

Target Market Determination

Pay Later Payment Plan for Vendor Paid Advertising

provided by Rello Finance Pty Ltd (ABN 60 633 994 859) 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 payment and funding of marketing costs associated with selling a property is required.

Rello Finance Pty Ltd (trading as “**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 and is distributed through third parties.

A description of the 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 the document.

This document is not intended to provide financial advice.

1.2 Product to which this Target Market Determination applies

This TMD applies to the payment and funding of marketing costs by Rello in return for a share of 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 (“**pay later payment plan**”).

1.3 Date from which this target market determination is effective

1 April 2022 (the Effective Date).

2 Class of consumers that fall within this target market

The information below summarises the overall 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 it has been designed to meet.

2.1 Background

Marketing costs, also referred to as vendor paid advertising (“**VPA**”) costs is specific to the real estate industry. When a vendor (a seller of a residential real estate property) agrees to sell their property, they will enter into an exclusive agreement with a Listing Agent to sell a property. VPA costs may include (i) property advertising and listing fees; (ii) property presentation (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 Agent. 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 (s 994B(5)(b))

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 funding 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

Estimated marketing costs for selling property	
Scale of selling price	Range of marketing costs
\$500,000	\$2,500 to \$5,000
\$750,000	\$3,750 to \$7,500
\$1,000,000	\$5,000 to \$10,000
\$1,500,000	\$7,500 to \$12,500

2.3 Distribution conditions (s 994B(5)(c)) | Product Eligibility

To be eligible for a pay later 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 address in Australia;
- hold a valid ID with either a drivers licence or passport;
- have an Australian issued debit/credit card to apply;
- 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 (s 994B(8))

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 Key Attributes

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

Product Name	▪ Pay Later Payment Plan for Marketing Costs
Purpose	▪ Funding for VPA costs, which may include property advertising, property presentation and property improvement costs.
Exclusions	▪ Commercial Property, vacant land, industrial property, and property developments.
Funding Amount	▪ From \$1,000 to a maximum of 2% of target selling price capped at \$25,000 per single listing authority
Buy-Back Date	▪ 90 days from funding date
Fees	<ul style="list-style-type: none"> ▪ Service Fee: of 5.5% of the Funding Amount (minimum Service Fee of \$100) ▪ Extension Fee: the Vendor may extend the Buy-Back date subject to approval by Rello for a fee of 1.5% for every 30 days up to 180 days payable by credit card in advance. ▪ Fees are non-refundable.
Contractual Payment	<ul style="list-style-type: none"> ▪ The Funding Amount plus the Service Fee (defined as “Our Share of Sales Proceeds”) is repaid at the earliest of settlement of the property or on the release of the deposit, otherwise at 6-months if no settlement. ▪ If the property is withdrawn from sale or has not been sold within the contract period, the Funding Amount and Service Fee is payable using the nominated payment card agreed by the vendor during the application stage.
Contractual Terms	<ul style="list-style-type: none"> ▪ Irrevocable instruction from vendor to release funds from settlement proceeds. ▪ Rello has the right to register a caveat on the property in the event of a breach by the vendor of the terms of our contract.
Documentation	▪ The Vendor agrees and accepts a Payment Schedule of contractual terms along with a Vendor Agreement, which embodies all terms and conditions.
Customer Service	<ul style="list-style-type: none"> ▪ The Vendor receives email communication confirming the contractual terms of agreement. ▪ The vendor will have access to a self-service portal to review their payment schedule, to make a payment or to lodge 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 makes their own assessment once agreeing to the VPA costs with their listing Agent 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 VPA costs once they have secured a 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.

The table below documents the information required from the Vendor to successfully create a pay later plan:

Property Details	Marketing Details	Vendor Details	Card Details	Submission
<ul style="list-style-type: none">Agency NameAgent nameSale Property Address	<ul style="list-style-type: none">Marketing AmountProperty Sale PriceCampaign Start Date	<ul style="list-style-type: none">Full NameResidential AddressDate of BirthID Type & ID Numbermail AddressMobile Number	<ul style="list-style-type: none">Card Holder NameCard NumberExpiry DateCCV	<ul style="list-style-type: none">Privacy & Identity Verification DisclaimerAgreement to Payment ScheduleAcceptance & Acknowledgement of T&Cs

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 Target Market Determination

Real Payments 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 (s 994B(5)(d), (e), (f), (h), (6) and (7))

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 \$25,000.
- 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.

5.2 Product complaints (s 994B(5)(g))

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.

End of Document.