

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

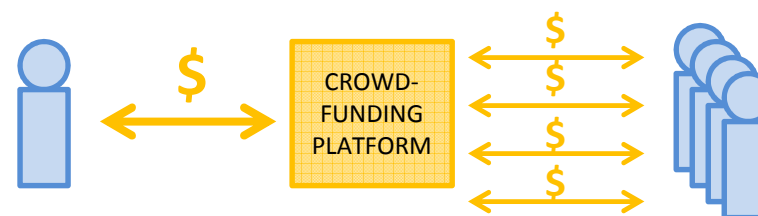
HOW IT WORKS: It is a global innovation that leverages the social Web to increase investment opportunities, create a new class of investor and deliver capital to start-ups and SMEs. It is the radical evolution of the traditional financing model.

TRADITIONAL FINANCING







- 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

CROWDFUNDING MODEL

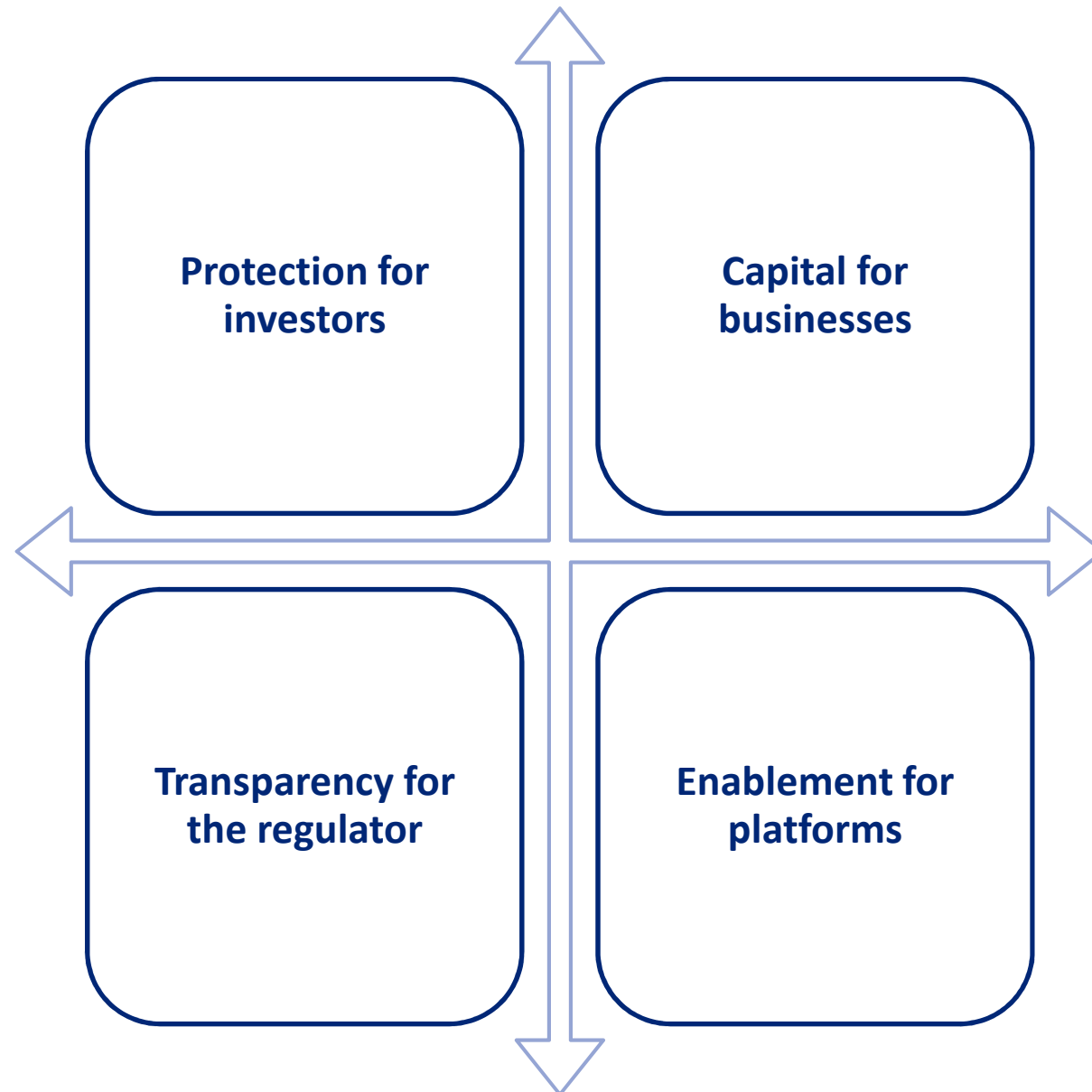


- Firms get financing from a larger number of investors to reach the capital needed
- The key difference with crowdfunding is that it allows firms to draw upon people in their own social networks to become investors and brand advocates
- The infrastructure developed will scale the reach and the impact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

