



DomaCom Australia Limited

Real Property Assets – Policy and Procedures

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1. Document Information

1.1 Primary Contact

For all enquiries or proposed changes, please contact:

Document Owner: Property Operations Officer

1.2 Version Control

Word Doc whilst in Draft (PDF = Final)

Version	Date	Comments	Initials
1.0	August 2016	First Draft	JB
5.0	Feb 2017	Board Copy	JB
7.0	Feb 2017	Board Member Review	JB
8.0	May 2017	Blanket Policy – Property assets	JB
10.0	May 2017	Board Copy	JB
11.0	May 2017	Board amendments included	JB
12.0	May 2017	D Archbold Review updated	JB
12.1	May 2017	Board Copy	JB
13.1	Oct 2017	Board Copy	JB
14.1	Oct 2019	Board Copy	RL
15.1	Oct 2020	Board Copy	RL
16.1	June 2021	Board Copy	RL
FINAL			

1.3 Authorisation and Sign-off

Date	Name	Position / Department	Sign-Off
	Lana Nikolic	Property Operations Officer Property Department	
	Ross Laidlaw	COO	

1.4 Acronyms / Definitions Used Throughout the Document

Acronym	Description
DomaCom	DomaCom Australia Limited
DRR	Development Return Range
RP	Rural Property
ICC	Internal Compliance Committee
AFSL	Australian Financial Services Licence
FSC	Financial Services Council (formerly IFSA)
ASX	Australian Securities Exchange
NSX	National Stock Exchange
NLIS	National Livestock Identification System

1.5 References (Related Policies / Procedures and Requirements)

Related Policies / Procedures
Compliance Plans (all schemes)
DomaCom Consolidated Compliance Register
Legislation / Other References
DomaCom Australian Financial Services Licence 226701
Corporations Act 2001 (Cth)
International and Australian Standards
ASIC Regulatory Guides

FSC Standards and Guidance Notes
ASX and NSX Listing Rules

2. Introduction

2.1 Background

DomaCom is required to meet a range of compliance requirements for the managed investment scheme for which it is the Investment Manager.

2.2 Purpose

The purpose of this manual is to outline the Due Diligence review for Real Property Assets prior to their onboarding processes into the DomaCom fund.

2.3 Scope

This policy applies to all employees of the Company and its managed and/or owned entities.

2.4 Roles and responsibilities

Role of the Compliance Manager

The Compliance Manager must be familiar with the Compliance Program and the Compliance Plans. They will assume responsibility for compliance and for rectifying breaches. The compliance officer must:

- Identify legal compliance obligations with the assistance of DomaCom management, legal and external advisers;
- ensure that these obligations become part of the business systems and processes;
- report to Board on compliance with the requirements; and
- be familiar with DomaCom's compliance obligations.

It is the responsibility of the Compliance Manager to directly monitor compliance on most issues.

Role of Managers

Identified Managers across all business units (Client Services, Property, Finance & Accounting, IT, etc) are responsible for reporting and monitoring key aspects of compliance.

Role of Employees / Representatives

All employees are required to assist DomaCom in meeting its compliance obligations.

Role of the External Auditor

The external auditor of the Compliance Plan will review this compliance manual as part of the annual compliance plan audit.

2.5 Sign-offs and approvals

Position	Role
Property Operations Officer	In conjunction with the COO shall review this Manual annually and submit recommended changes to the Board for approval
Chief Operation Officer	Initial policy implementation and policy amendments as required.
Board	Delegated Sign-off

2.6 Key definitions

Term	Explanation
Best Management Practice	As set out by “Queensland Government – Department of Agriculture and Fisheries”.
Board	The nominated representatives of the DomaCom fund as elected at DomaCom Annual General Meeting or special meeting of its members.
Campaign	The DomaCom process of raising capital and the placement of capital into the DomaCom Fund through the issued PDS.
Strategy Campaign	The DomaCom process of raising capital and the placement of capital into the DomaCom Fund through the issued PDS where no asset has been identified. The funds are raised based on an investment <i>Strategy</i> . The application of the funds to purchase the asset may occur during or after the funds are raised. Once the property is identified, it will be referred to as a Campaign.

Compliance Plans	Those plans that form part of DomaCom Australia Limited Australian Financial Services Licence.
Development assets	Real property assets that will be improved through construction of multiple dwellings and/or non-residential buildings.
Development Return Range	Not more than a -10% variation to the predicted returns.
Due Diligence	A comprehensive appraisal of a business undertaken by a prospective buyer, especially to establish its assets and liabilities and evaluate its commercial potential.
Project Sponsor	The individual, or group, who has offered a development asset to the DomaCom fund.
Real Property Assets	Freehold and or Strata title property. Appropriately zoned for their respective use.
Rural Land	Land that is used for gain or profit from grazing or livestock, dairying, poultry farming, viticulture, orchards, beekeeping, horticulture,
Rural Property	A property that would be defined as Rural Land.
Sale and Leaseback	A transaction contemplated by the fund where the vendor or lessee (in the case of crown owned property) will retain an occupation right to the property through a formal lease post the purchase, or assignment of lease, by the DomaCom Sub-fund.
Valuation Range - Pre-purchase	Is set at - 10% of the Campaign price for Pre-Purchase Valuations.

Valuation Range for a Rural Property - Market Valuation	Is set at - 15% of the Carrying Value of the property.
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2.7 Policy review and revision

The Property Operations Officer in conjunction with the COO shall review this Manual annually and submit recommended changes to the Board for approval.

If required, the Chief Operating Officer may seek internal or external advice on the Compliance Program as outlined in this Manual.

