

ASX/MEDIA RELEASE

DIRECTMONEY UPDATES ON LOAN SALES

Sydney, 16th May 2016

DirectMoney Limited (ASX: DM1) (**DirectMoney**) (the **Company**) operates a marketplace lending business writing prime, unsecured personal loans for 3 and 5 year maturities to Australian consumers then on-selling these loans to either the DirectMoney Personal Loan Fund (ARSN 602 325 608) (the **Fund**) or to institutional and wholesale investors. This release provides the market with an update on the progress of loan sale transactions to these two channels.

The Fund

As announced on the 2nd of May, One Managed Investment Funds Limited (ACN 117 400 987, AFSL 297 042) issued an updated PDS for the Fund to the market. The Fund achieves its first full year of performance on the 15th May 2016 and is expected to provide an annual return to unit holders in this first year in excess of 7.5%. The marketing of the Fund to the Australian investor and advisory community is in ramp-up phase. As units in the Fund are purchased by investors DirectMoney will sell loans to the Fund.

The DirectMoney executive team is committed to the marketing of the Fund and providing Australian retail investors with the opportunity to invest in a pool of prime, unsecured personal loans. The Fund is targeted to delivering investors attractive returns of “cash plus 5 to 5.5% pa”, over a 3 to 5 year investment horizon, from an asset class not previously made available by the large banks who have controlled the personal loan market to date.

Institutional sales

As mentioned in our recent Q3 FY 2016 update DirectMoney is in active discussion with several institutional investors regarding loan sale transactions with DirectMoney. These transactions release cash which can be applied to new lending. (These negotiations and due diligence processes are ongoing however until such time as these transactions are closed, DirectMoney will not be creating cash from these transactions to support new lending).

Commenting on the status of negotiations with institutional loan buyers, DirectMoney Chairman Mr Stephen Porges said, *“The company remains intensely focussed on progressing loan sales to institutions and development of a funding warehouse. At the same time we are rolling out a strong marketing program for the Fund, which, as we have said, will be a centrepiece of the DirectMoney business model in the medium to long term. This is both a unique opportunity for Australian retail investors and a significant source of funding for our business. To support our excess loan applicants we are establishing a referral arrangement with a trusted lending institution. This referral arrangement is intended to provide a further option for our excess loan applications which cannot be supported by sale of loans to the Fund or institutional investors. This referral arrangement is also attractive as it has the potential to be extended into a more permanent loan sales arrangement. Consumer appetite for DirectMoney personal loans is strong and we are committed to our diversified strategies to fund this demand”.*

DirectMoney Limited held \$6.78 million of loans and had net assets of \$9.10 million on its consolidated balance sheet as at March 2016.

-ENDS-

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About DirectMoney

DirectMoney is a pioneer in the rapidly growing Australian marketplace lending industry. DirectMoney connects borrowers and investors by leveraging technology and partnerships. We offer competitive interest rates and terms on personal loans for borrowers and provide innovative structures for retail and institutional investors to invest in these loans. We strive to deliver Australians better financial choice and improved investment outcomes.