Appendix A: Introduction to crowd capital
We distinguish between four types of crowd capital

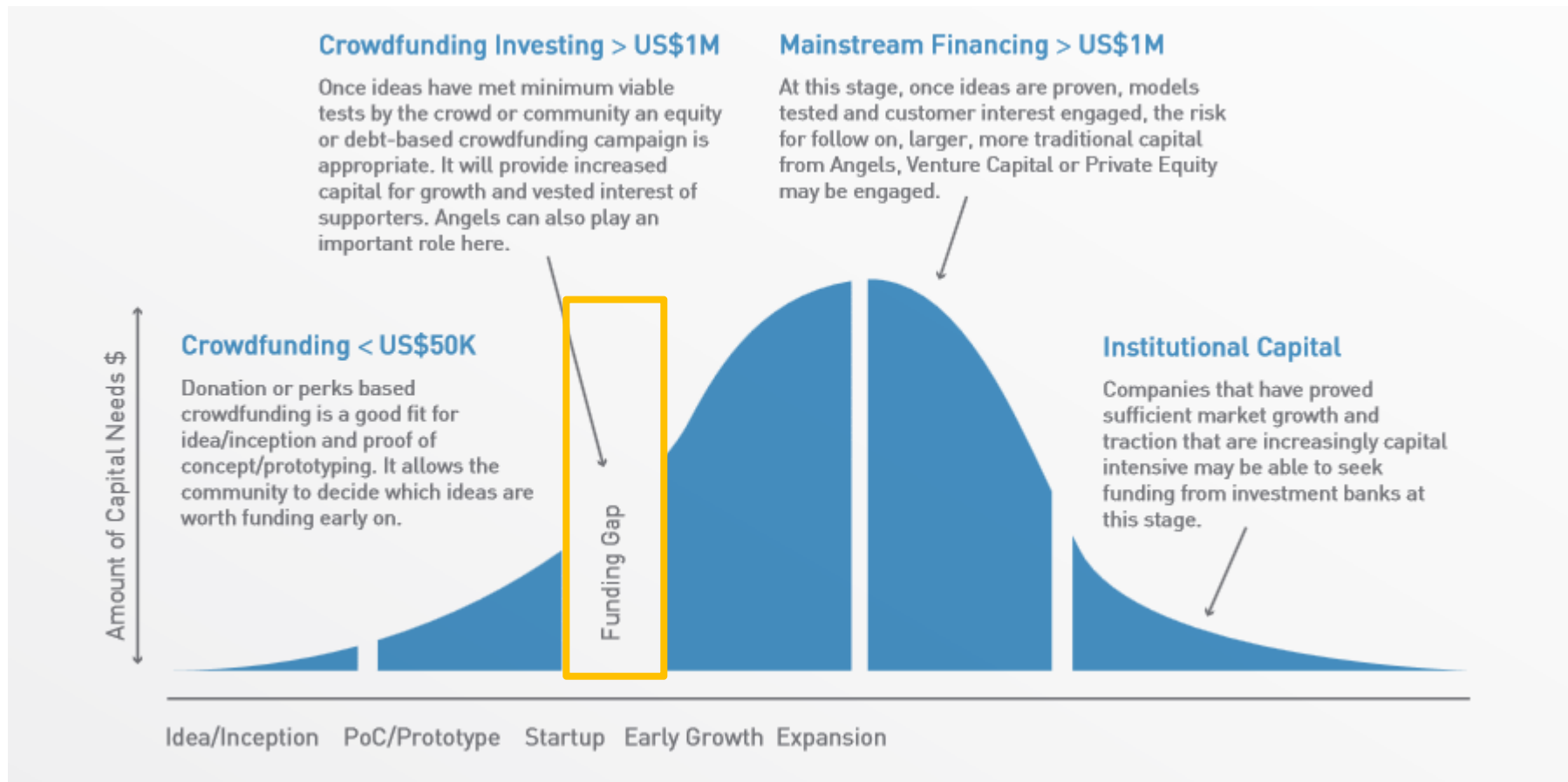
Crowd giving	Pre-Pur Crowdfunding	Crowd investing	Crowd lending
<ul style="list-style-type: none"> Contributors get no material return Appropriate for charities Illustrative examples: 	<ul style="list-style-type: none"> Contributors get product pre-purchase Appropriate for creative projects and product-presales Illustrative examples: 	<ul style="list-style-type: none"> Contributors get profits Appropriate for entrepreneurs / SMEs Illustrative examples: 	<ul style="list-style-type: none"> Contributors get a fixed return Appropriate for SMEs or entrepreneurs with cash flow Illustrative examples:
			 Funding Circle

