

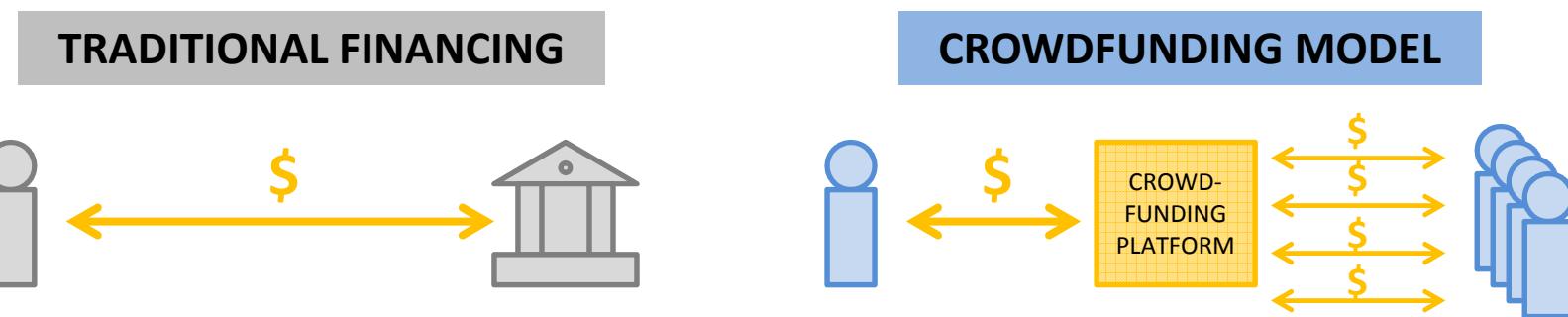
CROWD-FINANCE

INTRODUCTION TO A NEW TOOL FOR START-UP AND SME FINANCE

CHILE'S OPPORTUNITY TO CREATE THE MOST
SOPHISTICATED FUNDING ECOSYSTEM IN THE WORLD

THE CROWDFUNDING MARKET

HOW IT WORKS: It is a global innovation that leverages the social Web to increase investment opportunities, create a new class of investor and deliver capital to start-ups and SMEs. It is the radical evolution of the traditional financing model.



- Traditional financial model: individuals have one/few sources of financing, i.e., financial institutions, venture capitalists
- Many businesses that could have succeeded fail simply because they are unable to access capital
- In today's market, these institutions are funding even fewer SMEs