The Manual may be updated more regularly if required because of regulatory changes, significant licence changes or changes in the circumstances or operations of DomaCom.

3. Due Diligence process

Prior to the execution of a binding contract to purchase a property by a DomaCom sub-fund, a review of the Real Property Asset is undertaken during the Campaign process, the property Due Diligence. The Due Diligence process has 3 generic areas of focus across all property asset classes. These being categorised into Legal, Value and Physical review. Within each asset class additional reviews may be required. The implementation, or disregard, of any specific external due diligence review is at the discretion of the Property Operations Officer in conjunction with the COO, or other approved representative within DomaCom.

It is important to note that where a Strategy Campaign is being undertaken, the property may not have been identified. The allocation of a property asset to the relevant Strategy Campaign may occur during or after the funds are raised. In these cases, the Due Diligence will NOT commence until either the property is identified subject to the quantum of funds raised at that point being greater than or equal to 30% of the target campaign amount. If a level of gearing is required in the acquisition of the underlying asset the Fund has clear policy surrounding the level of gearing and interest cover ratio.

The categories of review during the Due Diligence process include:

3.1 Legal Review

The legal review will be a review on title available, whether leasehold or freehold, together with any incumbent lease and/or sub-lease proposed.

3.2 Valuation

A current market valuation will be undertaken to benchmark the asset against the proposed Campaign amount.

Excluding Development assets, real property assets are valued on an “as if completed basis”.

With regard to Development Assets, they will be valued on the basis of their approval status at the time of acquisition by DomaCom. An authorised DomaCom representative, appropriately skilled, may provide additional valuation instructions at the time of instruction. It would be expected that a valuation is undertaken on an “as is basis” and also on “as if completed basis”.

An additional requirement for a rural valuation will also consider the carrying capacity for the property, as relating to livestock, or other appropriate Rural Land benchmarks. A rural valuation is considered a “long Form” report and takes into account the condition of any building and pasture improvements. Valuations will also take into account any water licences and aboriginal land rights if applicable.

3.3 Building and property condition report

The level and age of infrastructure will dictate the property condition report that will be required. In all cases it will consider the current state of infrastructure and also any proposed or scheduled repairs and maintenance. Proposed capital improvement works will only be considered where appropriate and as required in accordance with the Campaign offering.

Rural valuations are considered a detailed full report type valuation and contain detailed review of the property condition with regard to; building improvements, water licences, aboriginal land rights and pastures. Only where the valuer has identified within the report that the condition of the building improvements would require further investigation, would an additional building inspector be required to report on their condition.

3.4 Gearing and Borrowing

The Fund has a Gearing Policy which sets out a maximum gearing ratio of 60% (based on the market value of an Underlying Property) on an individual credit facility and Sub-Fund level. The gearing ratio is calculated as follows:

Gearing ratio = Total interest-bearing liabilities divided by Total assets.

The Fund maintains and complies with a Gearing Policy that governs the level of interest cover at an individual credit facility level at the time of entering into the lending agreement. The minimum interest cover ratio at an individual credit facility level and at a Sub-Fund level is 1 times income (including cash reserves). However, under Regulatory Guide 46 interest cover ratio is calculated as follows:

Interest cover ratio = EBITDA – unrealised gains + the unrealised losses divided by Interest expense.

Accordingly, the Fund will disclose the interest cover ratio for a Sub-Fund including and excluding cash reserves. Refer you to DomaCom’s policy “the ASIC Regulatory Guide 46 Benchmark and Disclosure Principles Policy”.

3.5 Aboriginal Land Rights

As part of the Due Diligence process on rural land, the funds appointed conveyancer/legal representative, will review contracts and the relevant land registers to determine if the property is subject to any Aboriginal Land Rights that would have an impact on title.

3.6 Sale and Leaseback transactions

In relation to Sale and Leaseback transactions, additional Due Diligence will be undertaken on any proposed Tenant.

The purchase will be considered on the merits of the transaction however the applicant to a lease back will need to demonstrate a sound track record and financial capability to meet the lease obligation on completion of the purchase by DomaCom.

Further detail in relation to Sale and Leaseback considerations is detailed within Tenant Selection 9.2.

4. Legal

DomaCom will appoint established conveyancing/legal firms with experience in the relevant property asset class being transacted to review contracts, and any lease agreements, for the purchase of property and effect settlement of purchases in each state.

A national firm, where available, will be appointed as the principle conveyance firm representing DomaCom. In the case of conflicts of interest, a second firm will be engaged in the state where the conflict has arisen.

4.1 Conveyancing firms will be appointed on an ongoing basis with performance reviewed not less than annually, where appointment volume is limited, by DomaCom. Any appointment of any conveyancing firm (other than firms appointed on an ad hoc basis in a remote area) must be undertaken in accordance with DomaCom's Outsourcing Policies and Procedures. All appointments of conveyancing firms will be undertaken in accordance with the outsourcing Policy and procedures. Initial Contract Review

The conveyancing firm, or other specialist legal firm as required, will be instructed to undertake a review all purchase and relating agreements to the acquisition once the Campaign has reached in excess of 30% of the target book price at that time.

This initial contract review involves the following tasks.

- Undertake initial property searches to identify any restrictions on title, or within lease (in the case of crown lease property held on leasehold) and confirm property ownership.
- Review any and all lease agreements affecting the property.
- Provide DomaCom with preliminary information about the existence of any easements, covenants or restrictions on title together with any special conditions using a pre-determined report format in a form.
- Provide DomaCom with their recommendations for any additional searches they believe are required.
- If additional searches are obtained, the firm must provide details of their findings together with recommendations for further action using a pre-determined report format in a form capable of reproduction in the SPDS / on screens accessible by prospective investors
- Native title considerations are taken into account in relation to Rural property.
- Water licence and or rights that are attached to the property are also considered in relation to Rural property.

