's website at www.domacom.com.au/investor-relations

### *Continuous Disclosure policy*

Once listed on the ASX, the Company will need to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act to ensure the Company discloses to the ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. As such, this policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations.

### *Staff Trading policy*

This policy is designed to maintain investor confidence in the integrity of the Company's internal controls and procedures and to provide guidance on avoiding any breach of insider trading laws. It addresses both trading in securities by staff and exercise of vested performance rights.

### *Conflicts Management policy*

This policy provides a consistent approach when managing conflicts of interest impacting the Company.

### *Code of Conduct*

This policy sets out the standards of ethical behaviour that the Company expects from its Directors, officers and employees.

### *Communication with Shareholders*

This policy sets out practices which the Company will implement to ensure effective communication with its Shareholders.

### *Diversity Policy*

The Diversity Policy sets out the Company's objectives for achieving diversity amongst its Board, management and employees. The aims of this policy are:

- to articulate commitment to diversity within the Company at all levels (including employee level, senior executive level and Board level); and
- to establish objectives and procedures which are designed to foster and promote diversity within the Company.

### *Risk Management Policy*

This policy sets out how the Company evaluates the effectiveness of its risk management framework to ensure that its internal control systems and processes are monitored and updated on an ongoing basis.

#### 10.4.1 ASX Corporate Governance Principles and Recommendations

The Board has evaluated the Company's current corporate governance policies and practices in light of the ASX Corporate Governance Principles and Recommendations. A brief summary of the approach currently adopted by the Company is set out below.

### *Principle 1 – Lay solid foundations for management and oversight*

The respective roles and responsibilities of the Board and executives are defined in the Board Charter, a copy of which is available on the Company's website at www.domacom.com.au/investor-relations

There is a clear delineation between the Board's responsibility for the Company's strategy and activities, and the day-to-day management of operations conferred upon the Company's officers.

The Company Secretary, Philip Chard, reports directly to the Chairman of the Board in his role as Company Secretary. In his role as Financial Controller he reports directly to the Chief Financial Officer. The role of the Company Secretary is outlined in the Board Charter.

The Chairman is responsible for advising the Board as a whole on the composition of the Board and its committees, reviewing the performance of the Board, its committees and the individual Directors and ensuring the proper succession plans are in place.

The Nominations Committee at present comprises the full Board.

The Company has adopted a Diversity Policy, a copy of which is available on the Company's website at www.domacom.com.au/investor-relations. The Company's Diversity Policy requires the Board to establish measurable objectives to assist the Company in achieving gender diversity and provides for the Board to review the Company's progress in meeting these objectives.

### *Principle 2 – Structure the Board to add value*

The Board is comprised of two Executive and four Non-Executive Directors (each of whom is an independent non-executive) and the roles of Chairman and Chief Executive Officer are exercised by two separate individuals.

The majority of Directors are considered independent based on the independence requirements in the ASX Corporate Governance Principles and Recommendations and the Company's Chairman is also considered to be an independent Director based on the independence requirements in the ASX Corporate Governance Principles and Recommendations.

The Board believes that the size, composition and skills of the Board are appropriate for the Company's business and circumstances and are in the best interests of Shareholders as a whole. The Board is responsible for regularly reviewing its size, composition and skills to ensure that it is able to discharge its duties and responsibilities effectively, and to identify any gaps in the skills or experience of the Board. The Company with the assistance of the Board provides continuing education for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively.

### *Principle 3 – Act ethically and responsibly*

The Company has adopted a Code of Conduct which applies to all directors, officers, employees, contractors or consultants of the Company as well as a Staff Trading Policy.

Each of these has been prepared having regard to the ASX Corporate Governance Principles and Recommendations and is available on the Company's website at www.domacom.com.au/investor-relations

### *Principle 4 – Safeguard integrity in financial reporting*

The Company has established an Audit Committee to oversee the management of financial and internal risks. It does not currently comply with all of the best practice recommendations contained in the ASX Corporate Governance Principles and Recommendations, specifically in that one of its members is an executive director. When the Company is listed it will consider how best to reconstitute its Audit committee and address the differences between the ASX Corporate Governance Principles and Recommendations and its current practices.

The Audit committee is governed by the Audit Committee Charter, a copy of which is available on the Company's website at www.domacom.com.au/investor-relations

### *Principle 5 – Make timely and balanced disclosure*

The Company is committed to providing timely and balanced disclosure to the market in accordance with its Continuous Disclosure Policy, a copy of which is available on the Company's website at www.domacom.com.au/investor-relations

### *Principle 6 – Respect the rights of security holders*

The Company has adopted a Shareholder Communications Policy which promotes two way communication between the Company and its Shareholders. The Company seeks to recognise numerous modes of communication, including electronic communication, to ensure that its communication with Shareholders is frequent, clear and accessible.

The Company will provide investors with comprehensive and timely access to information about itself and its governance website at www.domacom.com.au/investor-relations

All Shareholders will be invited to attend the Company's annual meeting, either in person or by representative. The Board regards the annual meeting as an excellent forum in which to discuss issues relevant to the Company and accordingly encourages full participation by Shareholders. Shareholders have an opportunity to submit questions to the Board and to the Company's independent auditor.

### *Principle 7 – Recognise and manage risk*

In conjunction with the Company's other corporate governance policies, the Company has adopted a Risk Management Policy, which is designed to assist the Company to identify, evaluate and mitigate risks affecting the Company.

The Company's Board is responsible for reviewing whether the Company has any material exposure to any economic, environmental and social sustainability risks, and if so, to develop strategies to manage such risks.

Regular internal communication between the Company's management and Board supplements the Company's quality control system, complaint handling processes, employee policies and standard operating procedures which are all designed to address various forms of risks. The Company regularly evaluates the effectiveness of its risk management framework to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The Company's Board is responsible for providing an independent and objective assessment regarding the adequacy, effectiveness and efficiency of the Company's risk management and internal control process.

A copy of the Company's Risk Management Policy is available on the Company's website at www.domacom.com.au/investor-relations

### *Principle 8 – Remunerate fairly and responsibly*

The Company's Board oversees the level and composition of remuneration of the Directors and DomaCom Group's executives. The Company will provide disclosure of its Directors' and executives' remuneration in its annual report.

# 11 DETAILS OF THE OFFER

## 11.1 The Offer

This Prospectus relates to an offer of between 6,666,667 and 31,609,966 ordinary Shares in DomaCom at a price of $0.75 cents per Share. If Applications total more than $10 million but less than or equal to $15,707,475, up to $5,707,475 will be paid to the Selling Shareholders who are selling some or all of their Shares into this Offer. Any Applications received in excess of $15,707,475 and up to $23,707,475 will be applied to the issue of additional Shares.

The percentage of Shares which will be held by successful Applicants on Completion will depend on whether the Offer is closed on achieving the minimum subscription or a greater amount. The following table demonstrates some of the possible outcomes.

The Offer has been underwritten by the Underwriters (severally) up to the maximum number of $5 million to raise the minimum subscription amount of $5 million pursuant to the Underwriting Agreements. A summary of the Underwriting Agreement, including the events which would entitle the Underwriters (severally) to terminate their Underwriting Agreement, is set out in Section 12.5.5.

**Table 15 Indicative numbers of Shares to be issued under the Offer**

| AGGREGATE VALUE OF APPLICATIONS | NEW SHARES ISSUED | EXISTING SHARES TO BE TRANSFERRED | TOTAL SHARES ON ISSUE ON COMPLETION | PERCENTAGE HELD BY SUCCESSFUL APPLICANTS |
|---|---|---|---|---|
| $5million | 6,666,667 | - | 107,462,308 | 6.20% |
| $10million | 13,333,333 | - | 114,128,974 | 11.68% |
| $15.7million* | 13,333,333 | 7,609,966 | 114,128,974 | 18.35% |
| $23.7million | 24,000,000 | 7,609,966 | 124,795,641 | 25.33% |

*In this scenario some, but not all, of the Existing Shares that can be transferred under the Offer will be sold. If less than $15.7 million and more than $10.0 million is raised then the amount allocated to Existing Shareholders selling down will be allocated on a proportional basis.

The Offer is made on the basis of the terms and conditions set out in this Prospectus.

## 11.2 The Purpose of the Offer and use of proceeds

The purpose of the Offer is to:

- provide further capital for the business to fund further growth of the DomaCom Fund and significantly increase its funds under management, which it in turn generates revenue for DomaCom in the form of management fees;
- allow DomaCom the ability to increase its sales and marketing efforts into both the intermediary and direct consumer channels for its products;
- support the launch and development of the DomaCom Equity Release and Corporate Bond products;
- continuing to develop and enhance the Platform functionality and provide tools that assist intermediaries to provide efficient, transparent and cost effective services to their clients;

- to improve the financial strength of the DomaCom Group, in turn increasing the confidence of intermediaries in DomaCom's products and longevity;
- provide a liquid market for the DomaCom shares and allow new shareholders to invest in DomaCom;
- assist in retaining and attracting employees to the company through the ability to provide shares to them in a publicly listed company; and
- subject to Applications having an aggregate value of $10 million or greater, provide a mechanism for the Selling Shareholders to realise all or a portion of their investment.

If only the minimum amount of the capital raising is achieved (being $5 million), this will curtail the amount of activity DomaCom could undertake in sales and marketing programs to grow FUM and build brand awareness in the direct consumer market. It is likely to lead to the need for a further capital raising in the medium term to meet working capital requirements.

Increases in the amount of capital raised will allow DomaCom to accelerate its sales and marketing efforts both into the intermediated and direct consumer channels, increase the speed of the development and enhancement of the Platform and commence exploring opportunities for growing the DomaCom business globally.

Increases in capital raised will also improve the financial strength of the Company, which will support the accelerated use of the Platform by intermediaries.