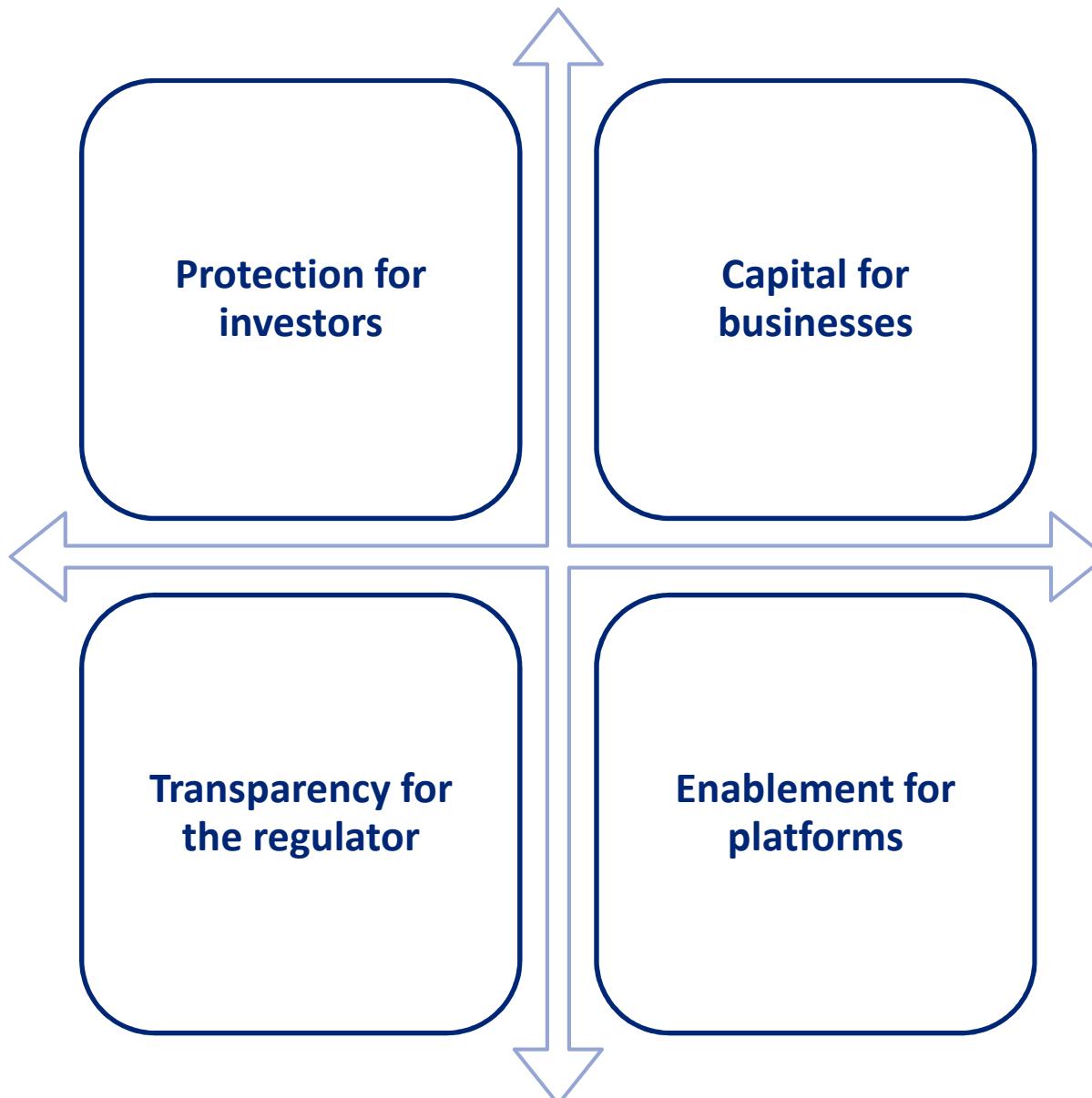
- Firms get financing from a larger number of investors to reach the capital needed
- The key difference with crowdfunding is that it allows firms to draw upon people in their own social networks to become investors and brand advocates
- The infrastructure developed will scale the reach and the impact on a global level

