
STRATEGIC INVESTMENT FROM TURNERS AUTOMOTIVE TO DRIVE GROWTH OF CARLY VEHICLE SUBSCRIPTION

- + Placement to strategic investor, Turners Automotive Group Limited, to raise \$1 million
- + Proposed partially underwritten entitlement issue for existing shareholders to raise an additional \$2 million
- + Collaborate and Turners have agreed an exclusivity period to negotiate the launch of a joint vehicle subscription service in New Zealand
- + Funding to drive growth of the Carly vehicle subscription business

Collaborate Corporation Limited (ASX:CL8) (**Collaborate** or the **Company**) is pleased to announce that it has raised \$1 million through a placement to a strategic investor, Turners Automotive Group Limited (ASX:TRA; NZX:TRA) (**Turners**) (**Placement**).

Turners is a New Zealand based integrated automotive financial service group, primarily operating in the automotive sector, and provides strength in the three key areas of automotive retail, finance and insurance, and debt management systems.

The strategic investment from Turners, a major player in the New Zealand automotive market, comes after the Company's March 2019 launch of **Carly**, Australia's first flexible vehicle subscription service. The business aims to deliver a new revenue stream for the automotive retail market and is currently attracting significant interest from automotive dealers and manufacturers. Collaborate proposes to leverage Turners industry experience and accelerate the growth of **Carly** in the car subscription market in Australia. In addition to the Placement, the parties have agreed an exclusivity period to negotiate the launch of a joint vehicle subscription service in New Zealand. A launch in New Zealand would enable Collaborate to leverage its existing investment in the technology platform supporting **Carly** and access a substantial new market with the support of Turners, the largest seller of cars in New Zealand.

This is the first of a series of potential investments by Turners under the pillar of innovation and ventures, a sub-set of its broader strategy. This investment strongly fulfils Turners' investment criteria given its adjacency to Turners' existing business model, the potential synergies that exist between both companies and the exciting opportunity for Turners to participate in the rapid growth of the 'Sharing Economy' as it relates to transportation and changing consumer preferences.

Investing and working with Collaborate enables Turners to continue to focus on its core business of growing share in NZ Auto Retail, but with exposure to this exciting opportunity in the larger and fast evolving Australian market and likewise presents the opportunity for Turners to learn and potentially introduce this capability into the New Zealand market.

Pursuant to the Placement, Collaborate has issued 100 million fully paid ordinary shares in the Company (**Shares**) to Turners, at an issue price of \$0.01 per Share, representing a 12.13% interest in the Company. Subject to shareholder approval at the upcoming 2019 annual general meeting, the Company proposes to issue approximately 66.67 million free attaching options (terms detailed below) to Turners. Turners also has the right to nominate one person to the Board of Directors of Collaborate.

Turners chairman, Grant Baker, said: "We are excited about Turner's future as we position ourselves for the long-term projected changes in the traditional retail car market. New concepts such as peer to peer car rentals and car sharing are a part of the future and provide a new revenue opportunity for car dealers and other industry players.

Turners CEO Todd Hunter said: "Strategically the investment in Collaborate makes sense for both companies. We have been impressed with Collaborate's board and management team, the progress they have made and the traction they are getting with customers in a short space of time. We are very excited about the partnership between the two organisations."

Chris Noone, CEO of Collaborate commented "We are delighted to be working with Turners, New Zealand's largest seller of cars and a well trusted brand, to accelerate the growth of vehicle subscription in Australia and New Zealand. We are leaders in our respective market sectors and have much to contribute to each other's success."

Collaborate also proposes to undertake a non-renounceable pro rata entitlement issue to raise approximately a further \$2 million. Up to approximately 200 million new Shares will be offered at an issue price of \$0.01 each on the basis of 1 new Share for every 4 existing Shares held on the record date. All Shares issued will have free attaching options on a two for three basis. The options have an exercise price of \$0.015 per option and will expire on 18 December 2020 (**Options**) (**Entitlement Issue**). Subject to a formal underwriting agreement being executed, it is proposed that the Entitlement Issue will be partially underwritten to \$1 million by Hishenk Pty Ltd (**Hishenk**), the Company's largest shareholder.