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



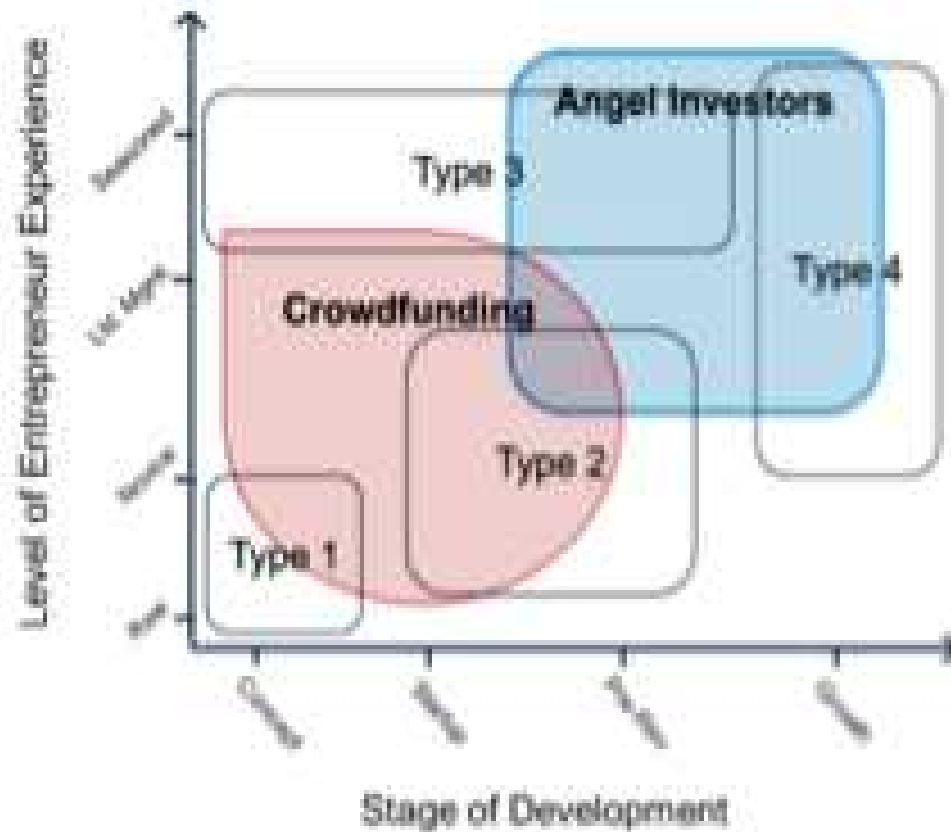
TRADITIONAL VIEW OF CROWDFUNDING MARKET

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.



