

BUSINESS AND FUNDRAISING UPDATE

Collaborate Corporation Limited (ASX:CL8) (**Collaborate** or the **Company**) is pleased to present the following update on the DriveMyCar business and proposed fundraising. Key highlights include:

- + Double digit growth in revenues in April & May 2016
- + 112% growth in gross profit in May 2016
- + Success of dealer rental proposition is presenting more opportunities
- + Launch of mine specification vehicles
- + Longer term fundraising mechanism nearing completion.

DriveMyCar Business Update

Performance Metrics

The DriveMyCar business unit has recorded high growth across all key metrics in April and May 2016 compared to the same periods in 2015. May 2016 Rental Transaction Value was the second highest recorded to date, behind only the seasonal peak month of December 2015, increasing 52% from May 2015 whilst May 2016 Gross Profit increased 112% compared to May 2015. The proportionally higher increase in Gross Profit compared to revenue is due to the economies of scale being generated by the marketplace platform. Total Vehicle Activations reached a new record of 71 in April 2016, 109% growth from April 2015.

Net Rental Days realised increased to 3,726 in May 2016, the second highest result to date. As previously indicated this result was partly due to strong bookings secured in March 2016, which continued through to April and May, as revenue is realised in the month in which it is invoiced.

Period	Rental Transaction Value ¹ '000	Gross Revenue ² '000	Gross Profit '000	Gross Profit %	Net Rental Days Realised ³	Net Rental Days Booked	Total Vehicle Activations	Calculator Enquiries	New Renter Registrations
April 2016	\$118	\$46	\$27	59%	3,082	3,710	71	777	247
May 2016	\$138	\$57	\$38	67%	3,726	3,642	66	1,381	283
April 2015	\$92	\$35	\$19	55%	2,248	1,985	34	629	172
May 2015	\$91	\$37	\$18	49%	2,277	2,066	61	923	171
April 2016 % growth vs April 2015	29%	32%	41%		37%	87%	109%	24%	44%
May 2016 % growth vs May 2015	52%	56%	112%		64%	76%	8%	50%	65%

1. Rental Transaction Value is the total amount paid by the customers during the period.
2. Gross Revenue is the component of the Rental Transaction Value excluding the value of payments to owners that is charged by DriveMyCar and recognised as revenue for accounting purposes.
3. Net Rental Days Realised is the sum of rental days billed in the period.

Review of competitor prices in April and May 2016 showed a sudden drop in prices after Anzac Day, believed to be as a result of oversupply of vehicles experienced by competitors following the end of the school holiday period and the long weekend. DriveMyCar's superior value proposition ensured that its revenue increased strongly whilst still maintaining gross profit margins, while competitors were decreasing prices and incurring high holding costs for under-utilised vehicles. An increase in competitor prices has been observed during May 2016 and is continuing through June.

The results for May 2016 represent rental related revenues only and do not include any development fees from the software licensing agreement announced on 16 May 2016. These fees will be recognised in June 2016 upon completion of the development project. Upon deployment, the platform will also generate ongoing fees as a percentage of revenue for bookings processed through the system.

Motor Vehicle Dealer Rental Offering and Vehicle Supply

The dealer rental service for light commercial vans launched in association with Ateco and LDV is performing very well. The first customer to rent an LDV van was so impressed with the features and build quality of the vans that they bought three new LDV vans from Parramatta Auto Centre. This significantly proved the value of the dealer rental model, pioneered by DriveMyCar, to not only deliver rental revenues but also sales opportunities for automotive dealers and marketing exposure for manufacturers. Subsequent to the success of this initial dealer rental proposition, another automotive dealer has been signed in Cairns, with a launch anticipated in July. Additional interest has been received from dealers and vehicle brands to extend the dealer rental service following the launch of the Ateco and LDV offering. A further agreement for the supply of vehicles to the DriveMyCar business was signed with a fleet owner in Sydney in June 2016.

Vehicle Listings

An increasing proportion of new vehicle listings are now becoming available in the marketplace via agreements signed with corporate fleet owners, to the extent that online advertising for vehicle supply has been ceased, allowing all of the online advertising budget to be devoted to the generation of rental demand. In late May 2016, a pilot commenced with a corporate partner to offer their customers, who are vehicle owners, the opportunity to list their under-utilised vehicles on DriveMyCar with a view to generating additional revenue. Early results are promising with a strong increase in calculator enquiries in May 2016 largely attributed to this initiative. The results of the pilot will be reviewed and if successful, expanded further.

Mine Specification Vehicle Offering

The ongoing downturn in the mining industry has created an opportunity for the rental of mine specification vehicles. Many companies are delaying purchase of vehicles due to uncertainty or budget constraints and are opting to rent vehicles where they are available at a reasonable cost.

DriveMyCar has secured supply of mine specification vehicles from one of its corporate partners and now has vehicles available in Queensland with other areas under review, subject to suitable supply and demand. The DriveMyCar offering provides cost benefits and significant flexibility to meet business requirements of companies and businesses servicing the mining industry.

Fundraising initiative

Collaborate Corporation Limited is well advanced in its longer term fundraising initiative for the Company. Collaborate continues discussions with an institutional investor and additional investors in relation to a funding mechanism. The Company is in final stages of negotiation and expects to be able to announce the terms of the definitive agreements shortly.

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 Australia's leading peer-to-peer car rental business; www.MyCaravan.com.au Australia's leading peer-to-peer caravan rental business and www.Rentoid.com, one of Australia's leading peer-to-peer 'rent anything' platforms. Collaborate has a material investment in FundX, a peer-to-peer invoice discounting and SME lending platform. Through our proprietary trust and reputation platform, 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.