Appendix A: Introduction to crowd capital

We distinguish between four types of crowd capital

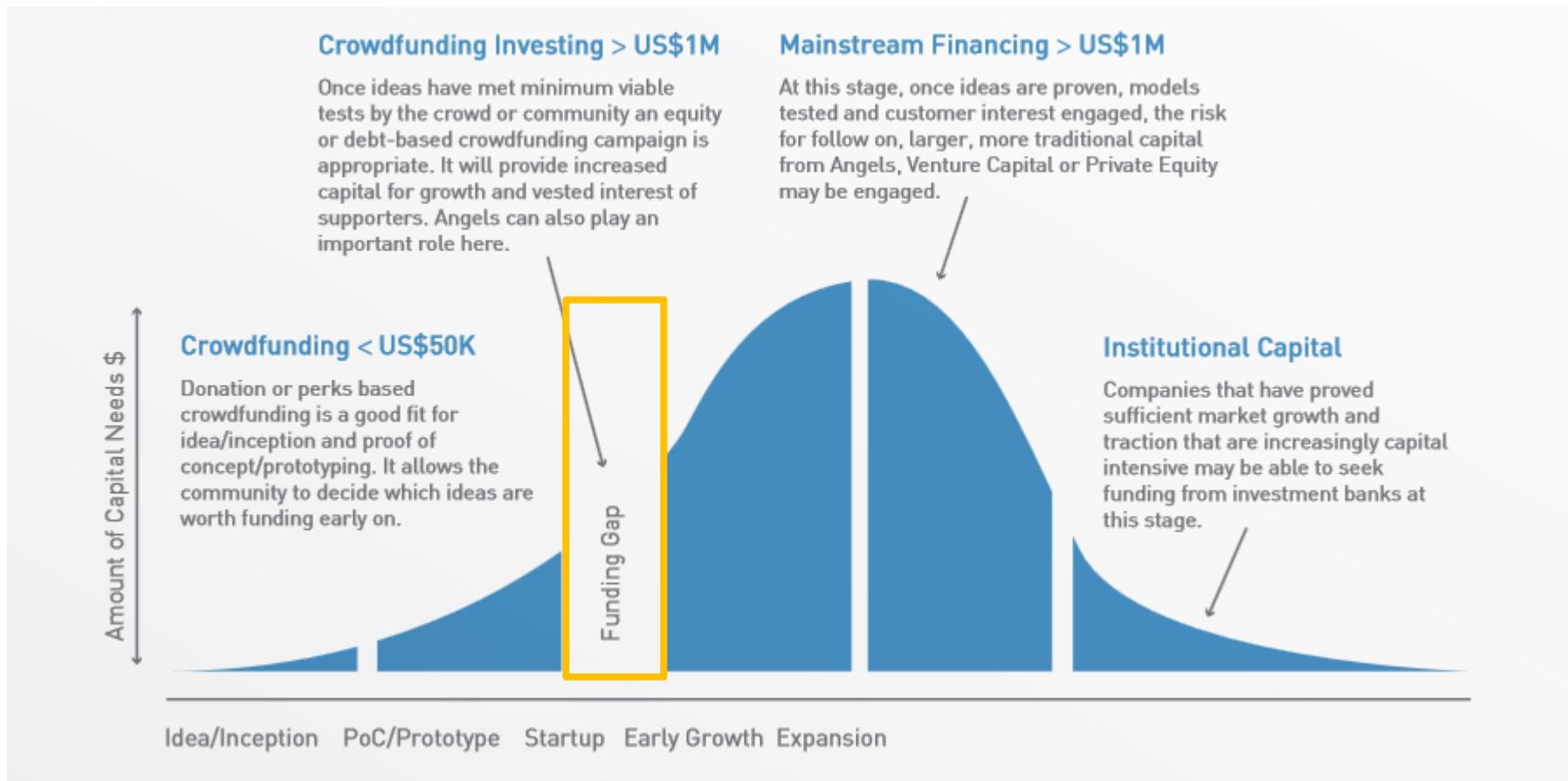
Crowd giving	Pre-Pur Crowdfunding	Crowd investing	Crowd lending
<ul style="list-style-type: none">Contributors get no material returnAppropriate for charitiesIllustrative examples:	<ul style="list-style-type: none">Contributors get product pre-purchaseAppropriate for creative projects and product-presalesIllustrative examples:	<ul style="list-style-type: none">Contributors get profitsAppropriate for entrepreneurs / SMEsIllustrative examples:	<ul style="list-style-type: none">Contributors get a fixed returnAppropriate for SMEs or entrepreneurs with cash flowIllustrative examples:
JustGiving™	KICKSTARTER	crowdcube	 Funding Circle

