

Target Market Determination

Pay Later Payment Plans for Vendor Paid Advertising

provided by RealPay Holdings Pty Ltd, trading as "Rello" (ABN 43 651 812 645) and its subsidiaries

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1 About this Target Market Determination

1.1 Introduction

This target market determination (“**TMD**”) details a description of the likely objectives, financial situation and needs of consumers in the target market where the payment of marketing costs associated with selling a property is required to be paid upfront by the vendor.

Rello is a FinTech that provides real estate agencies and cloud-platforms with payment solutions including pay now, pay-in-instalments and pay later payment plans. Rello provides a payment plan option to defer the costs associated with selling a property which is distributed through third parties.

A description of the payment plan product for this TMD, including the key attributes and explanation of why the product is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market is provided in this document.

This document is not intended to provide financial advice. It forms part of Rello’s design and distribution framework for the product.

1.2 Product to which this Target Market Determination applies

This TMD applies to the payment and funding of marketing costs by Rello on behalf of a vendor, where the vendor agrees to defer the cost and in return agrees to pay from the sales proceeds.

Real estate agencies require vendors selling a home to pay marketing costs associated with selling their property at the time of entering into an exclusive agreement with a Listing Agent to sell their property. Rello provides the vendor the payment option to pay upfront or defer to settlement the payment of such marketing costs normally associated with listing and selling a property (“**Payment Plan**”).

1.3 Date from which this target market determination is effective

1 November 2021 (the Effective Date).

2 The Target Market

The information below summarises the class of consumers that fall within the target market for this product, based on the key product attributes, the likely objectives, financial situation and needs that the product has been designed to meet.

2.1 Background

Marketing costs, also referred to as vendor paid advertising (“**VPA**”) costs, are specific to the real estate industry, when a vendor (a seller of a residential real estate property) agrees

to sell their property. VPA costs can include (i) property advertising and listing fees; (ii) property presentation and styling; and (iii) property improvement costs.

Under a pay later Payment Plan, Rello pays the agreed marketing costs amount for listing the property, to the Real Estate Agency. In exchange, the Vendor sells to Rello the right to receive an agreed amount form a share of the sale proceeds, which is paid to Rello at settlement of the property or on the release of the deposit, whichever is earliest.

2.2 Target Market for the Product

Customers for this product are vendors who are selling residential real estate property and have signed an exclusive sales authority with a licensed real estate agency. The vendors wish to defer paying the costs of marketing their property, until the proceeds of settlement are available.

The pay later Payment Plan for marketing costs has been designed for vendors, that require a deferred payment option to fund their VPA to maximise the chance of achieving their target selling price (the **Target Market**).

A typical summary of VPA costs includes:

- Listing fees with Domain and realestate.com
- Styling and presentation costs
- Floor plan, print, photos, video costs
- Improvement costs
- Auction fees
- Conveyancer fees

2.3 Eligibility

To be eligible for a Payment Plan to fund for Marketing Costs, a Vendor must;

- be at least 18 years old;
- be a permanent resident or citizen of Australia;
- have verifiable mobile telephone number and a valid residential address in Australia;
- hold a valid ID with either a drivers licence or passport which is electronically verified;
- have an Australian issued debit/credit card to apply which is validated that it is working prior to activating a Payment Plan;
- have signed an exclusive sales authority with a Rello onboarded real estate agency; and
- have not previously breached the terms of any agreement with Rello.

2.4 The appropriateness of the product for customers

Rello has concluded that this product is consistent with the likely objectives, financial situation and needs of individuals in the Target Market.

The value proposition for the Vendor includes:

- Ensures that funds are available to market the property appropriately, to achieve the vendor's target selling price;

- Matches payment by the vendor of the costs of pursuing a sale with the availability of proceeds from completing the sale; and
- Effective marketing potentially reduces the time a property is on the market, as well as maximising selling price.

