

# Target Market Determination

**RelloPay**

Pay Later for Property Improvement Costs

**Issuer: Rello Finance Pty Ltd, trading as "Rello" (ACN 633 994 859)**

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Version: 1.0

# 1 About this Target Market Determination

## 1.1 Introduction

This document is the target market determination (“**TMD**”) for RelloPay, a payment plan product which enables customers that own an investment property to access future rental cashflows upfront (‘Advance’) to invest in improving their property and then subsequently pay back that Advance from rent over time (“**Payment Plan**”). The product is issued by Rello Finance Pty Ltd (“**Rello**”).

This target market determination (“**TMD**”) details a description of the product, including the key attributes and why the product is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market. It also specifies any conditions and restrictions on the distribution of the product, details distributor reporting requirements and sets out set review dates as well as the events or circumstances which will prompt us to review the TMD (Review Triggers).

This TMD is required under section 994B of the Corporations Act 2001 (Cth). This document is not intended to provide financial advice. It forms part of Rello’s design and distribution framework for the product. It does not replace our terms and conditions or other disclosure documents that we may provide to our customers.

## 1.2 Product to which this Target Market Determination applies

RelloPay provides landlords (or customers) a deferred payment option for property improvement related costs up to \$50,000 which are repaid by a series of payments from a share of the rent over time. This product is available only to landlords that own a residential investment property in Australia.

## 1.3 Date from which this target market determination is effective

1 November 2022 (the Effective Date).

# 2 Product Description and Key Attributes

This RelloPay payment plan product is designed for customers (i.e., landlord’s) who own an residential investment property and want to manage their cash flow by accessing future rental income upfront to spend on improving or maintaining their investment property and spread the cost over a series of instalments from available rental income.

Customers must be able to demonstrate their ability to make payments from rental income and must be able to pay the Advance Amount in full during the period agreed.

The key product attributes are set out below:

<b>Purpose</b>	▪ Funding for investment property improvement costs
<b>User</b>	▪ Owner of a residential investment property ('Landlord')
<b>Exclusions</b>	▪ Commercial real estate
<b>Advance Amount</b>	▪ From \$2,000 to \$35,000
<b>Fees</b>	▪ A Service Fee is applicable and quoted as a monthly percentage of the Advance Amount
<b>Repayment</b>	▪ The Advance Amount and service fee is payable by the landlord from rent income under current and future tenancy agreements. ▪ Early repayments are possible without penalty
<b>Term</b>	▪ Payment periods may be selected by the Landlord and can be over 6, 12, 18 or 24 months provided there is sufficient regular rent to cover the Advance Amount and the service fee

## 3 The Target Market

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

### 3.1 Target Market for the Product

The product is designed for individuals who:

- Own a residential investment property in Australia which is tenanted and has an agency property management agreement in place;
- want the ability to pay a fee in exchange for the option to defer upfront property improvement costs over a series of instalments payable from rental income; and
- require an online fulfilment experience.

(the **Target Market**).

### 3.2 Eligibility

To be eligible for a Payment Plan, a customer must;

- be at least 18 years old;
- be a permanent resident or citizen of Australia;
- have a verifiable mobile telephone number and a valid address in Australia;
- hold a valid driver's licence or passport;

- have an Australian issued debit card or have agreed to a Direct Debit Service Agreement;
- own a residential investment property that is currently leased and have an active agency rental agreement; and
- can demonstrate rental income from their residential investment property.

### 3.3 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 because it provides residential investment property owners with the ability to make purchases of goods and services for property improvements and defer the payment for these costs by spreading the upfront cost into a series of instalments over time which are payable from rental income.

Specifically, the product is designed for consumers who have the financial capacity to service the ongoing financial obligations (including fees, if any) and repay the funds with a portion of the rent received for the property over time.

## 4 How this product will be distributed

### 4.1 Distribution

The table below describes the methods of distribution that are suitable for our product. It also lists the distribution conditions relevant to each channel of distribution:

Method of Distribution	Conditions
Direct – online or by phone.	<ul style="list-style-type: none"> <li>• Only authorised staff are permitted to assist consumers with this product.</li> <li>• Authorised staff have the necessary training, skills and knowledge to assess whether the consumer is within the target market.</li> </ul>
Third party distributors	<ul style="list-style-type: none"> <li>• Distributors, namely real estate agencies, that meet our KYC/AML onboarding criteria can refer their clients they have an agency agreement.</li> <li>• third party platforms that have a direct API integration with Rello and are the main supplier of technology to a real estate agency can refer clients to Rello for assessment.</li> </ul>

### 4.2 Adequacy of distribution conditions and restrictions

We have determined that the distribution conditions and restrictions will make it likely that customers who are open to the product are the type of end customers for which it has been designed because they are likely to have an agency management agreement with a real estate agency or they seeking to access funding to complete works on a residential investment property which is tenanted.

## 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 October to assess the product's continued suitability for the objectives, financial situation and needs of Agencies in the target market. Reviews will take into account:

- Quarterly review of the appropriateness of the product limits.
- Quarterly review of the performance of each distribution method;
- Quarterly review of product and portfolio performance;

We will collect information on the number applications, number of active payment plans and repayments in relation to this TMD on a monthly 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 overdue account balances exceed 10% of the total outstanding balances; and
- If the ratio of complaints received to new payment plans issued exceeds 5% in any quarter.

## 6 Reporting and Monitoring the TMD

### 6.1 Product complaints

Distributors must report all complaints they receive in relation to the product to us by the middle of each month. The report must include the following:

- the number of complaints,
- the identity of the distributor;
- the product name;
- the customer name; and
- the exact details of the complaint.

## **6.2 Significant dealings**

Distributors must report any significant dealings to us within 10 business days of becoming aware of the dealing.