*The Directors intend to use DomaCom's cash reserves and any surplus cash flow to fund the business, rather than distributing these funds as dividends. The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by DomaCom.*

**Table 16 Use of Funds**

| USE OF FUNDS | AMOUNT ($'million) | AMOUNT ($'million) | AMOUNT ($'million) | AMOUNT ($'million) |
|---|---|---|---|---|
| **Cash proceeds from the issue of new shares** | **5.0** | **10.0** | **15.7** | **23.7** |
| **USES OF FUNDS** | | | | |
| Payments for the cost of the offer | (1.1) | (1.3) | (1.3) | (1.8) |
| Sell down by Existing Shareholders | | | (5.7) | (5.7) |
| Sales & Marketing (excluding staff costs) | (1.2) | (3.2) | (3.2) | (3.2) |
| Product Development (excluding staff costs) | (0.5) | (0.5) | (0.5) | (0.5) |
| Exploration of global opportunities | | (0.5) | (0.5) | (0.5) |
| To provide further working capital and financial stability for the business | (2.2) | (4.5) | (4.5) | (12.0) |
| **Total use of funds** | **(5.0)** | **(10.0)** | **(15.7)** | **(23.7)** |

Following the Offer, the Company will have sufficient working capital to meet its stated objectives.

## 11.3 Capital Structure

The table below shows the impact of the issue of shares on the capital structure of the Company.

**Table 17 Impact of share issue on capital structure**

| ORDINARY SHARES | NO OF SHARES ON ISSUE | NO OF SHARES ON ISSUE | NO OF SHARES ON ISSUE |
|---|---|---|---|
| Shares currently on issue | 100,795,641 | 100,795,641 | 100,795,641 |
| New Shares issued | 6,666,667 | 13,333,333 | 24,000,000 |
| Total Shares on issue at Completion | 107,462,308 | 114,128,974 | 124,795,641 |
| Unlisted Performance rights on issue at Completion | 2,085,525 | 2,085,525 | 2,085,525 |
| Total shares on Issue (fully diluted) at Completion | 109,547,833 | 116,214,499 | 126,881,166 |

**Note:**
There may be additional issues of Shares within a short time after Completion. These issues do not have any material impact on the Company's capital structure. They are:

- The Company has committed to issuing 159,861 fully paid ordinary shares to persons who were early investors in the DomaCom Fund. The agreement to issue those Shares was subject to the Company becoming listed on the ASX.
- As noted in Sections 10.2.7 and 12.4 Performance Rights awarded to non-executive Directors and DomaCom Group Employees will vest on the listing of the Company, entitling the holders of those rights to have Shares issued to them.

As additional Shares are issued, the Company will lodge an Appendix 3B pursuant to the Listing Rules.

## 11.4 Key Offer terms and conditions

Table 18 Key offer terms and conditions

| MATTER | DETAIL |
|---|---|
| **What security is being offered?** | Shares that are fully paid ordinary shares in the capital of DomaCom Limited. |
| **What is the amount of consideration payable?** | The amount of $0.75 is payable for each Share. |
| **How many Shares are being offered?** | Up to 31.6 million Shares (comprising up to 24million new Shares and up to 7.6 million Existing Shares) |
| **Is there a minimum amount of Shares that must be applied for under the Offer for the Offer to proceed?** | Yes. A minimum of 6.67 million Shares must be applied for in order for the Offer to proceed. |
| **Is there a minimum amount of investment required?** | $2,250 (3000 Shares) |
| **Is the Offer underwritten?** | The Offer is underwritten by the Underwriters (severally) up to the maximum amount of $5 million to raise the minimum subscription of $5 million, subject to the Underwriting Agreements. |
| **Is there a guaranteed allocation?** | No. The allocation of Shares among Applicants will be determined by the Company and SellerCo Limited in consultation with the Sponsoring Retail Broker, the Lead Institutional Manager and the Corporate Adviser. |
| | The Company, its Corporate Adviser, the Sponsoring Retail Broker and the Lead Institutional Manager reserve the right to reject any Application or bid, or to allocate to any Applicant or bidder, fewer Shares than the number, or the equivalent dollar amount, applied for. |
| **Can the Offer be withdrawn?** | Yes. DomaCom and SellerCo Limited, in consultation with the Sponsoring Retail Broker, the Lead Institutional Manager and the Corporate Adviser reserve the right to withdraw the Offer before Shares are issued by DomaCom or transferred by SellerCo Limited. If the Offer is cancelled before the issue and transfer of Share, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. |
| **When is it expected the Shares will commence trading on ASX?** | Subject to Completion and a range of other factors impacting timing, the Shares are expected to commence trading on or around 18 August 2016. |

| | |
|---|---|
| **On what exchange will the Shares be quoted?** | DomaCom is seeking admission to the Official List of the ASX and for the quotation of its Shares on that exchange. Completion of the Offer is conditional on ASX admitting DomaCom to the Official List. It is expected that the listing code will be "DCL". |
| **What is the closing date of the Offer?** | The expected closing date of the Offer is 5 August 2016. DomaCom and Seller Co reserve the right to withdraw the offer (as explained above) or to vary any of the indicative dates by shortening or extending the Offer Period without notice. Investors are encouraged to submit their Applications as soon as possible after the Offer Opens. |
| **What are the taxation implications?** | Each investor's taxation implications will be unique to their own circumstances and you should seek your own taxation advice. Some general information about the taxation consequences of an investment in DomaCom are set out in Section 12.17 |
| **Is there any brokerage or stamp duty payable?** | No stamp duty or brokerage is payable on the acquisition of the Shares. |
| **For further information, where should I direct my enquiries?** | A toll free information line has been established 1800 702 479 or you can visit the web site www.domacom.com.au/investor-relations |

## 11.5 How to apply for Shares

### 11.5.1 How to apply

Applications under the Offer must be made and will only be accepted on the applicable Application Form that accompanies this Prospectus. Application Forms will be accepted at any time after the Opening Date and until 5.00pm (AEST) on the Closing Date.

An Application Form must be completed in accordance with the instructions on the form (if using a paper Application Form, the instructions are on the reverse side of the Application Form, if using an electronic Application Form, follow the prompts).
Applications under the Offer must be for a minimum of 3000 Shares for a total of $2,250.
Applications may be made for additional Shares in multiples of $75 in Application Monies for 100 Shares.

Applications must be accompanied by the payment of the Application Price in Australian currency of $0.75 for each Share applied for.

Applications and Application Monies for Shares under the Offer received after 5.00p.m. (AEST) on the Closing Date will not be accepted and will be returned to potential investors.
The Directors, in consultation with the Sponsoring Retail Broker, the Lead Institutional Manager and the Corporate Adviser may extend the Closing Date or close the Offer early any time after the expiry of the exposure period without prior notice. Accordingly, early lodgement of your Application is recommended. Applications must be accompanied by payment in Australian currency.

### 11.5.2 How to pay

Cheque(s) or bank draft(s) must be drawn on an Australian branch of a financial institution and made payable to "DomaCom Limited" and crossed "Not Negotiable". Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques have cleared as at 5.00pm on the Closing Date) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Alternatively, you can apply online at www.domacom.com.au and pay by BPAY, applications and payment must be received by 5.00 pm (Sydney Time) on the Closing Date.

Completed Application Forms and accompanying cheques may be lodged with:

**BY MAIL**
DomaCom Limited
c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

**HAND DELIVERED**
DomaCom Limited
c/- Boardroom Pty Limited
Level 12,
225 George Street
Sydney NSW 2000

### 11.5.3 Acceptance of Applications

An Application is an offer by an Applicant to the Company and to Seller Co to apply for Shares in the dollar amount specified in the Application Form on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

An Application may be accepted by the Company and SellerCo Limited in respect of the full amount, or any amount lower than that specified on the Application Form without further notice to the Applicant. The Company reserves the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Application Form or other laws or regulations may not be complied with in relation to the Application. The Company, SellerCo Limited, the Corporate Adviser, the Lead Institutional Manager and the Sponsoring Retail Broker reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Offer, or to waive or correct any errors made by the Applicant in completing their Application. In addition, the Company, SellerCo, the Corporate Adviser, the Lead Institutional Manager and the Sponsoring Retail Broker reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications.

The final allocation of Shares to Applicants in the Offer will be at the absolute discretion of the Company, in consultation with the Corporate Adviser, the Lead Institutional Manager and the Sponsoring Retail Broker, and the Company may reject an Application, or allocate fewer Shares than the number, or the equivalent dollar amount applied for.
Acceptance of an application will give rise to a binding contract, conditional on Settlement and quotation of Shares on ASX on an unconditional basis.

### 11.5.4 Application Monies

Application Monies received by the Company and SellerCo under the Offer will be held in a special purpose account until Shares are issued or transferred to successful Applicants. Applicants under the Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed (or otherwise in the Company's discretion provided with) a refund (without interest) of all or part of their Application Monies, as applicable.

### 11.5.5 Allocation of Shares

The allocation of Shares between the Applicants will be determined by the Company in consultation with its Corporate Adviser, the Lead Institutional Manager and the Sponsoring Retail Broker. The Company, the Corporate Adviser, the Lead Institutional Manager and Sponsoring Retail Broker will determine the allocation of Shares among retail, sophisticated and professional, and institutional Investors. Once the overall allocations are determined, the Corporate Advisers and Sponsoring Retail Broker will determine how they will allocate Shares amongst their clients.

# 12 ADDITIONAL INFORMATION

## 12.1 Corporate History, structure and taxation status

### 12.1.1 Incorporation

The Company was incorporated in Victoria on 23rd February 2015 as a public company limited by shares.

### 12.1.2 Balance date and company tax status.

The accounts for the Company will be made up to 30 June annually.

The Company will be subject to tax at the Australian corporate tax rate (the Australian entities are part of a single tax group). DomaCom Singapore is subject to the Singaporean corporate tax rate.

### 12.1.3 Capital Structure

The only securities currently on issue in the capital of the Company are ordinary shares.