DomaCom may also commission other additional searches at its discretion.

4.2 Entering into binding purchase contract

Once the commercial terms have been agreed for the purchase of the property the conveyance firm will be instructed to proceed to prepare contracts for DomaCom. Any

recommended changes to the contract will be confirmed and incorporated into the contract to purchase.

An Exchange checklist will be prepared by DomaCom that will include, but not be limited to, the following:

- Property Address
- Purchase price
- Deposit amount
- Bank cheque to be provided
- Vendor details
- Property Insurance
- If DomaCom is required to place insurance cover over the property before exchange, detail cover note number to be included.
- Confirmation from Client Services that all participants have accepted the SPDS.
- Copy of Legal signoff of confirmation.
- Detail of party required to execute contract on behalf of DomaCom

Once binding contracts to proceed have been entered into between the vendor and DomaCom the conveyance firm will proceed to settlement.

Prior to settlement, the conveyance firm will prepare the Settlement Statement for the final purchase of the property that will be provided to DomaCom. This statement will be used to confirm the funds required for the final settlement of the purchase of the property. The property department will also have prepared a settlement checklist during the settlement period that will cover, but not be limited to, the following:

- Property and Landlord Insurance confirmation
- If required prior to exchange – cover note number:
- Confirmation of policy – policy number:
- Diary entry into DomaCom system of expiry of policy
- The annual review of the insurance policy for each property will also need to consider any substantial works that have been undertaken on the property that may have a positive impact on its replacement value for insurance purposes.
- Confirmation of the current rental must also be compared to the level or Landlord insurance cover in place.
- Property management appointment
- Agreement on asking rental and promotion where property is not tenanted at the time of settlement.
- Confirmation of any agreed works to the property as part of the purchase

While DomaCom has agreed a set, base scale of fees with the Conveyance firm for each stage of the legal purchase process, variations will occur on a property by property basis and geographical location. DomaCom reserves the right to instruct the Conveyance firm as required to protect the interests of the investor.

5. Valuation

The DomaCom policy in relation to property Valuation's aims to ensure that the DomaCom Fund assets are valued in an appropriate and timely manner and that there are appropriate processes in place to minimise risks arising in relation to the acquisition of property. All valuations performed on Real Property Assets of the fund will be undertaken by external firms.

5.1 Requirement for Valuations

DomaCom Fund is required to undertake valuations of the Fund's property assets in accordance with requirements under the:

- Corporations Act;
- Financial Statement and accounting standards;
- The Fund Constitution and Compliance Plan;
- Laws relating to mergers and acquisitions (including Takeover / Scheme of Arrangement / Court Order);
- Regulatory Guide 46 of the Corporations Act; and

5.2 Types of Valuations

The initial Campaign will require an assessment of valuation to determine as to whether the proposed Campaign target is within the acceptable range and, as required, to advise participants in the initial Campaign if the target amount is outside the acceptable range.

The types of valuations used by DomaCom as summarised as follows:

5.2.1 Pre-Purchase Valuations

Pre-Purchase Valuations for Real Property are undertaken once sufficient investor commitments to purchase units in a proposed Sub-Fund have been obtained. The instructions to the valuer will be dependent on the real property asset being valued. The Pre-purchase valuation in all cases will require a Full Report. Such a valuation will require a physical inspection of the property by a qualified, independent Valuer and produces either a valuation number "high-low" range, or a set value, depending on the asset and its development status.

Valuations of rural assets will take into account the current use of the property together with market risk in relation to the type of activity undertaken. It also provides additional detail on the condition of the improvements on the property.

The Valuation of development assets will consider the purpose to which the asset is being purchased by the DomaCom sub-fund. Additional valuations can be obtained when specific milestones have been achieved. These valuations can occur outside the normal annual valuation cycle.

DomaCom uses the value determined from the external valuation to determine whether the Campaign targets are within or outside the acceptable range.

5.2.2 Updated Market Valuations

Updated Market Valuations are based on the immediate past Valuation, either Pre-Purchase or Market, and are updated by a Desktop valuation performed by an Independent Valuer. This type of valuation produces a single valuation price (not a range).

Updated Market Valuations do not include a physical property inspection, unless specifically requested. Real Estate Agents managing the properties are required to undertake a physical inspection of the properties twice per year. For any particular property however, DomaCom may order a Market Valuation instead of an Updated Market Valuation if, in its view it believes there has been a significant change in the value of a property or that the initial pre-purchase valuation assumed the construction of a dwelling, whether residential or non-residential, upon the real property asset.

Once this Updated Market Valuation is received, and approved, the Property Operations Officer will provide an internal instruction to the Chief Operating Officer or their nominee for updating the unit price for that Sub-Fund.

5.2.3 Market Valuations

Market Valuations include a physical property inspection by a qualified, registered independent valuer and produce a single valuation price. Market valuations may also be undertaken when questions arise regarding the need for repairs and maintenance or for any reason at DomaCom's discretion. Once this Market Valuation is received, and approved, the Property Operations Officer will provide an internal instruction to the Chief Operating Officer or their nominee for updating the unit price for that Sub-Fund.