3 Product Description and Design

A summary of terms which may apply to the product are set out below:

Product Name	▪ Payment Plan for Marketing Costs.
Purpose	▪ Funding for VPA costs.
Exclusions	▪ Commercial Property, vacant land, industrial property, and property developments.
VPA Amount	▪ From \$1,000 to a maximum of 2% of target selling price capped at \$50,000 per single listing authority
Buy-Back Date	▪ 90 days from acceptance of the Payment Plan
Fees	<ul style="list-style-type: none"> ▪ Service Fee: of 5.5% of the Funding Amount (with a minimum Service Fee of \$100) ▪ Extension Fee: a Vendor may extend the Buy-Back date subject to approval for a fee of 1.5% in 30 day increments up to 180 days payable by credit card in advance. ▪ Fees are non-refundable.
Contractual Payment	<ul style="list-style-type: none"> ▪ The VPA Amount plus the Service Fee (“Our Share of Sales Proceeds”) is paid back either at the earliest of settlement of the property or on the release of the deposit, otherwise at 6-months if a vendor has not sold their property. ▪ If the property is withdrawn from sale or has not been sold within the contract period, the VPA Amount and Service Fee is payable using the nominated payment card agreed by the vendor during the application stage.
Documentation	▪ A Vendor that accepts a Payment Plan, will receive a clear Payment Schedule summarizing the terms along with a Vendor Agreement, which embodies all terms and conditions.
Customer Service	<ul style="list-style-type: none"> ▪ A Vendor receives electronic confirmation of their Payment Plan. ▪ The vendor may use Rello’s web-based self-service portal to review their payment schedule, make a payment or to lodge a complaints

4 How this product will be distributed

The pay later payment plan for Marketing Costs product is distributed by Rello via a licensed real estate agency (“**Agency**”).

4.1 Distributor Onboarding

Each distributor, an Agency is required to be onboarded with a Rello Account to use the Rello Platform and make available Rello's products ("**Payment Services**"). Each Agency must satisfy our know-your-customer and AML/CTF requirements and any other checks we deem necessary.

Once onboarded, Rello provides the Payment Services to the Agency to make them available to their customers via API integration. Each Agency is provided with appropriate training to not make any false or misleading representation or statement about us or about the Payment Services.

4.2 Vendor Onboarding

Each Vendor is required to make their own assessment once agreeing to the VPA costs with their listing Agent whether to make an upfront payment or defer the costs associated with selling their property.

A vendor will receive SMS/email communication from the Listing Agent with a "**Pay Now**" and "**Pay Later**" payment option for marketing costs once they have secured an exclusive sales listing authority.

Vendors that select the "Pay Later" option are onboarded directly, completing an ID verification, and once verified, are presented with a payment schedule online along with the product terms and conditions. Prior to accepting the terms and conditions, the Vendor is required to review, consent, and agree to their contractual obligations and the Rello Privacy Policy.

4.3 Adequacy of distribution conditions and restrictions

We have determined that the distribution conditions and restrictions will make it likely that consumers who open the product are in the class of consumers for which it has been designed. We consider that the distribution conditions and restrictions are appropriate and will assist distribution in being directed towards the Target Market for whom the product has been designed.

5 Reviewing this TMD

Rello has implemented the following monitoring program for the product which is designed to trigger a review of this TMD.

5.1 Review periods and review triggers

The features of the product, and this Target Market Determination, will be reviewed no later than 12 months after the date of this Target Market Determination, and thereafter annually each June to assess the product's continued suitability for the objectives, financial situation and needs of vendors in the target market, including:

- Quarterly review of the continuing appropriateness of limiting the minimum (\$1,000) and maximum 2% of the expected sales price of the property or \$50,000.

- Quarterly review of the performance of each distributor of the product (“Agency”), including the number of products offered and sold, breaches within the portfolio of agreements with clients of that Agency, and the extent to which the products offered by that Agency conform to the distribution conditions and product parameters.
- We will collect information on the number applications, number of approvals, payments, and consumer data in relation to this TMD on a quarterly basis.

The following circumstances (**review triggers**) will trigger an earlier review of this Target Market Determination, and of the suitability of the product to the target market:

- If the financial value of contracts in breach exceeds 5% of the total financial value of contracts in effect;
- If more than 10 complaints are received in relation to the product in any quarter; or
- If the total financial value of new vendor agreements originated during a period is less than 10% of all new VPA payment options during that period.

6 Reporting and Monitoring the TMD

We will collect the following in relation to the TMD:

6.1 Product complaints

Rello will obtain quarterly reports from its distributors regarding any complaints made about this product, by vendors or potential users of the product.

A register will be maintained for all vendor complaints and will be shared as part of the quarterly review with each real estate agency.

6.2 Significant dealings

We will report any significant dealings to ASIC within 10 business days of becoming aware of the dealing.