**The CCA Balanced Stakeholder Framework™
for effective crowdfunding policy and regulatory implementation**



TRADITIONAL VIEW OF CROWDFUNDING MARKET

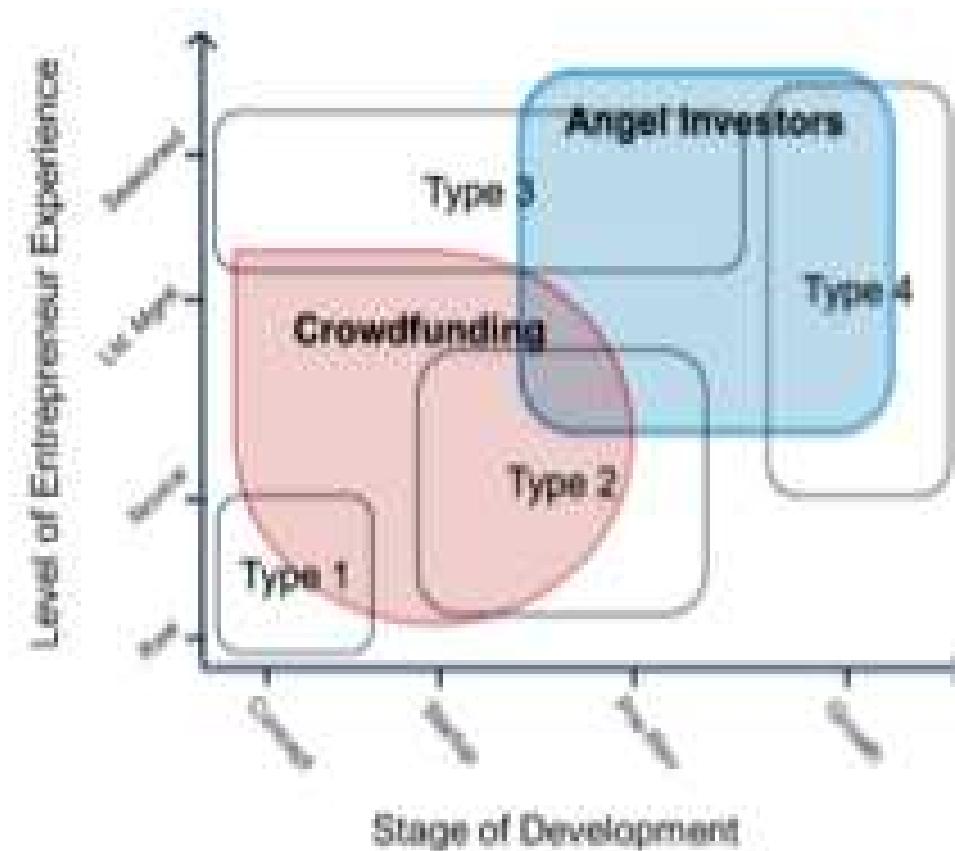
Crowdfunding can fill a funding gap and can bring efficiency in capital allocation that did not exist before. It is redefining the financing model by allowing potential customers to validate product-market fit.



Source: World Bank. Crowdfunding's Potential for the Developing World. 2013. infoDev, Finance and Private Sector Development Department. Washington, D.C.