5.3 Frequency of Valuations (Valuation Timetable)

- **Pre-Purchase Valuations** occur once the total of Investor commitments reaches 50% of the lowest amount that a potential unit holder has nominated as the maximum price at which, if the acquisition is made, they will invest in the property.
- **Updated Market Valuations** firstly occur on the 1st annual anniversary following the purchase of a property. Thereafter they occur every 2 years or when DomaCom considers that an additional Market Valuation is required.
- **Market Valuations** occur 12 months after each Updated Market Valuation (unless DomaCom considers that the circumstances warrant obtaining a Market Valuation instead)

Every effort should be made to ensure that Market Valuations and Updated Market Valuations are undertaken as closely as possible to the anniversary proscribed by this clause, however, the policy will only be breached if the valuations are not arranged within a 2-month range either side of the of the relevant anniversary date.

It is at the discretion of the Property Operations Officer to delay and/or vary the valuation of any real property asset. Such a variation is required to be noted and disclosed to the COO.

5.4 Review of Valuations

The Property Operations Officer ensures that the Valuation has been carried out in accordance with the instructions contained within the Valuation Instructions. This process will include the completion of an approved Valuation Review form on issue of the valuation by the valuer.

The Property Team to confirm the information used by the Valuer, such as lease details, capitalisation rates and underlying valuation assumptions. The Property Operations Officer, or their nominee, will be required to review the valuation report and sign off confirmation on the valuations compliance with Instructions, form and format. Any exceptions or additional assumptions that have been incorporated into the valuation will be referred to the Property Operations Officer for confirmation prior to the valuation being accepted and approved.

5.4.1 Approval of Valuations

If the Valuation is within the Valuation Range the Property Operations Officer is authorised to then approve this valuation and to complete a Valuation Review form for signoff. This form is then sent to DomaCom platform services team for updating the unit price for that Sub-Fund, in the case of an existing asset in the fund.

5.4.2 Pre-purchase Valuation – Outside DomaCom range

Should the Pre-purchase Valuation be outside an acceptable valuation range as it relates to the Campaign value at the time the valuation was received, and DomaCom had allowed the Campaign to proceed, the closing price of the Campaign will be compared to the Pre-purchase Valuation and should it still fall outside the range, investors will be required to acknowledge, and confirm, at the time of acceptance of the Supplementary Product Disclosure Statement [“SPDS”] that they are aware that the valuation is outside the DomaCom range. This is subject to the valuation being approved by the CEO and or COO. If the valuation is 10% lower or greater than the Purchase price the CEO and or COO must approve for the campaign to continue.

5.4.3 Market Valuation – Outside DomaCom range

The Valuation for a property will be compared to the current carrying value of the asset and its performance benchmarked against other indicators, if available, for the location of the property provided by the external Valuer. If the Valuation is outside the Valuation Range, the valuation will be referred back to the external Valuer along with any notes or feedback on their calculations.

Following discussions with the external Valuer, the Property Operations Officer will then make a determination to either accept or reject the Valuation.

If the Valuation is outside the Valuation Range and the Property Operations Officer still forms the view that the Valuation is to be accepted, the Property Operations Officer will refer the valuation to the Chief Operating Officer (COO) or the Chief Executive Officer (CEO) for approval or rejection. The Property Operations Officer may also recommend (and the COO /

CEO may request) that an additional valuation be undertaken from an alternate firm for comparison prior to a final determination being made.

5.4.4 Rejection of External Valuations

If either the Property Operations Officer or the COO/CEO forms the view that a Valuation is to be rejected, the Property Operations Officer will be required to obtain a new Valuation from a different Valuer and/or firm. Once completed, the new Valuation will be checked against the Valuation Range and will proceed to go through the approval process outlined in this document.

5.5 Investor Confirmation to proceed

After logging into their account they will be required to open the email which contains the confirmation request. This email will have attached to it a link to the DomaCom platform allowing access to the Supplementary PDS. This document will contain the proposed purchase price to be offered to the Vendor to buy the property.

Participating Investors will be required to confirm their commitment to accept the SPDS, which in turn is enabling the Custodian to proceed with the property acquisition if sufficient numbers of investors accept the SPDS..

If the proposed purchase price is outside the Valuation Range for a Pre-Purchase Valuation, and the decision is made to allow the Campaign to proceed, it will be noted within the SPDS that the valuation is outside DomaCom's Valuation Range. Participating Investors will confirm their commitment to proceed at the proposed purchase price at the time of accepting the SPDS.

Even if this commitment is provided by Investors, DomaCom may still choose to exercise its right to withdraw from the purchase transaction at its sole discretion. The decision to withdraw from the transaction will be with the Property Operations Officer, CEO or COO and would be exercised if the transaction was not in the best interest of the Fund, the Investment Manager or the unit holders. Consideration would be given to, but not limited by, the market, property type, tenant, purchase price and property condition.

5.6 Definition of "Market Value"

Valuations are to reflect the "Market Value" of the property as adopted by the Australian Property Institute which is defined below.

"Market Value is the estimated amount for which an asset should exchange on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction, after property marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion."¹

¹ http://realestatedefined.com/html/terms_defined/market_value.html

5.7 Valuer Selection

Valuation firms are appointed by DomaCom to perform independent valuations in accordance with the Valuation Timetable. The Property Operations Officer, or their nominee, is responsible for instructing the Valuers and for ensuring that they receive all information relevant to making a property valuation.

All appointments of Valuers will be undertaken in accordance with the Outsourcing Procedures.

