

MEMORANDUM

TO: Nicholas Tommarello
Wefunder Inc.
Wefunder Portal LLC
Wefunder Advisors LLC

FROM: Susan Gault-Brown
Morrison & Foerster LLP

Date: April 23, 2020

Re: Description of the XX Arrangement¹

DESCRIPTION OF XX ARRANGEMENT

Each company issuing securities (each, an “Issuer”) through Wefunder Portal LLC (“Wefunder Portal”) and most investors purchasing such securities through Wefunder Portal will be required by Wefunder Portal to use the “XX Arrangement,” which is comprised of services provided by XX Investments LLC (“XX Investments”), XX Team LLC (“XX Team”), and the independent contractors who provide services on behalf of XX Team (each, a “Lead Investor”).

None of XX Investments, XX Team or any Lead Investor is affiliated with Wefunder Portal or its affiliates. Further, XX Investments and XX Team are not affiliated with one another.

Intended Consequences of the XX Arrangement

The XX Arrangement is intended to be similar to the arrangement where a broker-dealer acts as record holder for its investor clients by holding securities in “street name.” Specifically, the XX Arrangement is intended to result in an Issuer reflecting one investor of its capitalization table (XX Investments).

The XX Arrangement also is intended to simplify the voting process with respect to the Issuer’s securities by having one entity (XX Team), through one person (the Lead Investor), make all voting decisions and having one entity (XX Investments) carry out XX Team’s voting instruments and any take any related actions.

The XX Arrangement also is intended to provide the services of an experienced Lead Investor (acting on behalf of XX Team) who is expected to make value-maximizing decisions regarding an Issuer’s securities. XX Team (acting through the Lead Investor) may also provide consulting services to the Issuer that are intended to maximize both the value of the Issuer’s business and also the value of its securities.

¹ This memorandum does not constitute a legal opinion and is not intended to provide any legal advice. This memorandum cannot be relied upon by any parties other than the parties to which it is addressed above. This memorandum speaks only as of the date above.

XX Investments

XX Investments will act as each Issuer's transfer agent and also will act as custodian, paying agent, and proxy agent on behalf of all investors that enter into the Custodial and Voting Agreement with XX Investments through the Wefunder Portal website (each, an "Investor"). Investors will direct each Issuer, pursuant to provisions in both the Investor Agreement and the Listing Agreement, to issue securities to XX Investments on behalf of the Investors. XX Investments will hold legal title to the securities an Issuer issues through Wefunder Portal (which are uncertificated) on behalf of each Investor. XX Investments will establish an account for each Investor through which accounts Investors will hold its beneficial interests in the Issuer's securities. XX Investments will keep track of each Investor's beneficial ownership interest and make any distributions to the Investors (or other parties as directed by the Investors).

In addition to the above services, at the direction of XX Team, XX Investments will vote the Issuers' securities and take any other actions in connection with such voting (such as signing documents) on behalf of each Investor. XX Investments will act at the direction of XX Team, because XX Team will hold a power of attorney from each Investor that has entered into the Investor Agreement to make voting decisions on behalf of that Investor. XX Investments will not charge Investors for its services. XX Investments will charge each Issuer \$1,000/year for services; however, those fees will be paid by Wefunder Inc. on behalf of each Issuer for a three-year period.

XX Team

As noted, XX Team will hold a power of attorney from each Investor who enters into an Investor Agreement to make voting decisions on behalf of that Investor. Pursuant to the power of attorney, XX Team will make voting decisions and then direct XX Investments to vote and take any other actions in connection with the voting (such as signing documents) on an Investor's behalf. XX Team will act, with respect to each Issuer, through that Issuer's Lead Investor, who is or will become an independent contractor of XX Team.

XX Team will not be compensated by Investors for its voting services, unless and until such time as the Securities and Exchange Commission ("SEC") or the SEC staff issue guidance that would permit XX Team to receive a percentage of any distributions Investors receive from the Company (the "Guidance"). To take into account the possibility of the SEC or the SEC staff issuing such Guidance, each Investor Agreement will contain a provision whereby each Investor authorizes XX Investments, at any time following issuance of the Guidance, to distribute to XX Team 10% of any distributions the Investor would otherwise receive from an Issuer. Any such compensation paid to XX Team for voting services in connection with an Issuer would be shared with the Lead Investor for that Issuer.

XX Team, through an Issuer's Lead Investor, may also provide consulting services to the Issuer and may be compensated for these services by the Issuer; although, fees owed by the Issuer will be paid by Wefunder Inc. on behalf of the Issuer for a three-year period. XX Team will share its consulting compensation (if any) with the Issuer's Lead Investor.

The Lead Investor

Each Issuer's Lead Investor will be an experienced investor that an Issuer chooses to act in the role of Lead Investor, both on behalf of the Issuer and on behalf of its Investors. As noted, the Lead Investor will be an independent contractor of XX Team and will share in compensation that XX Team receives from an Issuer (or from Wefunder Inc. on the Issuer's behalf) or, if the Guidance is issued, from the Issuer's Investors.

An Issuer's Lead Investor will be chosen by the Issuer and approved by Wefunder Inc., and the identity of the Lead Investor must be disclosed to Investors before Investors make a final investment decision to purchase that Issuer's securities. Investors also will receive disclosure regarding all fees that may be received by the Lead Investor for voting services and/or consulting services. In addition to the consulting fees described above, the Lead Investor may receive compensation, which possibility will be disclosed, if, in the future, Wefunder Advisors LLC ("Wefunder Advisors") forms a special purpose vehicle ("SPV") for the purpose of investing in a non-Regulation Crowdfunding offering of the Issuer for which the Lead Investor serves as Lead Investor. In such a circumstance, the Lead Investor may act as a portfolio manager for that SPV (and as a supervised person of Wefunder Advisors) and may be compensated through that role.

Although a Lead Investor may act in multiple roles and be compensated from multiple parties, a Lead Investor's goal is to maximize the value of the Issuer for which it is the Lead Investor and therefore maximize the value of the Issuer's securities. As a result, the Lead Investor's interests should be aligned with those of both the Issuer and its Investors.

Agreements

Issuers that wish to offer securities through Wefunder Portal must agree to (1) hire XX Investments as a transfer agent ("TA"); (2) hire XX Team as a consultant ("Consultant"), and (3) choose a person who is or who becomes an independent contractor of XX Team to serve in the role of "Lead Investor," both on behalf of Investors and on behalf of the Issuer.

Investors that wish to purchase an Issuer's securities through Wefunder Portal must agree to (1) hire XX Investments to serve as custodian, paying agent, and proxy agent with respect to the Investor's holdings in such Issuer's securities ("Custodian"); and (2) give a power of attorney to XX Team to make all voting decisions with respect to the Investor's holdings in such Issuer's securities; and (3) direct XX Investments to share 10% of the Investor's distributions from an Issuer with XX Team upon issuance of the Guidance. An Issuer may waive these requirements for certain investors with whom the Issuer has a pre-existing relationship; the details of the XX arrangement and the analysis below will not apply to such investors.

The agreements each Issuer will enter into with respect to the XX arrangement include the following:

- Listing Agreement
- Startup Agreement
- Transfer Agent Agreement

- Lead Investor Agreement

The agreements each Investor will enter into with respect to the XX arrangement include the following:

- Investor Agreement (which includes the Lead Investor Power of Attorney)
- Custodial and Voting Agreement

Other agreements relevant to the XX arrangement include the following:

- Independent Contractor Agreement (between XX Team and Lead Investor)