INNOVATIVE VIEW OF CROWDFINANCE MARKET

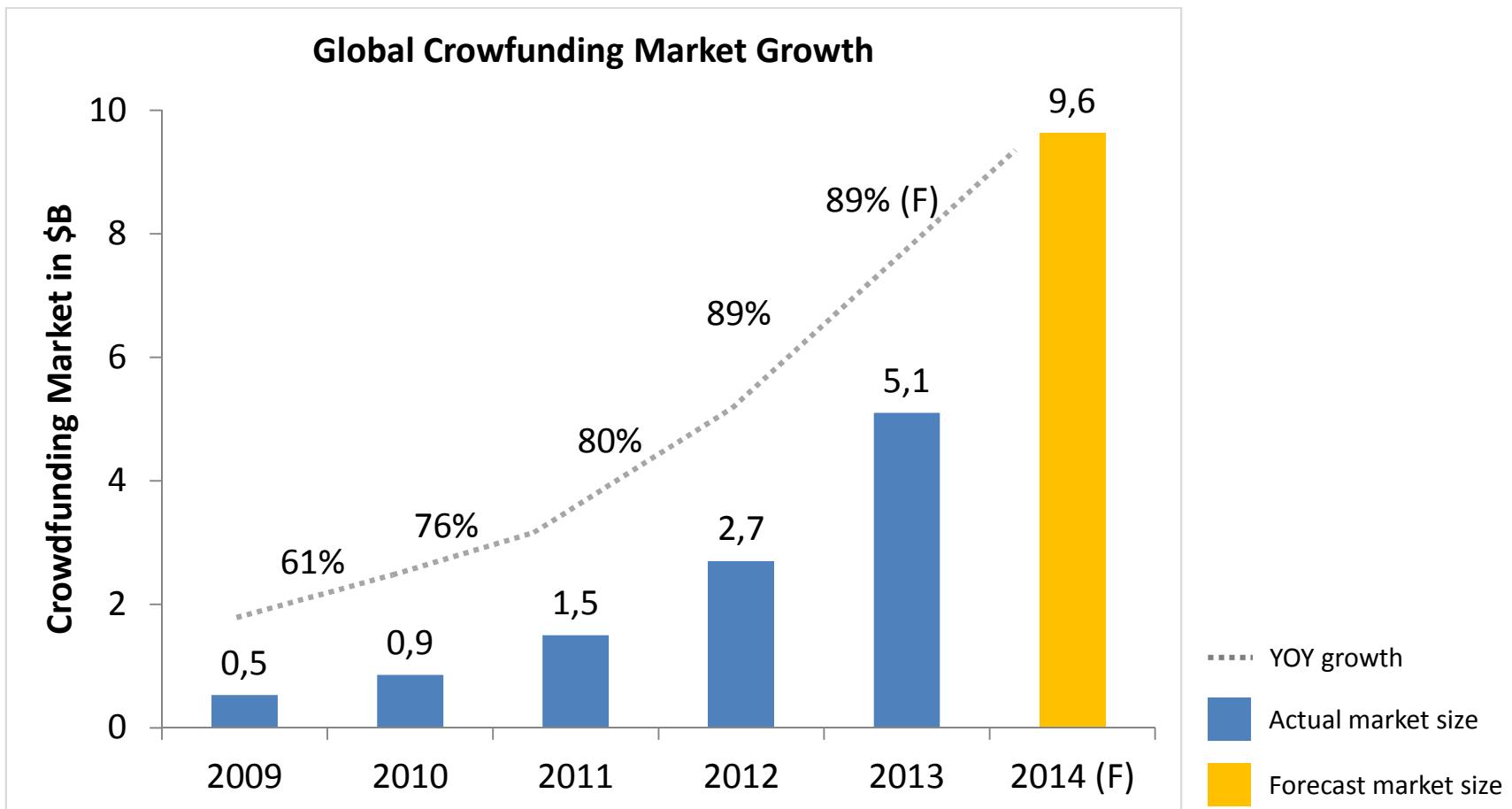
- Crowdfinance can benefit different stages of a company's development including: Seed Stage, Early Stage, Series A, Series B
- Crowdfinance can be collaborate/syndicate with other existing investor types



Source: World Bank. Crowdfunding's Potential for the Developing World. 2013. infoDev, Finance and Private Sector Development Department. Washington, D.C.

THE CROWDFUNDING MARKET

The global market size for capital raised via crowdfunding was estimated at \$5.1B in 2013 and is projected to grow to \$9.6B in 2014. The 5-year growth has been **increasing at an increasing rate**, which suggests an even larger opportunity.



AN EARLY INDUSTRY HAS ALREADY FORMED IN CHILE

- Rewards Based Crowdfinance Platform: BCI launched October 2014
 - 6 product pre-sale campaigns
- Equity Based Crowdfinance Platform: Broota launched 2013
 - Created best deal flow engine in LatAm
 - Closed 6 deals
- Debt Based Crowdfinance Platform: Cumplio launched 2013
 - 35,000 Users
 - 1511 investors
 - average 9 investors / loan.
 - 700 transactions in total. \$40M in loans over 4 years – 70% in last 12 months
 - Last month was 87 transactions