### 12.2 Sale of Shares by SellerCo Limited

SellerCo Limited, a special purpose vehicle, has been established to facilitate the sale of Sale Shares by Selling Shareholders. Each of the Selling Shareholders, the Company and SellerCo Limited has entered into the Sell Down Agreement under which the Selling Shareholders irrevocably agree to sell some or all of their existing Shares to SellerCo Limited, which will be sold by SellerCo Limited into the Offer, free from encumbrances and third party rights. The Selling Shareholders have agreed to sell 7,609,966 Sale Shares to SellerCo Limited.

The Sale Shares which SellerCo Limited acquires from the Selling Shareholders will be transferred to successful Applicants at the Offer Price. The price payable by SellerCo Limited for the Sale Shares is the Offer Price (less 5% capital raising fee (plus GST) which is payable to the Company). The Company will also issue Shares to successful Applicants under the Offer.

SellerCo Limited has no material assets, liabilities or operations other than its interests in and obligations under the Sell Down Agreement. The directors of SellerCo are Grahame Evans, David Archbold and Graeme Billings. The Company has indemnified SellerCo Limited and each director and the shareholder of SellerCo Limited for any loss which SellerCo Limited or any director or the shareholder of SellerCo Limited may incur as a consequence of the Offer. However, neither the Company nor SellerCo Limited will be responsible for paying any tax incurred by any Selling Shareholder as a result of transferring or selling Shares pursuant to the Sell Down Agreement.

### 12.3 Rights and liabilities attaching to Shares

A summary of the rights attaching to the Shares under the Offer is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

***Voting***

At a general meeting, every Shareholder present in person has one vote on a show of hands and, on a poll, one vote for each Share held. If a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only even though he or she represents more than one member.

### *Meetings*

A general meeting may only be called by directors' resolution or as otherwise provided under the Corporations Act. The Corporations Act allows members with at least 5% of the votes that may be cast at a general meeting to call, and arrange to hold, a general meeting.

Subject to the provisions of the Corporations Act, the Company is required to give each person notice of a general meeting who is at the time of giving the notice is a Shareholder, Director or auditor of the Company. The notice of a general meeting must state the general nature of the business to be transacted at the meeting.

No business may be transacted at a general meeting, except the election of a chairperson and the adjournment of the meeting, unless a quorum of 5 Shareholders is present at the meeting.

### *Dividends*

The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment.

### *Transfer of Shares*

Subject to the Constitution and to any restrictions attached to a member's Shares, a member may transfer any of the member's Shares by a Proper ASTC Transfer or a written transfer in any usual from or in any other form approved by the Directors.

The Board may refuse to register a transfer of Shares where permitted to do so under the Constitution, the Corporations Act and Listing Rules.

### *Issue of further Shares*

Subject to the Constitution, the Board may:

- issue, allot or grant options for, or otherwise dispose of, Shares in the Company; and
- decide the person to whom Shares are issued or options are granted and terms, rights and restrictions attached to those Shares or options.

### *Winding Up*

Subject to the Constitution and the rights or restrictions attached to any Shares or class of Shares, If the Company is wound up and the property of the Company available for distribution is more than sufficient to pay all the debts and liabilities of the Company and the costs of the winding up, then the excess must be divided among the members in proportion to the number of Shares held by them, irrespective of the amounts paid or credited as paid on the Shares.

### *Variation of rights*

The rights attached to any class of Shares may, unless their terms of issue state otherwise, be varied:

- the written consent of the holders of 75% of the Shares of the class; or
- a special resolution passed at a separate meeting of the holders of those Shares of the class.

### *Directors - appointment and removal*

The minimum number of Directors is three and the maximum number is to be fixed by the Board, but may not be more than nine unless the Company in general meeting resolves otherwise.
At every annual general meeting if the number of Directors, after excluding a managing director and a director appointed as an addition to the existing Directors or to fill a casual vacancy, is:

- five or less, then 2 of the remaining Directors must retire from office; or
- more than five, one third of those Directors must retire from office.

### *Directors - remuneration*

Each Director is entitled to such remuneration from the Company for his services as a director as the Board decides but the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company in general meeting.

### *Indemnities*

The Company, to the extent permitted by law, indemnifies each Director against all losses, liabilities, costs, charges and expenses incurred by the Directors as an officer of the Company or of a related body corporate but will not be required to indemnify a Director in respect of such liability where it arises from the fraudulent or wilful misconduct of that Officer.

### *Transactions requiring shareholder approval*

The types of "transactions" that require shareholder approval are governed by the Corporations Act and the Constitution.

Generally speaking, the following types of transactions will require shareholder approval:

- amendments to the Constitution;
- amalgamations;
- disposing of substantially the whole of the company's property or undertaking;
- change of name of the company;
- reduction of share capital;
- winding up;
- share buy-back;
- removal of company auditors; and
- certain alteration of capital and variations of rights attaching to Shares.

This is not an exhaustive list but sets out common transactions which require shareholder approval.

## 12.4 Director and Employee Long Term Incentive Plan (LTIP)

### 12.4.1 Background

In 2014 the Company established a long term equity-based incentive plan for Directors and staff, in order to:

- reward directors and employees of the DomaCom Group;
- assist in the retention and motivation of directors and employees of the DomaCom Group; and
- provide an incentive to directors and employees of the Company to grow shareholder value by providing them with an opportunity to receive an ownership interest in the Company.

The Company's long term incentive plan (LTIP) provides for the award of both Employee Share Options and Employee Performance Rights under which Directors, executives, other employees, contractors and consultants of the DomaCom Group may be offered the opportunity to be granted Options or Performance Rights on terms set by the Board in its discretion.

The Board is of the view that to secure employees and Directors who can best assist the DomaCom Group in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. Accordingly, the LTIP was designed to provide such incentives and to recognise the contribution of personnel to the DomaCom Group's success. At the time the LTIP was prepared and the first awards were made under it the Board was of the view that Performance Rights were a more cost effective and efficient incentive for the DomaCom Group employees (as opposed to alternative forms of incentives such as increased cash based remuneration). Accordingly, the LTIP and the initial awards made under it were designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain shareholdings in the Company.

The Directors have the discretion to invite qualifying employees and consultants to apply for Options or Performance Rights as they consider appropriate. The exercise price of the Options will be the price determined by the Board in its absolute discretion prior to or on grant of the Options. The performance hurdles associated with any Performance Rights issued under the plan will also be determined by the Directors at the time an invitation is made.

When the first awards under the LTIP were made, in order that participants receive the full benefit of their LTIP, additional criteria for performance rights available to current employees including Directors were imposed. These are described in Section 10.2.7. The conditions imposed on the awards of performance rights made to staff are the same as those imposed on the awards made to non-executive Directors and performance rights awarded to staff and non-executive directors will vest (that is, they will be able to be converted into ordinary shares) when the Company is listed. It should be noted that the conditions imposed on Mr Ross Laidlaw's award are different to those imposed on staff and non-executive directors. Further, although eligible to participate, Mr Arthur Naoumidis (the Company's CEO and single largest shareholder) elected not to seek any performance rights in the initial award.

The Directors believe that the terms of the LTIP are consistent with schemes adopted by other Australian companies with similar risk/reward profiles.

### 12.4.2 Summary of terms of LTIP

***Eligibility***

The Board may, in its absolute discretion, invite an Eligible Employee to participate in an award of Performance Rights. An Eligible Employee includes a director, senior executive or employee of the Company or an associated body corporate of the Company.

***Terms of Performance Rights***

- Each Performance Right will be granted to Eligible Employees under the LTIP for nil consideration.
- Each Performance Right will entitle its holder to subscribe for and be issued, one fully paid ordinary share in the capital of the Company (upon vesting (where applicable) and exercise of that Performance Right).

- If the Company is admitted to the official list of the ASX (or another stock exchange) the Performance Rights will not be listed for quotation on that exchange, however, the Company will apply for official quotation of the Shares issued upon the exercise of any vested Performance Rights.
- The grant date and expiry date of a Performance Right shall be as determined by the Board when an invitation to participate in the LTIP is made.
- No payment is required for the exercise of a Performance Right, unless otherwise determined by the Board and advised to Eligible Employee at the time the offer is made.
- A participant is not entitled to participate in or receive any dividend or other Shareholder benefits until its Performance Rights have vested and been exercised and Shares have been allocated to the participant as a result of the exercise of those Performance Rights.
- There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the Performance Rights.
- Following the issue of Shares following exercise of vested Performance Rights, participants will be entitled to exercise all rights of a Shareholder attaching to the Shares, subject to any disposal restrictions advised to the participant at the time of the grant of the Performance Rights.

### *Performance conditions*

When granting Performance Rights, the Board may make their vesting conditional on the satisfaction of a Performance Condition within a specified period. The Board may at any time waive or change a Performance Condition or performance period in accordance with the LTIP rules if the Board (acting reasonably) considers it appropriate to do so.

### *Vesting*

The Performance Rights will vest following satisfaction of the Performance Conditions or such other date as determined by the Board in its discretion.

Subject to the LTIP rules, the Board may declare that all or a specified number of any unvested Performance Rights granted to a participant which have not lapsed immediately vest if, in the opinion of the Board a change of control in relation to the Company has occurred, or is likely to occur, having regard to the participant's pro rata performance in relation to the applicable Performance Conditions up to that date.

Subject to the LTIP rules, the Board may in its absolute discretion, declare the vesting of a Performance Right where the Company is wound up or passes a resolution to dispose of its main undertaking.

If there is any internal reconstruction or acquisition of the Company which does not involve a significant change in the identity of the ultimate Shareholders of the Company, the Board may declare in its sole discretion whether and to what extent Performance Rights, which have not vested by the day the reconstruction takes place, will vest.

### *Disposal restrictions*

A participant may not assign, transfer, novate, or otherwise dispose of a Performance Right granted under the LTIP without the prior consent of the Board, or where such assignment or transfer occurs by force of law upon the death of a participant.