DomaCom requires that each Valuation Firm undertaking a valuation for the Fund:

- is suitably qualified to carry out a valuation and the Valuer within the firm appointed to conduct the valuation has an appropriate level of senior experience as a professional Valuer;
- is registered or licensed in the relevant State or Territory in which the property is located (where a registration or licensing regime exists);
- be a member of Australian Property Institute and is categorised as a Certified Practising Valuer by that institute;
- has professional indemnity insurance cover of at least \$5million from a reputable and creditworthy insurer;
- is independent of DomaCom and has no pecuniary interest or other conflict of interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the market value or that could conflict with a valuation of the interest property;
- is not a company acting for the vendor (i.e. as agent or adviser on the sale of the property interest to the Fund); and
- accepts instructions to value the property only from DomaCom as the investment manager of the DomaCom fund on behalf of the Responsible Entity.

5.8 Rotation of Valuer's

A Valuer or valuation company can only value a particular property of the DomaCom Fund on three consecutive occasions (Valuer's Cycle).

Once a Valuer has completed their Cycle on a particular property, a different Valuer from a different valuation company is required to undertake the new valuations. The superseded valuation company may be used again by DomaCom once the cycle has been completed. If the valuation of a property is made prior to the property achieving practical completion (i.e. a property under development), the Valuer will be entitled to undertake two valuations of the property post practical completion prior to the valuation being rotated to a different Valuer from a different valuation company.

DomaCom may, at its discretion elect to rotate Valuer's more frequently.

5.9 Instructing Valuer's

The Property Operations Officer typically instructs a Valuer to undertake a valuation on behalf of DomaCom in writing via email. In the absence of the Property Operations Officer, the instruction may be issued by any of DomaCom's senior staff delegated by the Property

Operations Officer who has oversight over the relevant business process and property experience.

The Property Team is responsible for maintaining and updating, as required, the:

- Standard Valuation Instructions to the valuation company to determine;
- Market Value of the property as at the date of the valuation
- An estimate of the replacement value for insurance purpose (on physical inspection valuations only), as required
- Valuation Standard; and
- Valuation Checklist; agreed with each of the Valuers regarding the ways that they will undertake their valuations at the time of their initial appointment.

All instructions to the Valuer must be in writing and the property department must ensure that the Valuer receives all information relevant to making a market valuation of the property interest.

The Property Team will maintain a register of Valuations that will contain, but may not be limited to, the following information:

- Date of instruction
- Valuation firm
- Valuation report requested and format
- Standard Instruction version adopted (if more than one exists)

Valuations are to be undertaken only after the valuation fee has been agreed in writing. Valuation fees will be based on direct market comparison for like services provided by other reputable valuation firms in the market with the capacity to deliver the level of service required under DomaCom's outsourcing policy.

5.10 Register of Valuations adopted

A register of all appointments of External Valuer's will be maintained by the Property Team within the property register and provided to the Head of Compliance Quarterly. The register will contain the following information:

- Allocated ARSN
- Name of firm;
- Last Valuation type
- Date
- Property address
- Valuation, or Valuation range, (as applicable) provided.
- Difference from last valuation (if applicable) – together with notes on the extent to which the difference is / is not consistent with area trends.
- Rotation date

5.11 Investment Manager may arrange additional valuations

If at any point, DomaCom forms a view that there has been a material change in the value of any property, the Property Operations Officer must commission a Market Valuation to be undertaken within two months of the Officer forming that view.

Circumstances that could create the need for an additional valuation to be called could include:

- Significant works being undertaken to the property
- Significant damage to the property that could have a negative effect on the property
- A significant change based on trends seen in property purchases to the platform, based on an analytical comparison, show significant change in value compared to the carrying values of owned properties in those areas.
- A significant change based on trends seen in property transactions as provided by the Core Logic and Australian Property Monitors, based on an analytical comparison, show significant change in value compared to the carrying values of owned properties in those areas. A trend determined over 3 consecutive quarters of reported data.

6. Building and Property Inspections (as required)

The platform will generate instructions to order Building Inspection reports when the Campaign reaches 50% of the total Campaign target book price. Such building inspections can be arranged at any time during the Campaign process provided approved by the Investors Sponsor and DomaCom and funds are available at this time..

DomaCom will require a certificate of currency of professional indemnity cover to accompany all building inspection reports. This type of report will provide details regarding a property's structural soundness and condition based on a visual inspection. They will also highlight any defect, impediments or other areas of concern that would affect the value and ongoing use of the property. The Building Inspection Report will also identify any potential works to the property that may be required.

Building inspectors will also be required to report on any actual or suspected presence of timber pest at the property and any damage that they might have inflicted on the property. If the building inspector believes an inspection by a timber pest contractor is warranted, they will recommend in their report that one be undertaken.

If such a recommendation is made, DomaCom will commission a timber pest inspection.

Once the Building Inspection Report (and, in some cases the timber pest inspection report) is completed the building report would be uploaded onto DomaCom Property Platform. This report can also be electronically provided to the assigned Valuer, if available at the time of the valuation, for the property who will then use the report's findings to help them form a view as to the market value of the property. If the report was not provided at the time of the valuation, however it noted damage or concern in relation to the structure, the report would then be provided to the valuer to comment on if it has any effect on the value.

At all times, DomaCom reserves the right to terminate any Campaign should the Building Inspection Report identify significant repairs and maintenance are required to be undertaken on a property.

A register of all appointments of building inspectors will be maintained by the Property Team. The register will contain the following information:

- Name of firm;
- Details of each engagement (date, property address, whether purchase proceeded, any issues, concerns or feedback);
- Copy of certificate of currency
- Whether a recommendation was made for timber pest inspections;
- If a timber pest inspection was undertaken, the dates and results of those tests and any follow up action
- Diary notes will be made into DomaCom system for any follow-up once the property has proceeded past exchange.
- Any complaints or issues arising subsequently.

