

LIVE YOUR DREAM







# Introducing Kō

Kō is a ground breaking fractionalised ownership platform designed to match owners of luxury assets with prospective buyers.

Kō-ownership results in a more effective balance of equity ownership to relative usage for each Kō-owner. And, provides Kō-owners with the opportunity to invest their divested equity in a second (or third) holiday home, or to exchange their share for time in another luxury property via our partnership with ThirdHome.

### How Kō works

Kō is the modern way to own a holiday home: we manage it, you own it.

#### The Process



#### BUY

Buy, or keep, your ideal number of shares and Kō-own a luxurious holiday home with up to 8 owners. Explore our collection to discover your perfect match.



#### BOOK

Booking your stays with Kō is fair, flexible, and easy with our seamlessly integrated booking engine (up to 42 days per year for an 1/8 share).



#### **ENJOY**

From property management to administration, to maintenance and furnishings, Kō provides a fully managed and hasslefree experience so you can make the most of your holiday.

### Upkeep & Maintenance

Remember when we said that Kō-owning a holiday home means the same benefit at a fraction of the cost? We weren't lying. When you become a Kō-owner, house expenses will be evenly shared between owners based on the ownership percentage each holds, with all costs made fully transparent.

The ongoing cost for maintenance and upkeep is billed monthly and it includes:

#### ()1 UTILITIES

This includes your normal bills such as gas, water, electricity, and sewer – all the basics to make your luxury home functional. For some homes, Wi-Fi is complimentary, otherwise, this is also included in the utility costs.

#### ()2 CLEANING

After each use, professional cleaners will ensure the property is clean and ready for the next owner. They will inspect the stock of consumables supplies and replenish as necessary.

### 03 PROPERTY MANAGEMENT

Kō partners with professional property managers that specialise in the areas where luxury holiday homes are located. The property management team takes care of the day-to-day of your home, so you don't have to.

#### 04 PROPERTY TAXES & INSURANCE

We provide full transparency over the taxes and insurance that are paid for as part of the ongoing fees of a Kō-home. These are property and destination dependent.

### 05 REPAIRS RESERVE FUND

Things can break or wear out, that's when a repairs reserve fund comes in handy. If the repairs required are small and routinely, the property management team will see to them without seeking approval from owners. For bigger home improvements, owners will be asked to approve any expenses.

#### FULLY MANAGED HOME

The Kō platform fee is \$150 AUD/Month per owner. The management fee is the same for all homes.

## Selling Process

(in a nutshell)

- We have an initial discussion regarding your property and your intentions with the property. Assuming we proceed, we sign a platform listing agreement, giving us the right to market your property and that you commit to selling the property into a co-ownership model on the terms we agree upon. This includes the listing price, the number of 1/8th shares ideally sold, and the minimum number of shares sold before we initially "trigger" the property to fractionalise. If necessary, we will do an initial Due Diligence of the property and potentially a site inspection.
- O2 The property is listed on our site, and we work with agent partners to find the appropriate buyers. At this point no legal changes have occurred, merely the sales and marketing efforts have commenced.

- Once we have the minimum number of buyers required to fractionalise the property, it is transferred into a unit trust, and you as the owner are at the moment the 100% owner of that unit trust. Given we already have buyers committed and placed cash in trust, the respective units are immediately sold to the incoming buyers and you as the owner of the units receive those funds.
- O4 If there are still outstanding shares you still wish to sell (either then or further down the road) we will continue to sell them on your behalf. This could continue until you sell your entire stake in the property, if that ever occurs.

CAN THE OWNER CONTINUE TO SELL THEIR PROPERTY WITH A LOCAL AGENT AT THE SAME TIME AS HAVING THEIR PROPERTY ON THE KŌ PLATFORM? DOES KŌ REQUIRE AN EXCLUSIVE CONTRACT PERIOD?

Ideally, Kō has an exclusive period for sale, negotiated with the owner, but this is flexible.