### *Overriding restrictions*

No grant or issue of Performance Rights and/or Shares will be made to the extent that it would contravene the Constitution, any applicable Listing Rules, the Corporations Act or any other applicable law.

### *Lapse*

A Performance Right will immediately lapse upon the first to occur of:

- its expiry date;
- the Performance Condition(s) (if any) not being satisfied prior to the end of the performance period(s);
- the transfer or purported transfer of the Performance Right in breach of the LTIP rules;
- if the Performance Right has not vested, the day that is 30 days following the date the participant voluntarily or for a bona fide reason ceases to be employed or engaged by the Company or an associated body corporate;
- termination of the participant's employment or engagement with the Company or an associated body corporate for cause; or
- unless another expiry date is stipulated in the invitation, 6 months after an event which gives rise to a vesting under the Performance Right rules established by the LTIP.

Where a participant ceases to be employed or engaged by the Company or an associated body corporate by reason of their death, disability, bona fide redundancy, and the Performance Rights have vested, they will remain exercisable by that participant's estate or legal representative until the Performance Rights lapse in accordance with the LTIP rules or if they have not vested, the Board will determine as soon as reasonably practicable after the date the participant ceases to be employed or engaged, how many (if any) of those participant's Performance Rights will be deemed to have vested and will be exercisable by that participant's estate or legal representative.

## 12.5 Material contracts

### 12.5.1 Investment Management Agreement

DomaCom Australia Limited, a wholly owned subsidiary of DomaCom has been appointed to promote, administer, invest and manage the assets of the DomaCom Fund and to perform various services pursuant to the Investment Management Agreement.

### *Investment Manager's Duties*

In providing the services, the Investment Manager must:

- act in accordance with the IMA and the Investment Strategy of the DomaCom Fund;
- act honestly, efficiently, fairly and in the best interest of Unit Holders;
- establish and maintain a business continuity plan;
- comply with the Responsible Entity's complaints handling procedure; and
- exercise all functions and duties in good faith and with the degree of care, diligence and skill that a reasonable person would exercise in the Investment Manager's position.

### *Matters requiring consent*

The Investment Manager must not do a number of things without the consent of the Responsible Entity, including:

- delegate the Investment Manager's duties, responsibilities, functions or powers;
- enter into related party transactions involving the acquisition, transfer or disposal of any part of the Portfolio;
- borrowing against, pledging, charging or encumbering of any asset of the Portfolio; and
- authorise any payment of fees out of the portfolio other than as set out in the IMA

### *Indemnities*

The Investment Manager is indemnified against all liabilities, costs or expenses incurred by it acting properly in the course of the Investment Manager's appointment, except to the extent that the liabilities, costs or expenses are caused by:

- any negligence, fraud, default or dishonesty of the Investment Manager or any of its officers, employees or agents;
- the Investment Manager's breach or failure to meet the standard of care required; or
- any act or omission of the Investment Manager or any of its officers, employees or agents that causes the Responsible Entity to be liable to the unitholders of the DomaCom Fund for which the Responsible Entity has no right of indemnity from the DomaCom Fund.

The Responsible Entity is indemnified against all liabilities reasonably incurred by the Responsible Entity and the DomaCom Fund arising out of:

- any negligence, fraud, default or dishonesty of the Investment Manager or any of its officers, employees or agents;
- the Investment Manager's breach of the Investment Management Agreement or failure to meet the standard of care required in the IMA; or
- any act or omission of the Investment Manager or any of its officers, employees or agents that causes the Responsible Entity to be liable to the unitholders of the DomaCom for which the Responsible Entity has no right of indemnity from the DomaCom Fund.

If expenses are incurred by the Responsible Entity and remain payable and unpaid in relation to a Sub-Fund, after selling the Underlying Property in the Sub-Fund, then DomaCom will pay to the Responsible Entity such amounts required to satisfy the payment of unpaid expenses.

### *Remuneration*

The Investment Manager is entitled to fees under the Investment Management Agreement.

### *Termination*

The Responsible Entity may terminate the Investment Management Agreement at any time if:

- a receiver, receiver and manager, administrative receiver or similar person is appointed with respect to the assets and undertakings of the Investment Manager;
- the Investment Manager goes into liquidation, is placed under official management or administration, ceases to carry on a business in relation to its activities as an Investment Manager or breaches or fails to perform any duty, obligation, representation, warranty or undertaking required by the IMA;

- the Responsible Entity is required to do so at any time or considers it reasonably necessary to do so to comply with its legal duties and obligations;
- the DomaCom Fund terminates; or
- the Responsible Entity ceases to be responsible entity of the DomaCom Fund.

### 12.5.2 Corporate Advisory Agreements

DomaCom entered into an agreement with Odyssey Capital Pty Ltd ABN 56 169888779 (trading as Odyssey Capital Partners) (the Corporate Adviser) dated 4 May 2016 engaging it as Corporate Adviser to its proposed IPO.

#### *Services*

The Corporate Advisor has been engaged to provide advice in respect of the proposed capital raising of DomaCom in respect of its listing. Its services include:

- Acting as a sounding board on the capital raising process;
- Assisting DomaCom by providing advice on the capital raising process;
- Developing the scope of work for other professional services where required to complete the documentation, including legal documentation; and
- Management of the process, including co-ordinating the preparation of investor research, and the required documentation to facilitate the capital raising.

The Corporate Advisor in providing these services will approach investors both in Australia and overseas with exclusive rights to approach specified investors.

#### *Liability*

In addition to any rights that the Corporate Advisor may have at law or in equity, DomaCom shall be liable to the Corporate Advisor in respect of all losses that arise directly from their role under the agreement, where the Corporate Advisor has relied on DomaCom for information and provided this to prospective investors including, without limitation losses arising from a breach of the terms of the agreement by DomaCom.

Liability is excluded if loss results from the Corporate Advisor's:

- wilful misconduct, fraud or negligence; or
- breach of the terms, except where the breach arose solely from the acts or omissions of DomaCom;

The Corporate Advisor holds the benefit of the rights under the liability provisions for itself and as trustee for its directors, staff and affiliated parties.

DomaCom is not restricted from pursuing any legal claims against the Corporate Advisor which are available, where the Corporate Advisor's conduct in connection with its engagement involves wilful misconduct, fraud or negligence or it Is in breach of the terms of the engagement (except to the extent that the breach arose solely from the acts or omissions of DomaCom).

### *Fees*

DomaCom has agreed to pay the Corporate Advisor for its services:

- a success fee equal to 5% of the value of Applications made by Applicants introduced by the Corporate Advisor to whom Shares are allotted pursuant to this Prospectus; and

DomaCom may also pay the Corporate Advisor a discretionary bonus on the completion of the engagement, the quantum of which will be based on the DomaCom's assessment of the Corporate Advisor's overall contribution to ensuring the process is completed in accordance with its timetable.

### *Termination*

The initial term of the engagement will be for 3 months from the agreement date (`Initial Period). After the Initial Period the agreement will continue on a monthly basis.
After the Initial Period, DomaCom may terminate the agreement at any time with one month's notice. DomaCom is obliged pay to the Corporate Advisor any accrued fees up to the date of termination, including any out-of-pocket expenses.

If a transaction is completed prior to the first anniversary of the early termination of the agreement by DomaCom, the Corporate Advisor will be entitled to payment in full of the success fee.

The Corporate Advisor may terminate the agreement, on reasonable notice to DomaCom (and in any event no less than one month's written notice) for any reason. The Corporate Advisor will be entitled to all payments due pursuant to the engagement with DomaCom up to the date of termination.

### 12.5.3 Lead Institutional Manager Agreement

Pulse Markets Pty Ltd ACN 081 505 268 (Lead Institutional Manager) entered into an agreement on (21 June 2016) with DomaCom to act as Lead Institutional Manager in relation to the Offer.

### *Role:*

The Lead Institutional Manager has exclusive rights to introduce Australian institutional clients to the Offer unless otherwise agreed. The Lead Institutional Manager may also introduce the Offer to its own retail and wholesale client base.

### *Own account dealings*

The Lead Institutional Manager may make Applications on its own account (i.e. as principal), for Shares.

Additionally, the Lead Institutional Manager's representatives may also participate in the Offer on their own accounts upon their respective absolute and individual discretion.

### *Fees*

The Lead Institutional Manager will receive a capital raising fee equal to 5% (plus GST) of the gross proceeds of Applications introduced by it to be paid on completion of the Offer

***Termination***

Unless terminated earlier for convenience or by mutual written agreement, the Lead Institutional Manager Agreement will continue until the earlier of:

- Completion; and
- 12 months after the date of the agreement

***Indemnity***

DomaCom agrees to indemnify the Lead Institutional Manager and its related bodies corporate and their respective directors, officers, employees and advisers, from any liabilities it/they may sustain or incur in connection with the Offer, including (but not limited to) losses incurred directly as a result of some of the following:

- any public or media announcements made by DomaCom in connection with the Offer (Public Information)and any roadshow presentation or investor education materials produced in connection with the Offer with DomaCom's approval;
- DomaCom's failure to perform any of its obligations under the Lead Institutional Manager Agreement agreement or any other material obligation binding on it;
- a claim brought by a third party against the Lead Institutional Manager in relation to the Offer;
- an Application under the Offer;
- any non-compliance by the Company or its officers or employees with any applicable law, regulation or rule, including the Corporations Act and the Listing Rules, in relation to the Offer;

The indemnity will not apply to the extent (but only to the extent) that the Liability has resulted from:

- the fraud, wilful misconduct or negligence of the Lead Institutional Manager or its related bodies corporate and their respective directors, officers employees and advisers
- breach of this agreement by the Lead Institutional Manager or its related bodies corporate and their respective directors, officers employees and advisers;
- a criminal penalty or fine which the Lead Institutional Manager or its related bodies corporate and their respective directors, officers employees and adviser is required to pay for any contravention t of the Corporations Act or any other applicable law

### 12.5.4 Sponsoring Retail Broker Agreement

Shaw and Partners Limited (the Sponsoring Retail Broker) under an agreement dated 8 June 2016 has been appointed by DomaCom as the Sponsoring Retail Broker to the proposed initial public offering (IPO) that is the subject of this prospectus.