7. Development assets

Development assets that are being considered by the DomaCom fund may require additional due diligence in relation to a review of the proposed use and/or building/s that is proposed. Such additional reports would include, but not be limited to, the following:

- Town planning
- Financial feasibility
- Geotechnical
- Engineering
- Quantity Surveyor

The financial viability of a project will be determined through this due diligence process. Investment returns determined through the external due diligence process need to be within DomaCom's DRR of the proposed projected returns as disclosed by the project sponsor. Should the development returns exceed the DRR, DomaCom will disclose its determination with the Project Sponsor and can, at DomaCom's sole discretion, terminate the campaign or the proposed campaign.

Should DomaCom agree to proceed with a development that is outside its DRR, the variation is to be noted within the SPDS being issued to the investors for their acceptance.

If the proposed development return is outside DomaCom's DRR, and the decision is made to allow the Campaign to proceed, it will be noted within the SPDS that the independent feasibility review is outside DomaCom's DRR. Participating Investors will confirm their commitment to proceed at the proposed development returns at the time of accepting the SPDS.

Even if this commitment is provided by Investors, DomaCom may still choose to exercise its right to withdraw from the purchase transaction at its sole discretion. The decision to withdraw from the transaction will be with the Property Operations Officer, CEO or COO and would be exercised if the transaction was not in the best interest of the Fund, the Manager or the unit holders. Consideration would be given to, but not limited by, the market, property type, tenant, purchase price, development returns and property condition.

7.1 Project Sponsor

A review of the Project Sponsor is also required where the Project Sponsor is proposed to undertake an active role in the delivery of a Development Asset.

The review is to be consistent with DomaCom's outsourcing policy and will also cover the following, but not limited to, additional areas:

- Relevant previous experience
- Financial capacity as it relates to the role proposed
- Resources available
- Proposed terms of appointment

Credit checks and other financial checks will be undertaken where considered necessary

8. Buyer's Agent

On the completion of a successful Campaign, it may be necessary for DomaCom to appoint a Buyer's Agent to assist with the purchase of the property.

The appointment criteria for the Buyer's Agent firm will be undertaken in accordance with the DomaCom outsourcing procedures Manual.

Buyers Agents will be required to be a licenced property agent that has an established record in buying and/or acting for a buyer in real property within Australia.

Prior to appointment for each transaction, the Buyer's Agent will be required to confirm that they are not subject to any conflict of interest that would impact their ability to act for the DomaCom Fund. DomaCom's Conflicts of Interest policies and procedures will apply.

The Buyer's Agent will be provided with a purchase price range generated by the DomaCom System which is derived from the results of the Campaign and checked by the Property Team in accordance with the procedures described above. The Buyer's Agent will be responsible for conducting all direct negotiations with the vendor's agent and will report back to a nominated DomaCom representative. In the case of an auction purchase, the Buyer's Agent will attend the auction to bid on behalf of DomaCom Fund and its members.

The appointment terms for the Buyer's Agent are set out within the DomaCom appointment agreement that has been drafted by DomaCom and forms the standard terms for their appointment. These terms may vary based on each state and geographical location.

A register of all appointments of Buyers Agents will be maintained by the Property Team and provided to the Head of Compliance Quarterly.

9. Tenant selection – Rural property

Rural property tenant selection will incorporate additional commercial term minimum requirements. These requirements can only be varied with the express direction of the COO, CEO and/or board. A recommendation by the Property Operations Officer would be required to accompany any variation to the terms.

9.1 Minimum Commercial Terms

- Tenant to provide a minimum of a 6-month Gross rental bank guarantee. The amount of the guarantee is to disregard any rental incentive applicable within the first year of the initial term of the lease. Such amount will be required to be reviewed in line with any rental reviews during the term, and any options, of the lease.
- Tenant to have a minimum of 5 years' experience within the rural sector that their intended operation will be undertaking.
- Where available, the proposed tenant to provide last 3 years trading data in relation to their past experience for review. The review will be undertaken by the Property Operations Officer at DomaCom who, at their discretion may appoint an external advisor at the cost of the Campaign. Should the information not be available, or the proposed Lessee withholds such, it is at the discretion of DomaCom and its executives to terminate any discussions with the proposed lessee.

9.2 Sale and Leaseback Transactions

Sale and Leaseback transactions will require an additional review of the proposed tenant operational experience on the property.

It is proposed that the tenant will be required to provide last 3 years trading data in relation to their operations on the subject property. Should the information not be available, or the proposed Lessee withholds such, it is at the discretion of DomaCom and its executives to terminate any discussions with the proposed lessee

Consideration will be made to Sale and Leaseback transactions where the intended tenant will retain an equity stake greater than 25% of the issued capital at the time of purchase within the sub-fund that holds the asset.

10. Land Management – Rural Property

It is intended that any DomaCom Rural sub fund will act as a responsible rural land holder.

Tenants who employ a Best Management Practice, where appropriate for significant rural holdings, will be seen as preferential tenants. Such a requirement will be imposed on significant operations within appropriate geographical regions.

In cases where a Best Management Practice is not required or considered appropriate, the rural lease would contain appropriate fertilizing provisions imposed on the lessee/sub-lessee to ensure that the land is looked after.

To ensure that there is no over-stocking of the property, in grazing style operations, conditions will be imposed within the lease to identify maximum capacity for the stocking of the property. These numbers will be compared to those provided within the valuation. The proposed tenant, and/or sub-tenant, will be required to adhere to these numbers and provide a statutory declaration to the fund, that they have not breached such essential term to the Lease. A breach of such would be considered a breach of the lease and/or sub-lease.