No fees will be payable to Hishenk for the commitment and the underwriting agreement will otherwise contain customary termination events and indemnity provisions. In addition, an amount of \$150,000 previously provided by Hishenk to the Company as an advance on a future equity raising will be used to offset its commitments under the Entitlement Issue. Shareholder approval is not required for these arrangements.

The Company anticipates lodging the prospectus for the Entitlement Issue with the ASIC and ASX on Monday, 8 July 2019. The prospectus will contain all necessary information in relation to the Entitlement Issue including director (and related party) participation in the offer, shortfall dispersion and possible impacts of the proposed partial underwriting arrangement on Hishenk's voting power.

Eligible shareholders will be entitled to subscribe for an additional 1 new Share per 4 existing Shares held on the record date under the Entitlement Issue, at a subscription price of \$0.01 per Share under the shortfall offer forming part of the Entitlement Issue.

The funds raised under the Placement and Entitlement Issue will be used to fund continued growth of the **Carly** vehicle subscription business and the **DriveMyCar** car rental business through continued marketing initiatives and pursuit of business development opportunities to grow the available fleet size to meet the demand for vehicles. Additionally, the proceeds will be used for general working capital and to cover costs associated with the Placement and Entitlement Issue.

Andover Partners acted as corporate advisor to the Placement.

Chris Noone, Collaborate CEO commented “We appreciate the ongoing commitment shown by Hishenk and its funding commitment to support the continued growth of the **Carly** vehicle subscription business and the **DriveMyCar** car rental business.

“The Company will also allow all eligible shareholders to subscribe for additional shares in Collaborate under the shortfall offer at an offer price of \$0.01 per share. I encourage all shareholders to take up their rights under the Entitlement Issue.”

The secondary trading notice is included in Appendix 1 below.

The trading halt on the Company's securities will be lifted following the release of this announcement.

Authorised by:

Chris Noone
CEO and Director
Collaborate Corporation Limited

About Collaborate Corporation Limited

Collaborate Corporation Limited is listed on the Australian Securities Exchange (ASX:CL8). It is Australia's leading listed company focused on 'collaborative consumption', 'peer-to-peer' or 'sharing economy' business model with a strong focus on mobility solutions. Collaborate's core business is www.DriveMyCar.com.au Australia's leading peer-to-peer car rental business, complemented by www.Carly.co, Australia's first flexible car subscription offering. Other businesses include www.MyCaravan.com.au a leading peer-to-peer caravan rental business; and www.Mobilise.com a rental marketplace for under-utilised assets. Through our proprietary trust and reputation platform, www.peerpass.com.au we create 'trust' between individuals and make it possible for people and companies to safely transact with each other in the sharing economy.

About Turners Automotive Group Limited

Turners Automotive Group Limited is an integrated financial services group, primarily operating in the automotive sector www.turnersautogroup.co.nz

APPENDIX 1

Secondary Trading Notice

Collaborate refers to the issue of 100,000,000 Shares via Placement on 28 June 2019 to Turners.

Andover Partners acted as corporate adviser to the Placement and 2,000,000 Shares have been issued pursuant to the corporate advisory mandate in consideration for assisting with securing the new strategic investor under the Placement.

Secondary Trading Notice Pursuant to Paragraph 708A(5)(e) of the Corporations Act 2001 ("Act")

The Act restricts the on-sale of securities issued without disclosure, unless the sale is exempt under section 708 or 708A of the Act. By giving this notice, a sale of the Shares noted above will fall within the exemption in section 708A(5) of the Act.

The Company hereby notifies ASX under paragraph 708A(5)(e) of the Act that:

- (a) the Company issued the Shares without disclosure to investors under Part 6D.2 of the Act;
- (b) as at the date of this Notice, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company, and section 674 of the Act; and
- c. as at the date of this Notice, there is no information:
 - i. that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - ii. that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - a. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - b. the rights and liabilities attaching to the relevant Shares.