The Sponsoring Retail Broker's role as Sponsoring Retail Broker is to assist where possible, with applications to be made by retail investors. The Sponsoring Retail Broker is not acting as an underwriter.

***Fees:***

On the date of allotment and, if applicable, transfer of the Shares pursuant to the Offer, DomaCom will pay the Sponsoring Retail Broker a capital raising fee representing the greater of $50,000 plus GST or5% (plus GST) of the total value of Applications made by retail investors to whom Shares are transferred or allotted under the Offer.

The Sponsoring Retail Broker's fees and agreed expenses will be payable out of the proceeds of the Offer.

### *Termination*

Either the Sponsoring Retail Broker, or DomaCom, may terminate the agreement without cause by giving 7 day's written notice.

Any termination under the agreement will be without liability or continuing obligation to any other party, except for the provisions relating to:

- the reimbursement of legal and out of pocket expenses incurred as at the date of termination which have not yet been invoiced or paid;
- the indemnification of the Sponsoring Retail Broker and limitation of liability of third parties' provisions of the agreement, which will remain operative regardless of a termination;
- the confidentiality obligations and governing law provisions of the agreement which will remain operative regardless of any termination; and
- all other accrued rights and/or liabilities at the date of termination.

If DomaCom terminates the Sponsoring Retail Broker's appointment for reasons other than the Sponsoring Retail Broker's insolvency event, material default (which cannot or has not been remedied within a reasonable period following notice), gross negligence or breach of law, and Completion occurs or an initial public offering is completed within a period of 12 months from the termination date then the Sponsoring Retail Broker will continue to be entitled to the fees payable under the agreement.

Upon termination of the agreement, DomCom will be responsible for payment of all expenses of the Offer incurred to that date either directly by them or on their behalf by the Sponsoring Retail Broker.

If the Sponsoring Retail Broker experiences an insolvency event (as defined in the agreement) DomaCom may terminate with written notice, effective immediately. DomaCom in this instance will have no liability to the Sponsoring Retail Broker, including (without limitation) any liability for fees, expenses or costs.

### *Indemnity*

The Sponsoring Retail Broker accepts no liability in the event that its endeavours are unsuccessful and its appointment or the Offer does not proceed. DomaCom has agreed to indemnify the Sponsoring Retail Broker, its officers, employees, agents and advisers and must keep each of them indemnified against all liability and loss arising from, and all costs, charges and expenses incurred before or after entering into the agreement, arising out of or in connection with:

- the appointment or any other matter or activity referred to or contemplated by the agreement arising out of any breach by DomaCom of any obligations under the terms of agreement, arising from activities undertaken after signing the agreement;
- the issue of the Prospectus or the proposed allotment, issue or sale of the Shares;
- any statement in the Prospectus that is false or misleading, or any omission from the Prospectus;
- any conduct by a person in connection with the issue of the Prospectus or proposed allotment, issue or sale of the Shares that is false or misleading or deceptive or likely to mislead or deceive; or

- any conduct by a person that was engaged in contravention of a provision of Part 7.10 of the Corporations Act or any other applicable law in connection with the Prospectus or the proposed allotment, issue or sale of the Company's securities, except to the extent that such liability and loss was the result of the Sponsoring Retail Broker's negligence or wilful misconduct, negligent misrepresentation, material breach of contract and/ or fraud.

The Sponsoring Retail Broker disclaims all responsibility, whether to DomaCom or to third parties, for all claims arising out of advice given by it based upon information provided to it by DomaCom or third parties which is materially misleading, inaccurate or incomplete. The Sponsoring Retail Broker will only be liable where its wilful misconduct, negligent misrepresentation, material breach of contract and / or fraud has been judicially determined.

DomaCom will notify the Sponsoring Retail Broker if it becomes aware of any claim which may give rise to a liability under this indemnity and will not settle any such proceeding without the Sponsoring Retail Broker's prior written consent.

Without prejudice to any claim DomaCom may have against the Sponsoring Retail Broker, no proceedings may be taken against any director, officer, employee or agent of the Sponsoring Retail Broker in respect of any claim DomaCom may have against the Sponsoring Retail Broker.

***Limitations of liability of third parties***

DomaCom will promptly notify the Sponsoring Retail Broker of any limitation on the extent to which DomaCom may claim against any third party or third parties in connection with the appointment. Where any damage or loss is suffered by DomaCom for which the Sponsoring Retail Broker is liable and for which any third party or third parties are liable to it, the extent to which such loss will be recoverable by DomaCom from the Sponsoring Retail Broker will:

- be limited so as to be in proportion to the Sponsoring Retail Broker's contribution to the overall fault for such damage or loss, as agreed between the parties or, in the absence of agreement, as finally determined by a Court of competent jurisdiction; and
- be no more than it would have been had any limitation not been agreed to by DomaCom.

### 12.5.5 Underwriting agreement

DomaCom and each of the Underwriters have entered into an Underwriting Agreements with respect to the Offer for the maximum amount (in aggregate) of $5 million. Each of the Underwriters (severally) agrees to underwrite a proportion of the Underwritten Amount as agreed under their respective Underwriting Agreement.

***Underwriting Fees***

In consideration for underwriting the Underwritten Amount, the Company agrees to pay to the Underwriters (in aggregate) an underwriting fee of 5% of the Underwritten Amount.

***Termination events***

The obligation of the Underwriters to underwrite the Underwritten Amount is also subject to certain events of termination. An Underwriter may terminate their Underwriting Agreement, at any time before the date when the Shares are quoted on the ASX by notice to DomaCom if any of the following events occur:

- ASX listing application or quotation is refused or not granted, or approval is granted subject to conditions other than customary conditions to the admission to the official list of ASX;

- DomaCom becomes unable to pay its debts as and when they fall due, or appoints a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other similar official in relation to any property of DomaCom; or
- circumstances exist which would permit a presumption of insolvency in relation to DomaCom (or any of its subsidiaries) under section 459C(2) of the Corporations Act.

***Underwriters' interests***

The Underwriters do not include any of the Directors or their associates. Even if the maximum number of Shares are subscribed for by the Underwriters under the Underwriting Agreement, it will not affect the 10 largest shareholders as disclosed in Section 4 Investment and Business Overview.

None of the Underwriters has or had during the two years preceding the Prospectus Date, an interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with its formation, promotion or the Offer; or
- the Offer; or

has been paid or agreed to be paid any amount (whether in cash, Shares or otherwise), or has been given or agreed to be given any other benefit, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

### 12.5.6 Hosted services agreement

Prior to 13 November 2014, DomaCom entered into a general agreement with Microsoft Inc for the provision of services, including but not limited to the application hosting, website and software services.

DomaCom's use of these services is governed by the online terms for the Microsoft® AzureTM Agreement and the Microsoft AzureTM Services Terms. Services are renewed either monthly or annually. There are comprehensive provisions in the agreement which specifically relate to security, privacy and data protection; in particular detailed information on security, privacy, and compliance topics are contained in the Microsoft® AzureTM Trust Centre. DomaCom may terminate the arrangements at any time if it elects to do so; Microsoft Inc may suspend the use of the services if DomaCom violates its acceptable use policy.

## 12.6 Legal Proceedings

So far as the Directors are aware, at the Prospectus Date, there is no current, pending or threatened litigation with which the Company is directly or indirectly involved which the Company believes is likely to have a material adverse impact on the business or financial results of the Company.

## 12.7 Expenses of the offer

No sums have been paid or agreed to be paid to a prescribed person for services rendered by the prescribed person in connection with the promotion or formation of the Company or the Offer except as set out below.

**Table 19 Expenses of the Offer**

| Offer expenses and listing costs (inclusive of GST) | MINIMUM SUBSCRIPTION OF $5,000,000 $ | MAXIMUM SUBSCRIPTION OF $23,707,475 $ |
|---|---|---|
| Commissions Fee | $275,000 | $990,000 |
| Underwriting Commission | $250,000 | $250,00 |
| Insurance | $169,000 | $169,000 |
| ASX Fees | $135,694 | $144,274 |
| Printing and associated costs | $5,000 | $5,000 |
| Legal Fees | $165,000 | $165,000 |
| Registry | $11,688 | $11,688 |
| Investigating Accountant's Fees | $42,900 | $42,900 |
| Corporate Advisory Fee | $39,600 | $39,600 |
| Other miscellaneous fees | $2,320 | $2,320 |
| Total Offer Expenses | $1,096,202 | $1,819,782 |

## 12.8 Governing law

This Prospectus and the contracts that arise from the acceptance by the Company of the Applications are governed by the laws applicable in Victoria and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Victoria.

## 12.9 Statement of Directors and SellerCo Limited directors

The Directors of the Company and the directors of SellerCo Limited state that for the purposes of section 731 of the Act, they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe that any statements by them in this Prospectus are true and not misleading or deceptive, and that with respect to any other statements made in this Prospectus by persons other than the Directors and SellerCo Limited's directors, the Directors and SellerCo Limited's directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, and that those persons have given the consent required by section 716(2) of the Act and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

Each of the Directors and SellerCo Limited's directors consents to the lodgement of this Prospectus with ASIC, and has not withdrawn that consent prior to this Prospectus being lodged.

This Prospectus is prepared on the basis that:

- certain matters may be reasonably expected to be known to professional advisers of the kind with whom Applicants may reasonably be expected to consult; and
- information is known to Applicants or their professional advisers by virtue of any legislation or laws of any State or Territory of Australia or the Commonwealth of Australia.

## 12.10 Interests of experts and Advisers

Other than as disclosed in this Prospectus, no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

- has or had at any time during the two years preceding the Prospectus Date, any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of the Company or the Offer.