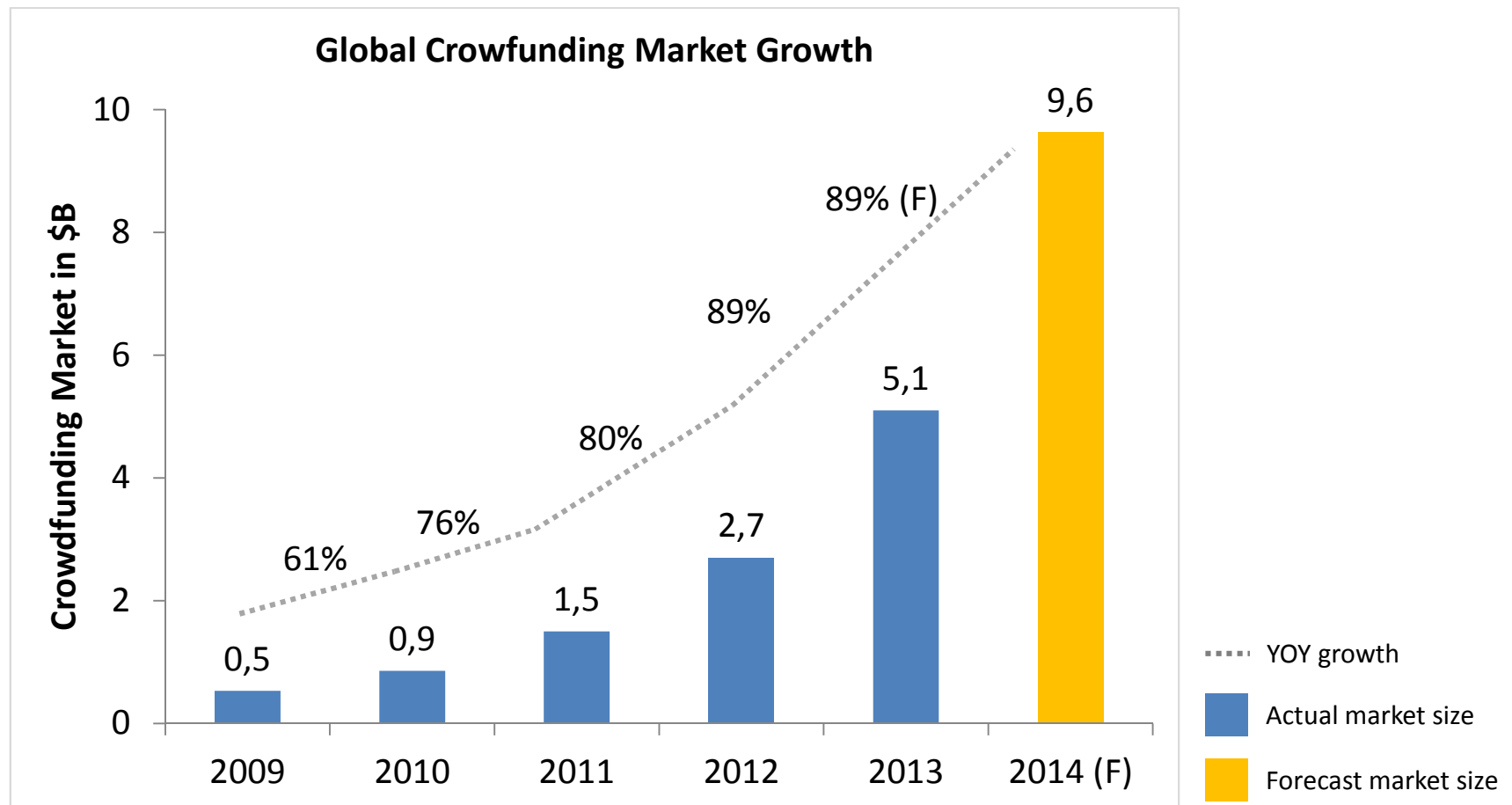
INNOVATIVE VIEW OF CROWDFINANCE MARKET

- 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



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: Cumplo 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