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## **COLLABORATE ENTERS \$100B+ SME FINANCE MARKET WITH FUNDX**

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Collaborate Corporation Limited (**Collaborate** or the **Company**) (ASX: **CL8**) is pleased to announce it has expanded its reach into the rapidly expanding fintech industry through an initial investment in peer-to-peer SME lending platform **FundX** ([www.FundX.com.au](http://www.FundX.com.au)). FundX will also license Collaborate's PeerPass platform as part of its funding assessment process.

### **What is FundX?**

FundX is a peer-to-peer invoice discounting and SME lending platform that offers a fast, simple and efficient way to fund business cashflow gaps, by advancing payments based on outstanding invoices with the click of a button. FundX connects businesses with investors who provide short term funding and enable them to bypass the restrictive and costly loans provided by banks. FundX bases its funding decisions on real time trading information by linking to the business accounts via Xero or MYOB. FundX launched in September 2015, has facilitated loans to several businesses and has a growing pipeline of potential borrowers and lenders. The system and site is under ongoing development and extended features will be launched in coming months.

### **Collaborate's investment into FundX**

Collaborate has made an initial investment of \$150,000 in Global Invoice Exchange Pty Ltd (which trades as FundX) for an initial 8.33% investment stake and is the largest investor in the recently completed investment round. The investors in this round have the option to double their investment in FundX at the current round's valuation prior to the next funding round (i.e. even if FundX raises at a higher valuation Collaborate is able to invest an additional \$150,000 at today's lower valuation).

Outside the initial founding shareholders, Collaborate is the largest shareholder in FundX. Collaborate also has the ability to provide ongoing investment in accordance with the terms and conditions in the FundX shareholder deed. This will enable Collaborate to increase its ownership interest if it chooses to do so. Other shareholders in FundX include high net-worth investors in Australia and Asia. FundX is also supported by BlueChilli, one of Australia's leading startup and early stage accelerators.

Collaborate's CEO, Mr Chris Noone will join the Board of FundX as a non-executive director to represent Collaborate's investment. Collaborate non-executive director, Mr Adrian Bunter is an advisory board member of FundX and also holds a minority equity interest in FundX.

"We are very excited to be involved with FundX in exploiting peer-to-peer and fintech opportunities in an SME market that is worth well over \$100 billion in Australia. This is a great opportunity to disrupt the highly profitable yet inflexible and antiquated banking sector and add significant value for Collaborate shareholders" said Chris Noone, CEO of Collaborate.

### **License of PeerPass**

FundX will also license the use of the PeerPass verification platform as part of its overall funding assessment process. The ability to assess and verify trust and reputation via the combination of online ID verification, credit checks, credit card fraud detection, reputation feedback and social media verification will contribute to FundX's funding algorithm and decision engine.

### **Investment rationale**

FundX is a solution that can leverage Collaborate's peer-to-peer and marketplace skills and knowledge as well as address the significantly large opportunity in the SME finance sector and investor interest in fintech opportunities.

The acquisition of the initial 8.33% ownership interest, with the option to increase it provides a sizeable minority investment position enabling Collaborate to acquire a meaningful stake in a very high growth sector, whilst ensuring Collaborate's cash and human resources remain suitably deployed and engaged without causing diversion of management focus from the core business. The investment approach provides Collaborate with the option to further increase its investment, delivers potential future revenue streams and access to future capital growth.

The Directors consider the investment to be highly attractive due to the valuation and potential particularly in comparison to the size of industry and other financial services opportunities. The investment provides Collaborate's shareholders with exposure to the high growth potential fintech sector that is generally not available on the ASX.

### **About the SME finance market and the peer to peer opportunity**

The SME finance market is significant in size but poorly serviced.

According to the Reserve Bank of Australia, as at June 2015, loans to SMEs (for loans less than \$500k) totalled over **\$120 billion**. Further, according to the Factoring and Invoice Discounting Association, invoice and factoring turnover is over **\$60 billion** per annum with over **\$7.5 billion** outstanding as at June 2015.

A significant number of small business failures are caused by under-funded cash flow, which are often temporary in nature. For businesses with usual supplier payment periods of 30, 60 or 90-days, managing cash flow pressures can be extremely difficult. Applying for debt or equity finance is very cumbersome, costly and usually requires the provision of personal property assets as security.

A Deloitte Access Economics report prepared for NSW Business Chamber in November 2013 estimates that approximately 10% of Australian SMEs (or about 200,000 businesses) have problems accessing finance. According to NSW Business Chamber, Australian Bureau of Statistics data suggests that access to finance is the most common barrier to innovation (affecting around 400,000 businesses).

An Rfi Intelligence (2011) survey of businesses with revenue of less than \$10 million reported that around 30 per cent of respondents used a personal credit card to manage their business cash flow.

The peer-to-peer opportunity arises due to the low interest rates paid to funders (i.e. deposit providers to banks) and the significantly higher rates charged to borrowers and inefficient technology utilisation and poor and inflexible service provided by banks.

### **The FundX team**

FundX is led by its founder, Mr David Jackson, who has over 25 years' entrepreneurial experience. David was the founder of S2M Digital and built it into one of Australia's most successful and largest digital recruitment firms. David has also been an active angel investor and mentor across various early-stage start-ups in Australia and the United States. He is a current Executive Committee Member of Sydney Angels Inc, Australia's leading Angel investment group and is a Board Member of AIMIA. David has an extensive network across multiple sectors and exceptional sales skills. David has prior experience as Sales Director at a mezzanine finance fund.

David is supported by FundX's Chief Operating Officer, Mr Val Sabulis, who has extensive financial services experience, both in Australia and overseas. He has held roles encompassing finance, operations, technology, risk and product management. Val commenced his career with PricewaterhouseCoopers, subsequently joined Westpac and progressed to be Head of Finance and Operations for Westpac Europe, based in London. Upon his return from the UK, Val held CFO and COO roles with a number of financial services firms including Charles Schwab, Colonial, Bluestone, RAMS Home Loans and Balmain Group.

FundX is also supported by BlueChilli, one of Australia's leading startup and early stage accelerators. BlueChilli aims to help talented founders build businesses using a purpose-built methodology designed to accelerate a startup's path to launch, growth and scale. BlueChilli assists by leveraging the hindsight and experience of serial entrepreneurs, lean startup experts and startup mentors in their program, in addition to selected business tools, BlueChilli helps founders build highly investable, scalable and well-designed businesses that are enabled by technology. BlueChilli was established by Sebastien Eckersley-Maslin in Sydney, Australia in 2012. Sebastien was awarded EY Entrepreneur of the Year in 2013. Sebastien is an advisor to FundX as part of BlueChilli's founding ownership of FundX.

### **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' businesses. Collaborate currently has three core business segments: [www.DriveMyCar.com.au](http://www.DriveMyCar.com.au) Australia's leading peer-to-peer car rental business; [www.MyCaravan.com.au](http://www.MyCaravan.com.au) Australia's leading peer-to-peer caravan rental business and [www.Rentoid.com](http://www.Rentoid.com), one of Australia's leading peer-to-peer 'rent anything' platforms. Through our proprietary trust and reputation platform, [www.peerpass.com.au](http://www.peerpass.com.au) we create 'trust' between individuals and make it possible for people to safely transact with each other in the sharing economy

### **About Global Invoice Exchange Pty Ltd (trading as FundX)**

FundX, [www.FundX.com.au](http://www.FundX.com.au) is a peer-to-peer invoicing discounting and SME lending platform that offers a fast, simple and efficient way to fund business cashflow gaps, by advancing payments based on outstanding invoices with the click of a button!