### *Sponsoring Broker, Corporate Adviser and Lead Institutional Manager*

The fees payable to the Corporate Advisers, Lead Institutional Manager and Sponsoring Retail Broker are described in Sections 12.5.2, 12.5.3 and 12.5.4 respectively
Each of the Corporate Adviser, Lead Institutional Manager and Sponsoring Retail Brokers and their respective affiliates are financial service firms engaged in various activities which may include trading, financing, corporate advisory, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services.

### *Investigating Accountant*

Grant Thornton Corporate Finance Pty Ltd has acted as the Company's Investigating Accountant in relation to the Financial Information and provided the Independent Limited Assurance Report in Section 9. The Company has paid or agreed to pay an amount of approximately $39,000 (plus disbursements and goods and services tax (GST)) in respect of these services up until the Prospectus Date. Further amounts may be paid to Grant Thornton Corporate Finance Pty Ltd in accordance with time-based charges.

### *Legal Advisers*

Hall & Wilcox has acted as the legal advisers to the Company and SellerCo in relation to the Offer. The Company has paid or agreed to pay an amount of approximately $150,000 (plus disbursements and GST) in respect of these services up until the Prospectus Date. Further amounts may be paid to Hall & Wilcox in accordance with its normal time-based charges.

## 12.11 Consents

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in this Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent:

- Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987 has consented to being named in the Prospectus as the Company's Investigating Accountant, to the inclusion of its Independent Limited Assurance Report in Section 9 and to being named in the Corporate Directory of this Prospectus;
- Grant Thornton Audit Pty Ltd ACN 130 913 594 has consented to being named in the Corporate Directory of this Prospectus as the Auditor of the DomaCom Group;

- Hall & Willcox has consented to being named in the Corporate Directory of this Prospectus as the Australian legal adviser to the Company and SellerCo Limited in relation to the Offer
- Perpetual Trust Services Limited ABN 48 000 142 049 AFSL 236648 and Perpetual Corporate Trust Limited ABN 99 000 341 5833 as an authorised representative of Perpetual Trustee Company Limited ABN 42 000 001 007 AFSL 236643 (authorised representative number 266799) has consented to be named in this Prospectus as the trustee and custodian of the DomaCom Fund;
- Deloitte Actuaries & Consultants Limited ACN 092 651 057 has consented to the inclusion of a reference to its 2013 report "Dynamics of the Australian Superannuation System The next 20 years: 2015-2035" in Section 5.2.3
- Boardroom Pty. Limited ACN 003 209 836 has consented to being named in the Corporate Directory of this Prospectus as the Share Registry in relation to the Offer.

No entity or person referred to above has made or has purported to make any statement or representation that is included in this Prospectus or any statement on which a statement made in the Prospectus is based, except as stated above. None of the entities or persons referred to above has authorised or caused the issue of the Prospectus, does not make any offer of Shares and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statement in, or omission from, this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described above.

## 12.12 Escrow restrictions

As a condition of admitting the Company to the Official List, the ASX may classify certain existing securities in the Company as restricted securities in accordance with the ASX Listing Rules. Any such classification will restrict the transfer of effective ownership or control of any restricted securities without the written consent of the ASX and for such period as the ASX may determine. Prior to Official Quotation, the parties holding restricted securities must enter into restriction agreements with the Company on the terms set out in the ASX Listing Rules. Details of those restriction agreements will be disclosed to the market on the ASX's announcements platform prior to commencement of Official Quotation of the Shares.

As at the date of this Prospectus, the Company believes that following completion of the Offer and the ASX Listing of the Company with a minimum subscription of 6,666,667 shares approximately 27% of shares on issue will be subject to some form of restriction arrangement under the ASX Listing Rules and with a maximum subscription of 24,000,000 shares approximately 23% of shares on issue will be subject to some form of restriction arrangement under the ASX Listing Rules. Details of those restriction agreements will be disclosed to the market on the ASX's announcements platform prior to commencement of Official Quotation of the Shares.

## 12.13 ASX listing

Within 7 days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities). If ASX does not grant permission for Official Quotation within 3 months after the date of this Prospectus (or within such longer period as may be permitted by ASIC) none of the Shares offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

## 12.14 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants on subscription for Shares under the Offer.

## 12.15 CHESS and issuer sponsored holdings

The Company will apply to be admitted to participate in the Clearing House Electronic Sub-Register System, known as CHESS, and will comply with the ASX Listing Rules and the ASX Settlement Rules. ASX Settlement Pty Ltd, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the ASX Listing Rules and ASX Settlement Operating Rules.
On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of Shares.

The Company will not issue certificates to Shareholders. Shareholders who are allotted Shares under this Prospectus will be provided with a transaction confirmation statement that sets out the number of Shares allotted to the Shareholder. Shareholders who elect to hold Shares on the issuer-sponsored sub-register will be provided with a holding statement (similar to a bank account statement), that sets out the number of Shares allotted to the Shareholder under this Prospectus. For Shareholders who elect to hold their Shares on the CHESS sub-register, the Company will issue an advice that sets out the number of Shares allotted to the Shareholder under this Prospectus. At the end of the month of allotment, CHESS, acting on behalf of the Company, will provide Shareholders with a holding statement that confirms the number of Shares held and any transactions executed by the Shareholder during that month.

A holding statement (whether issued by CHESS or the Company) will also provide details of a Shareholder's Holder Identification Number (HIN) in the case of a holding on the CHESS sub-register or Shareholder Reference Number (SRN) in the case of a holding on the issuer-sponsored sub-register. Following distribution of these initial holding statements to all Shareholders, a holding statement will also be provided to each Shareholder at the end of any subsequent month during which the balance of that Shareholder's holding of Shares changes.

A Shareholder may request a holding statement at any other time. However, a charge may be made by the Share Registry for additional statements.

## 12.16 ASIC exemptions, modifications and relief

No modification of the Corporations Act or other relief has been sought or obtained by the Company in relation to the Offer.

## 12.17 Australian taxation implications

The following comments provide a general summary of Australian tax issues for Applicants who are Australian tax resident investors who acquire Shares under this Prospectus.
The categories of investors considered in this summary are limited to individuals, certain companies, trusts, partnerships and complying superannuation funds, each of whom hold their Shares on capital account.

This summary does not consider the consequences for non-Australian tax resident investors, or Australian tax resident investors who are insurance companies, banks, investors that hold their Shares on revenue account or carry on a business of trading in Shares or investors who are exempt from Australian tax. This summary also does not cover the consequences for Australian tax resident investors who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or "TOFA" regime).

This summary is based on the law in Australia in force at the time of issue of this Prospectus. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal of the Shares will depend upon each investor's specific circumstances.

Investors should obtain their own advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

### 12.17.1 Dividend on Shares

***Individuals and complying superannuation entities***

Where a dividend on a Share is distributed, that dividend should constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend, together with any franking credit attached to that dividend if they are a "qualified person" (refer further comments below). Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a "qualified person" or where the investor receives less than $5,000 in franking credits from all sources for the income year. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income in an income year, such investors should be entitled to a tax refund.

Where a dividend paid is unfranked, the investor will generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

It is important to note that there is no short term expectation that DomaCom will pay any dividend.

***Corporate Investors***

Corporate investors are required to include both the dividend and associated franking credit in their assessable income subject to being a "qualified person". A tax offset is then allowed up to the amount of the franking credit on the dividend.
An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. Such corporate investors can then pass on the benefit of the franking credits to their own investor(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

### *Trusts and partnerships*

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in their assessable income in determining the net income of the trust or partnership. Subject to being a "qualified person", the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

### *Shares held at risk*

The benefit of franking credits can be denied where an investor is not a "qualified person" in which case the investor will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.
Broadly, to be a qualified person, an investor must satisfy the holding period and the related payment rule.

The holding period rule requires an investor to hold the Shares "at risk" for more than 45 days continuously, in the period beginning the day after the day on which the investor acquires the Shares and ending on the 45th day after the day on which the Shares become ex-dividend. The date the Shares are acquired and disposed of are ignored for the purposes of determining the 45 day period. Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the investor held the Shares "at risk". This holding period rule is subject to certain exceptions. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to a dividend and the investor had not held the Shares 'at risk' around the dividend period. A related payment is one where an investor or their associate passes on the benefit of the dividend to another person. The related payment rule requires the investor to have held the Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Practically, this should not impact investors who do not pass the benefit of the dividend to another person. Investors should obtain their own tax advice to determine if these requirements have been satisfied.

Dividend washing rules can apply such that no tax offset is available (nor is an amount required to be included in your assessable income) for a dividend received. Investors should consider the impact of these rules having regard to their own personal circumstances.

### 12.17.2 Disposal of Shares

The disposal of a Share by an investor should trigger a capital gains tax (CGT) event. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus any transaction costs). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

A CGT discount may be applied against the capital gain (after reduction of total capital gains by capital losses) where the investor is an individual, complying superannuation entity or trustee, the Shares have been held for more than 12 months and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

Where the investor is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.
A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the investor in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

### 12.17.3 Goods and Services Tax (GST)

Investors should not be liable for GST in respect of their investment in Shares. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by investors in this respect.

### 12.17.4 Stamp duty

Investors should not be liable for stamp duty in respect of their holding of Shares, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in the Company. Under current stamp duty legislation, no stamp duty would ordinarily be payable by investors on any subsequent transfer of Shares.
Applicants should seek their own advice as to the impact of stamp duty in their own particular circumstances.

### 12.17.5 Tax file numbers (TFN)

Resident investors may, if they choose, notify the Company of their TFN, ABN or a relevant exemption from withholding tax with respect to dividends. In the event the Company is not so notified, tax will automatically be deducted at the highest marginal rate, including, where relevant, the Medicare Levy and Temporary Budget Repair Levy, from unfranked dividends and/or distributions.

Resident investors may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

## 12.18 Restrictions on owning shares in Australian companies

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 12.18 contains a general description of these laws.