WHAT INFORMATION AND MARKETING MATERIAL DO YOU NEED TO SELL A HOLIDAY HOME?

Ideally, we require access to quality photography and videography of the property to create the marketing material and market the property. If this material isn't readily available or unsuitable, our content team will coordinate necessary photography/videography and draft the marketing material to support the sales process.

AT WHAT POINT IN THE SALE PROCESS WILL THE UNIT TRUST ENTER INTO A CONTRACT OF SALE WITH THE CURRENT OWNER?

This is negotiated with the existing owner. Our standard is that 25% of the property (2/8) is sold and the funds are in escrow before fractionalising the property.

WHAT FRACTION OF UNITS IN THE UNIT TRUST NEED TO BE CONFIRMED BEFORE A CONTRACT IS FORMALLY "EXCHANGED" AND IT BECOMES AN UNCONDITIONAL CONTRACT OF SALE?

This is negotiated with the existing owner. Our standard is that 25% of the property (2/8) is sold and the funds are in escrow before fractionalising the property.

### FAQs

# WHAT HAPPENS IN A SITUATION WHERE A FRACTIONAL OWNER BECOMES BANKRUPT?

Similar to any other asset or financial product, the unit of the property can be sold in a bankruptcy scenario. This is managed by Kō and the independent trustee and is explained in our unitholders agreement and trust deed.

IS THERE A MINIMUM OPERATING BUDGET IN PLACE FOR EACH PROPERTY? AND WHO DETERMINES THE AMOUNT OF MONEY THAT IS SET ASIDE FOR ONGOING MAINTENANCE AND REPAIRS?

As the Asset Manager, this is Kō's responsibility. This includes operating expenses as well as a reserve/sinking fund to cover capital expenditures.

The owners receive full visibility over the budget and expenses. It is Kō's value proposition to provide greater visibility on the operating costings than an individual normally has with their own primary residence, as each property is treated very similarly to a company with its own balance sheet and P&L.

IF A FRACTIONAL OWNER WISHES TO SELL THEIR SHARE IN THE PROPERTY, WHAT IS THE PROCESS AND HOW LONG DOES IT TYPICALLY TAKE TO SELL THEIR FRACTIONAL SHARES TO ANOTHER BUYER?

A Kō-owner can sell their share(s) at any time at whatever price they deem appropriate. They can decide to sell through their own methods or use Kō directly.

The seller of a share could expect the sales process to be faster than a traditional real estate transaction, as existing unit owners in the property have first right of refusal for the unit. In markets where the co-ownership model is more common, this has led to units often being purchased before they are ever "listed", since they are bought by these other owners.

ENTRY FEES: WHAT IS THE COST TO EACH INDIVIDUAL FRACTIONAL BUYER TO PURCHASE A PROPERTY ON THE KŌ PLATFORM?

Please read our guide to understanding coownership costs **here** to learn about our cost structure.

ONGOING FEES: WHAT ARE THE ONGOING MANAGEMENT FEES CHARGED BY KŌ?

Following the above, Kō does not charge a premium on any of the ongoing operating costs. However, there is a flat platform fee of AUD\$150/month per owner (regardless of the size of ownership in the property) to manage bookings and finances.

WHAT REPORTS ARE PROVIDED TO POTENTIAL FRACTIONAL BUYERS BEFORE THEY MAKE A DECISION TO PURCHASE? IS A REPUTABLE PEST AND BUILDING REPORT SUPPLIED FROM AN INDEPENDENT AND LICENCED INSPECTOR?

A Property will go through a full Due Diligence before transferring, similar to any traditional real estate transaction.

WILL THE PROPERTY BE SOLD INCLUSIVE OF ALL FITTINGS AND FURNITURE? IS THIS A PREFERRED APPROACH?

"Turnkey" properties that are furnished and styled are preferred, as they accelerate and simplify the sales process.

If this is not the case, Kō can facilitate a designer quote that would draft a concept and costing which would be included in the sales price and executed after transfer.