The Best Management Practice would contain the following requirements will be included as tenant/sub-tenant obligations with their occupancy agreement.

- provide and maintain a 5-year Best Management Practice management plan for the property. It is a requirement of the sub-lease that this be provided annually and updated to reflect current status and a 5 year forward looking projections.
- The sub-tenant to provide an estimate of current total herd size, by statutory declaration, on not less than a monthly basis including breakup. This is an estimate that will be required to be updated when the property is mustered. Mustering to occur not less than once a year.
- The sub-tenant is required to provide a detail on their NLIS and provide the sub-lessor authority to obtain any information from the relevant government authority in relation to any stock movement relating to that NLIS number.
- To maintain pastures, roads, improvements including water and fencing, and other structures located on and around the property to a standard not less than that the property was at the time of the lease commencement.
- The sub-tenant must comply with the all the provisions of the Head lease for the property and will ensure that it does not breach the provisions of the head lease.
- The sub-tenant will provide a rolling 2 year works program in relation to the fencing of the property. This capital works program in relation to the fencing of the property will be agreed in writing at the commencement of each year for the forecast 2-year period. The works program must be provided 1 calendar month prior to the expiry of each 12-month period to the Sub-lessor for approval.

11. Property Management

It may be required that DomaCom appoint external property managers for the daily management of the physical property following acquisition. The property department will oversee and be responsible for their appointment.

11.1 Property Managers role and appointment conditions

The property manager's role consists of:

- Securing suitable tenants – including application processing and bond lodgement. DomaCom will ultimately approve the applications based on recommendations from the property managers. Tenant selection will have to comply with DomaCom's Minimum Commercial Terms as detailed within this Policy Document.
- Collection of rents and the payment of property outgoings. Property managers will account to DomaCom generally on a monthly basis on the last business day of the month. This may be more frequent or less frequent depending on the nature of the property.
- Property managers will be required to make 6 monthly physical inspections of the property. These may occur in line with a change of tenant.
- Management of repairs and maintenance of the property. Repairs up to a minimum amount can be approved by the property managers without DomaCom's consent.
- The property manager's ability to authorise urgent repairs will be depended on the asset and type of rural activities. Significant repairs will require a minimum of 2 written quotes for the works before commencement. The property manager is responsible for the monitoring and overseeing of these works and will report to DomaCom on completion.
- Provide monthly management reports that will include
 - Income and expenditure report for the month (reporting period)
 - Update on any works being undertaken on the property
 - Tenant paid to dates and also detailed of any arrears
 - Recommended repairs and maintenance (if required)
- The property managers will also be required to provide financial reporting on the property on the completion of each financial year. This report will include all income and expenditure for the year together with a summary of the property operations and will include recommendations for the coming year.

A property manager will typically be paid on the basis of a percentage of gross rents received from the property. This percentage will vary based on geographical location of the property and the level of rent being achieved and reflect commercial requirements.

Property managers will be appointed on an initial 12-months term under the terms of the Real Estate Institute standard Property Management Agreements for the specific state.

11.2 Selection process and experience requirements

The Property Team will request management proposals from the selling agents of the properties purchased and review these in priority to other property management companies.

In the event that the selling agencies do not meet DomaCom's requirements for Property management services, the review and selection process will move to other eligible property management providers for the location.

To be eligible as a property manager for DomaCom, the following minimum experience criteria is as follows:

- not less than 3 years property management experience in that asset class
- experience in that geographical area

DomaCom can vary these requirements based on property and geographical location at any time.

Preference will be given, when the option is available to DomaCom, to the appointment of a property manager who is a member of the Real Estate Institute for the relevant state.

11.3 Monitoring

Property Managers performance will be monitored monthly based on performance. A formal review will occur annually in line with the renewal of their appointment agreement.

A register of all appointments of Property Managers will be maintained by the Property Team. The register will contain the following information:

- Name of firm;
- Properties Managed;
- For each property:
- Date of appointment;
- Renewal date (initial appointment 12 months);
- Contact person;

12. Project Co-ordination – Development Assets

12.1 Role

DomaCom will undertake an expanded Manager role to co-ordinate the development of real property assets. It will appoint, at its sole discretion, a Project Manager (with appropriate Professional Indemnity insurances) to deliver the proposed development. The Project Manager can also be the Project Sponsor subject to the nominated party having sufficient experience as detailed in 7.1.

Project managers will typically be either an;

- Architect
- building degree graduate
- engineering graduate
- construction site supervisor

The project manager is primarily responsible for the successful delivery of the project. They will act as DomaCom's representative in dealings with architects, various consultants, councils and builders.

Typically, the development manager is involved right from the project's inception through to completion. Their role will be to assist DomaCom, subject to the project status at the time the project is purchased by the DomaCom platform with:

- the conceptualization of a project
- determining its feasibility
- obtaining development approval
- delivering the end product
- leasing and/or selling the project on behalf of the fund

12.2 Appointment

The Project Manager will be appointed on appropriate commercial terms, for the development, consistent with the market at the time of appointment.

Preference will be given to the Project Sponsor, where they seek the role, however the nominated party will need to demonstrate sufficient skill and experience in undertaking the role. The review will be conducted through DomaCom's outsourcing policy as part of the appointment process.

In the case where a Project Sponsor is being nominated as the Project Manager, and in the opinion of DomaCom, the proposed appointment terms are outside commercial practice at the time of the proposed appointment, DomaCom can, at its sole discretion, terminate the Campaign.