### 12.18.1 Foreign Acquisitions and Takeovers Act 1975 (Cth) and Commonwealth

#### *Government Foreign Investment Policy*

Generally, the Foreign Acquisitions and Takeovers Act 1975 (Cth) applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (Substantial Interest), or 40% or more by two or more unassociated foreign persons and their associates (Aggregate Substantial Interest).

Where a proposed acquisition of a Substantial Interest or Aggregate Substantial Interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Commonwealth Treasurer and the Commonwealth Treasurer has either stated that there is no objection to the proposed acquisition in terms of Australia's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a Substantial Interest or an Aggregate Substantial Interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, have passed.

In addition, in accordance with Australia's Foreign Investment Policy, proposed acquisitions of a direct investment in an Australian company by foreign government investors and their associates must be notified to the Foreign Investment Review Board for prior approval, irrespective of the value of the investment. According to Australia's Foreign Investment Policy, a direct investment will typically include any investment of 10% or more of the shares (or other securities or equivalent interest or voting power) in an Australian company but may also include investment of less than 10% where the investor is building a strategic stake in the target or obtains potential influence or control over the target.

### 12.18.2 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of relevant interests in issued voting shares in listed companies, and unlisted companies with more than 50 members, if, as a result of the acquisition, the acquirer's (or another party's) voting power in that company would increase from 20% or below to more than 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or together with their associates.

#### *Selling Restrictions*

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside Australia where such an offering would be illegal. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law, and persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### *United States of America*

This Prospectus may not be distributed to, or relied upon by, any person in the United States. The Shares have not been, and will not be, registered under the US Securities Act of 1933 (the US Securities Act) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Shares are registered under the US Securities Act or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

### *Singapore*

This Prospectus is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and, accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and prospective investors should consider carefully whether the investment is suitable for him. This Prospectus or any other offering material relating to the Shares has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor , (as defined under thein section 4(A)(1) of the Securities and Futures Act, Chapter 289 of Singapore (SFA), in accordance with and pursuant to section 274 of the SFA, or (ii) to a relevant person (as defined under the SFA) in accordance with and pursuant to Section 275(1) of the SFA, or any person in accordance with and pursuant to Section 275(1A) of the SFA.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. Investors should note there are certain on-sale restrictions (set out in, among others, sections 257 and 276 of the SFA) applicable to all investors who acquire the Shares pursuant to the exemptions in section 274 of the SFA. Where the Shares are subscribed or purchased under Sections 274 and/or 275 of the SFA, such Shares may not be subsequently sold to any person other than an institutional investor (as defined under the SFA), a relevant person (as defined under the SFA), or any person pursuant to Section 275(1A) of the SFA.

Where the Shares are subscribed or purchased under Section 275 of the SFA by a relevant person (as defined under the SFA) which is:

(a) a corporation (which is not an accredited investor (as defined under the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one (1) or more individuals, each of whom is an accredited investor (as defined under the SFA); or

(b) a trust (where the trustee is not an accredited investor (as defined under the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor (as defined under the SFA),

the securities (as defined under the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor (as defined under the SFA), to a relevant person (as defined under the SFA), or to any person arising from an offer referred to in Section 275(1A) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law.

As such, investors are advised to acquaint themselves with the SFA provisions relating to on-sale restrictions in Singapore or to consult their own professional advisers as to such on-sale restrictions, and to comply accordingly. The contents of this Prospectus have not been reviewed by any regulatory authority in Singapore. In the event of any doubt about any of the contents of this Prospectus or as to your legal rights and obligations in connection with the Offer, please obtain appropriate professional advice.

### *United Arab Emirates (excluding Dubai)*

This Prospectus is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (UAE). The Shares have not been and will not be registered under Federal Law No.4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities Market or with any other UAE exchange. The promotion of the Shares and interests therein have not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities in the UAE, and does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No.8 of 1984 (as amended) or otherwise.

In relation to its use in the UAE, this Prospectus is strictly private and confidential and is being distributed to a limited number of persons and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The Shares may not be offered or sold directly or indirectly to the public in the UAE.

### *United Kingdom*

This Prospectus does not constitute a prospectus for the purpose of the prospectus rules issued by the Financial Conduct Authority (FCA) pursuant to section 84 of the Financial Services and Markets Act 2000 (as amended) (FSMA) and has not been approved by or filed with the FCA.

The information contained in this Prospectus is only being made, supplied or directed at:

(a) persons in the United Kingdom who are qualified investors within the meaning of section 86(7) of the FSMA; or

(b) no more than 150 persons in the United Kingdom (other than those qualified investors in paragraph (a) above) within the meaning of section 86(1)(b) of the FSMA,

and the Shares are not otherwise being offered or sold and will not otherwise be offered or sold to the public in the United Kingdom (within the meaning of section 102B of the FSMA), save in circumstances where it is lawful to do so without an approved prospectus (within the meaning of section 85 of FSMA) being made available to the public before the offer is made.

In addition, in the United Kingdom no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Shares except in circumstances in which section 21(1) of the FSMA does not apply to the Company or SellerCo (as applicable) and this document is made, supplied or directed at:

- qualified investors in the United Kingdom who are: (a) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended) (FPO); or (b) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in article 49 of the FPO;

- persons whom the Company reasonably believes are the Company's creditors or members or persons entitled to specific investments issued by the Company in the United Kingdom under article 43 of the FPO; or
- persons who fall within any other exemption to the FPO (all such persons being Relevant Persons).

Any investment or investment activity to which this Prospectus relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Each United Kingdom recipient is deemed to confirm, represent and warrant to the Company and SellerCo that they are a Relevant Person.

### *Malaysia*

The Shares may not be offered or sold, directly or indirectly, nor may any document or material in connection therewith be distributed in Malaysia, other than to persons listed in both paragraph 10, Part 2 of Schedule 5 and Part 1 of Schedule 6 of the Capital Markets And Services Act 2007.

### *New Zealand*

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

The Offer and the contents of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

### *Hong Kong*

Each Applicant has represented and agreed that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Shares other than: (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

- it has not issued or had in its possession for the purpose of issue, and will not issue or have in its possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### *Switzerland*

The Shares will not be offered, directly or indirectly, to the public in Switzerland and this Prospectus does not constitute a public offering prospectus as that term is understood pursuant to art. 652a of the Swiss Federal Code of Obligations. The Company has not applied for a listing of the Shares being offered pursuant to this Prospectus on the SIX Swiss Exchange or on any other regulated securities market, and consequently, the information presented in this Prospectus does not necessarily comply with the information standards set out in the relevant listing rules. Neither this Prospectus nor any other offering or marketing material relating to the Shares may be publicly distributed or otherwise made publicly available in Switzerland.

# 13 GLOSSARY

| THE TERM | MEANS |
|---|---|
| **ABN** | Australian Business Number |
| **ACN** | Australian Company Number |
| **AEST** | Australian Eastern Standard Time |
| **Applicant** | A person who submits an Application |
| **Application** | An application for Shares under this Prospectus |
| **Application Form** | The application forms attached to or accompanying this Prospectus (including the electronic form provided by an online application facility) |
| **Approved Product List/APL** | A list of financial products that a Dealer Group has approved for use by financial advisers authorised to operate under that Dealer Group's licence |
| **APRA** | Australian Prudential Regulation Authority |
| **ASIC** | Australian Securities and Investments Commission |
| **Asset Allocation** | A common method for building an investment portfolio by the implementing an investment strategy that attempts to balance risk and reward by adjusting the percentage of each asset class in an investment portfolio according to the investor's risk tolerance, goals and investment time frame |
| **Asset Class** | A group of assets or investments that exhibit similar characteristics, behave similarly in a market and are subject to the same laws and regulations. Commonly used Significant asset classes are equities (stocks and shares), fixed income (bonds), cash and cash equivalents, direct property, and collectibles |
| **ASX** | ASX Limited (ABN 98 008 624 691) or the securities exchange it operates as the context requires |
| **ASX Corporate Governance Principles** | The corporate governance principles and recommendations of the ASX Corporate Governance Council as at the Prospectus date |
| **ATO** | The Australian Taxation Office |
| **ASX Listing Rules** | The official listing rules of ASX as amended or waived from time to time |
| **ASX Settlement Operating Rules** | The operating rules of ASX Settlement Pty Limited (ACN 008 504 532) |

| THE TERM | MEANS |
|---|---|
| **Australian Accounting Standards** | Australian Accounting Standards and other authoritative pronouncements adopted by the Australian Accounting Standards Board |
| **Australian Accounting Standards Board / AASB** | Australian Accounting Standards Board |
| **Australian Financial Services Licence or AFSL** | A licence for a business in Australia that is involved in the provision of financial services, as defined in s761A of the Corporations Act |
| **Board** | The board of Directors |
| **Book Build** | A process that enables a group of property buyers with a common goal to invest in a specific property without committing to purchase the entire property individually. Information about the DomaCom Book Build process can be found on DomaCom's website: https://www.domacom.com.au/the-domacom-fund/bookbuild-process/ |
| **Cash Pool** | in relation to the DomaCom Fund it means the Wholesale Cash Pool and the Retail Cash Pool. |
| **CHESS** | The Clearing House Electronic Sub-register System operated by ASX Settlement Pty Ltd |
| **Completion** | The completion of the Offer, being the date on which Shares are issued or transferred to successful Applicants in accordance with the terms of the Offer |
| **Corporations Act** | The Corporations Act 2001 (Cth) |
| **Crowdfunding** | Method of funding a project or venture by raising monetary contributions from a large number of people and DomaCom undertakes this fundraising by using its crowdfunding platform which enables investors to pool their funds together to acquire any assets (for example, DomaCom's crowdfunding campaign to acquire the Kidman Station properties) |
| **Custodian** | Perpetual Corporate Trust Limited ABN 99 000 341 5833 as an authorised representative of Perpetual Trustee Company Limited ABN 42 000 001 007 AFSL 236643 (authorised representative number 266799) |
| **Corporate Adviser** | Odyssey Capital Pty Ltd ABN 56 169 888 779 |