If the decision is made to allow the Campaign to proceed, the commercial terms of the appointment will be noted within the SPDS. Participating Investors will confirm their

commitment to proceed with the appointment of the Project Sponsor at the time of accepting the SPDS.

Even if Investors provide this commitment, DomaCom may still choose to exercise its right to withdraw from the purchase transaction or appoint another Project Manager at its sole discretion. The decision to withdraw from the transaction will be with the Property Operations Officer, CEO or COO and would be exercised if the transaction was not in the best interest of the Fund, the Manager or the unit holders. Consideration would be given to, but not limited by, the market, property type, tenant, purchase price, development returns and property condition.

12.3 Monitoring

The performance will be monitored monthly based on agreed deliverables for the development. Any appointment agreement will contain a proposed project Gant chart with milestones and outcomes agreed and confirmed. This will form the basis of the monitoring and review process.

13. Related Property Services

13.1 Sale of asset in sub-fund

Should a sub-fund reach the end of term, or a windup event occur, that would require the realisation of the property asset within the fund, the property department would be responsible for the appointment and management of the selling agency.

The property department will be required to seek sales and marketing proposals from a minimum of 2 licenced real estate agents active in the relevant market. Such proposal to include the following:

- Indicative price range
- Recommended method of sale
- Marketing recommendation including budget
- Comparable sales data
- Selling commission

The Property Operations Officer will be responsible for the review and appointment of the selling agents.

13.1.1 Setting Reserve or Asking price

The price at which a property is offered (a reserve in the case of a sale by Auction) to the market will be determined based on the carrying value for the asset (this would have been determined from the last valuation on the asset that would have occurred no more than 12 months previously) and a minimum of 2 market opinions from local selling agents in that market that the asset is within.

In cases where the market opinion is LESS than the current carrying value of the asset by more than 15% from both opinions, a third opinion may be sort from an alternate agent active in the market. In cases where this is not available, and valuation that DomaCom has used as its carrying value is greater than 6 months old, DomaCom will have the valuation updated by the valuer that performed the last valuation with instructions that the valuation is to consider a current sale of the asset. This updated valuation would set the selling price and or reserve. In cases where the Selling Opinion is within the 15% tolerance, the carrying value would form the initial basis for the minimum price.

In cases where the market opinion is GREATER than the carrying value of the asset, the average of the agent's opinion, in cases where there is greater than one, can be the price at which the property is offered to the market.

When a property is NOT sold at the reserve price at auction, or the marketed price, DomaCom will seek a recommendation from the marketing agent as to their opinion that the property should be promoted with supporting evidence.

DomaCom can only sell the property at less than current valuation in cases where the property has been marketed for more than 90 days. The gross selling price cannot be less than 85% of the carrying value of the asset without the approval of the COO or CEO.

13.2 Indicative Market Data

Indicative market data will accompany each property displayed on the DomaCom Platform. This data does not relate to any specific property. This initial property market data is based on historical sales data for a similar property type (i.e. residential home or apartment) in the same location/postcode, as the displayed property and is provided by RP Data Limited. This data includes:

- Median sales price;
- Change in median price (12 months)
- Change in median price (3 years)
- Median asking rent;
- Average hold period (years)

14. Reporting - Governance

The Property Operations Officer will provide a report to the Board and Auditors on valuations of the DomaCom Fund's property interests adopted for Statutory Financial Accounts prepared as at 30th June and at 31st December each year.

Valuations appearing in Statutory Financial Accounts will be reviewed by the DomaCom Fund Accountant and Auditors for accurate reporting.

14.1 Other Public Documents

The Property Operations Officer is responsible for ensuring the details of property valuations provided in Offer Documents, Annual or Half Year Reports, DomaCom Funds Management Web-Site updates and other public documents are accurate and verified back to a current valuation report.

14.2 Continuous Disclosure

Material movements in valuations of a Fund's property may need to be reported under the Fund's Continuous Disclosure obligations. The Registers referred to in this Chapter are maintained in part for the purpose of ensuring that changes are identified and reported. As issues or exceptions arise they must be reported to the Responsible Entity and changes made to relevant SPDS' in accordance with the processes set out in Chapter 5 of the Compliance Manual.

The Management Agreement requires that Domacom is responsible for monitoring and managing the investments held by the Fund (Portfolio) and its performance (including the performance of its constituent investments), provide advice in relation to the Portfolio and, if thought fit, recommend that certain Properties be realised or transferred (in whole or in part) and seek and negotiate with potential acquirers of the Properties. The CFO will be responsible for ensuring that all necessary financial reports are prepared for this purpose.

In addition, the Property Operations Officer or COO will be required to present a Monthly Valuation Exception Report at the next Executive meeting which lists the approved property valuations which were subject to:

- a percentage change in valuation of between 10% and 20% compared to the carrying value at the time of the Subsequent valuation.

15. Conflicts of Interests

DomaCom has an obligation to manage conflicts that may arise with appointing related parties to perform services to the DomaCom Fund (i.e. Property Valuer, Buyer's Agent, Property Manager, Building Inspections etc.) who may have an interest in an underlying property or the outcome of a Campaign process.

All Staff are required to adhere to the Conflicts Management Compliance Policies.

Staff are encouraged to actively self-report any potential conflicts of interest for assessment. Conflicts brought to the attention of the Head of Compliance and COO will be assessed and registered in the Conflicts Management Register. If at any point a view is formed that a conflict of interest does exist and that the conflict is unable to be resolved satisfactorily, the Property Operations Officer may be instructed to cancel the appointment of the related party and commission a different party.