| THE TERM | MEANS |
|---|---|
| **Dealer Group** | Traditionally the distribution arm typically of funds management groups or banking institutions designed to offer investors financial planning services. Dealer groups often employ large numbers of financial planners, offering them training, licensing and support services. Dealer Groups are also made up of independent firms of financial planners who enter into arrangements with an AFSL holder who authorises them to operate under its licence and provides them with research, compliance and other services. |
| **Director** | A director or directors of the Company |
| **Directors' Long Term Incentive Plan** | The LTIP approved for Directors under which the Company provides incentives and rewards to Directors to motivate and reward their contributions to the DomaCom Group. Details of the LTIP and the awards made under it are set out in Sections 10.2.7 and 12.4. |
| **Diversification** | A technique that reduces risk in an investment strategy by allocating investments among various financial instruments, industries sectors and other categories. It aims to maximize return by investing in different areas that would each react differently to the same event. |
| **DomaCom Australia** | DomaCom Australia Limited ACN 153 951 770 is a wholly owned subsidiary of DomaCom Limited and also holds an (AFSL 444365) which authorises DomaCom Australia to deal in financial products, make a market and operate the DomaCom Fund |
| **DomaCom Limited, DomaCom or the Company** | DomaCom Limited ACN 604 384 885 |
| **DomaCom Corporate Bonds** | The product currently under development that is described in Section 6.5.2 |
| **DomaCom Equity Release** | The product currently under development that is described in Section 6.5.3 |
| **DomaCom Fund or / Fund** | The DomaCom Fund ARSN 167 020 626, a managed investment scheme registered under the Corporations Act. Information about the DomaCom Fund can be found in its PDS available from the DomaCom website: http://www.domacom.com.au/the-domacom-fund/product-disclosure-statement/ |
| **DomaCom Group** | DomaCom and each of its subsidiaries |
| **DomaCom IPO** | The proposed initial public offering of Shares in DomaCom being listed on the ASX and the subject of this Prospectus |
| **DomaCom Platform or Platform** | The technology platform and business processes designed, built and implemented by the DomaCom Group and which DomaCom Australia uses to manage the DomaCom Fund. |

| THE TERM | MEANS |
|---|---|
| **EBIT** | Earnings before interest and tax |
| **Eligible Employee** | In respect of the LTIP and Performance Rights, means an employee of the DomaCom Group (including a director whether employed in an executive capacity or not) or any other person who is declared by the Board to be eligible to receive a grant of an award under a LTIP |
| **Employees Long Term Incentive Plan** | The LTIP approved for employees of the DomaCom Group under which the Company provides incentives and rewards to personnel to motivate and reward their contributions to the DomaCom Group. Details of the LTIP and the awards made under it are set out in Sections 10.2.7 and 12.4. |
| **Escrowed Shareholders** | The holders of Shares expected to be subject to escrow restrictions as set out in section 12.12 |
| **Executive Share Plan / ESP** | The long and short term incentive plans for Directors and employees that DomaCom Group introduced in October 2015 which is described in section 10.2.7 |
| **Existing Shareholders** | The holders of Shares as at the Prospectus Date |
| **Exposure Period** | A period of 7 days from the date this Prospectus is lodged with ASIC during which Applications for Shares cannot be processed. ASIC may extend the Exposure Period for a further 7 days. |
| **Financial Planner / Financial Adviser** | A qualified investment professional who helps individuals and corporations meet their long-term financial objectives by analysing their client's financial objectives and goals and implement a plan (for example an asset allocation model) to achieve that client's goals |
| **FOFA** | The Future of Financial Advice which came into effect on 1 July 2012 |
| **Fractional investment interests** | A term used by the DomaCom Group to describe the interests that investors in the DomaCom Fund hold in its Sub-Funds which constitute fractionalised interests in the underlying property of the Sub-Fund. |
| **FUM** | Funds under management |
| **Global Financial Crisis (GFC)** | A term often used in connection with the economic conditions over the period 2008 – 2011. |
| **Group Companies** | Any member of the DomaCom Group |
| **HIN** | Holder Identification Number which is the unique identify that links a Shareholder to Shares on the CHESS sub-register. |

| THE TERM | MEANS |
|---|---|
| **Intermediary** | A person or firm who acts as a link between people in order to try and bring about an agreement. In the case of DomaCom Australia's marketing of the DomaCom Fund which it manages, intermediaries include Financial Planning Firms and Accountants who introduce their clients to the DomaCom Fund and advise them in respect to their decision to invest in it. |
| **Internally Developed Intangibles** | Intangibles (for example, intellectual property) which are developed within an entity or group. |
| **Independent Financial Advisers / IFAs** | A general term encompassing financial planners operating independently or belonging to a Dealer Group network, or authorised by as an intermediary by a financial institution and may access the DomaCom Fund and platform to carry out their client's investments objectives. |
| **Investment Management Agreement /IMA** | The agreement under which the Responsible Entity appoints DomaCom Australia as the investment manager of the DomaCom Fund |
| **Lead Institutional Manager** | Pulse Markets Pty Ltd ACN 081 505 268 |
| **Listing Rules or ASX Listing Rules** | The rules of ASX that govern the admission, quotation and removal of securities from the Official List, as amended from time to time. |
| **LTIP** | Long Term Investment Plan |
| **Members** | Members of the DomaCom Fund |
| **MIS** | Managed investment scheme as defined under section 9 of the Corporations Act |
| **Official List** | The official list of entities that ASX has admitted and not removed |
| **Offer** | The offer of Shares pursuant to this Prospectus |
| **Parent Company** | DomaCom Limited |
| **Performance Condition** | In respect to an award made under an LTIP means one or more conditions which must be satisfied or circumstances which must exist before a Performance Right vests under that LTIP |
| **Performance Rights** | A right to acquire one ordinary share in the capital of the Company in accordance with the LTIP. |
| **Proper ASTC Transfer** | The meaning given to that term in the Corporations Regulations 2001 (Cth) |
| **Property** | In relation to the DomaCom Fund refers to real property in Australia |

| THE TERM | MEANS |
|---|---|
| **Prospectus** | This document dated 24 June 2016 and any replacement or supplementary prospectus in relation to this document |
| **Prospectus Date** | The date on which a copy of this Prospectus was lodged with ASIC, being 24 June 2016 |
| **Responsible Entity (RE)** | The responsible entity of the DomaCom Fund, being Perpetual Services Limited ABN 48 000 142 049 AFSL 236648 as of the Prospectus Date |
| **Sale Shares** | Up to 7,609,966 Shares held by Selling Shareholders |
| **Sell Down Agreement** | The deed between the Company, SellerCo and Selling Shareholders dated on or around (2 June 2016) |
| **Selling Shareholders** | Existing Shareholders who have agreed to sell the Sale Shares to SellerCo Limited under the Sell Down Agreement for the purposes of the Offer |
| **Share Registry** | Boardroom Pty Ltd ABN 14 003 209 836 |
| **Shares** | Fully paid ordinary shares in the capital of DomaCom Limited ACN 604 384 885 |
| **Sponsoring Retail Brokers Agreement** | The Sponsoring Retail Brokers Agreement entered into between the Sponsoring Retail Broker, the Company and SellerCo dated on or about the Prospectus Date |
| **Sponsoring Retail Broker** | Shaw and Partners Limited ABN 24 003 221 583 AFSL236048 |
| **SRN** | Shareholder Reference Number, being the unique identifier that links a Shareholder to their Shares on the issuer-sponsored sub-register |
| **Sub-Fund** | A sub-fund established within the DomaCom Fund to hold an underlying property and any assets of that property of which the Responsible Entity in its capacity as responsible entity of the Sub-Fund or the Custodian in its capacity as custodian for the DomaCom Fund will hold those assets. |
| **TFN** | Tax file number |
| **Underwriters** | A group of Existing Shareholders and new investors who have agreed (severally) to underwrite the minimum subscription of $5 million. |
| **Underwriting Agreement** | An agreement under which the Underwriters agree to underwrite the minimum subscription of $5 million and to pay the Underwritten Amount. |
| **Underwritten Amount** | An amount each of the Underwriters has agreed to underwrite as agreed under their respective Underwriting Agreement. |

# 14 CORPORATE DIRECTORY

### COMPANY'S REGISTERED OFFICE

DomaCom Limited
ACN 604 384 885
Level 6, 99 Queens Street,
Melbourne VIC 3000

### CORPORATE ADVISERS

Odyssey Capital Pty Ltd
ABN 56 169 888 779
Level 10, 50 Pitt Street
Sydney NSW 2000

### PULSE MARKETS PTY LTD

ACN 081 505 268
Level 2, 1 Alfred Street
Sydney NSW 2000

### SPONSORING RETAIL BROKER

Shaw and Partners Limited
ABN 24 003 221 583
Head Office
Level 15, 60 Castlereagh Street
Sydney 2000 NSW

### INVESTIGATING ACCOUNTANT

Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987
Level 30, Rialto
525 Collins St
Melbourne VIC 3000

### INDEPENDENT AUDITOR

Grant Thornton Audit Pty Ltd
ACN 130 913 594
Level 30, Rialto
525 Collins St
Melbourne VIC 3000

## LEGAL ADVISERS

Hall & Wilcox
Level 11, Rialto South Tower
525 Collins Street
Melbourne VIC 3000

## SHARE REGISTRY

Boardroom Pty Limited
ABN 14 003 209 836
Level 12, 225 George Street,
Sydney NSW 2000
GPO Box 3993
Sydney NSW 2001
Phone: +61 (0) 2 9290 9600
Fax: +61 (0) 2 9279 0664
Email: enquiries@boardroomlimited.com.au
Website: www.boardroomlimited.com.au