Cherry picking.

Weekly market activity report

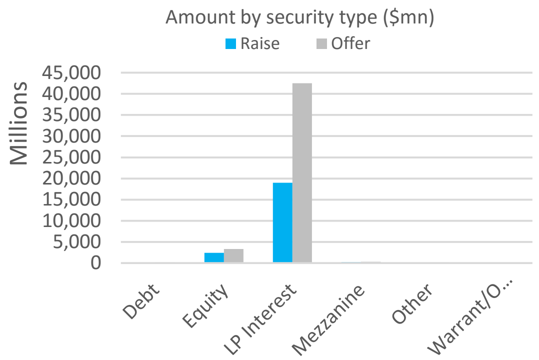
June 13th to June 19th 2016

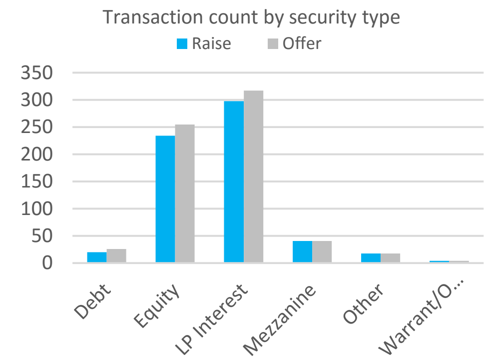
During the past seven days, the Regulation D market expanded at a faster pace in terms of transactions while the pool of money raised grew at milder rate. Furthermore, the activity of the VC & SMB market expanded at a slower pace than the overall Regulation D market, though fundraising growth outpaced it.

XDATA is an information provider and consulting firm that focuses on extracting value from disclosures made under Regulation D. Regulation D enables companies to issue securities without registering them with the SEC. The information filed is regulated, industry and size agnostic, making it the best source of information to evaluate the private placement market and the dynamism of small-and-medium sized companies in the US. XDATA captures all Reg D filings, normalizes the data and surfaces issuances initiated by operating companies.

Overall market:

Market Vitals:
- Average offer size: $70 million
- Total offered: $46.44 billion
- Total raised: $21.72 billion





During the week, issuers were much less successful selling securities than before placing 47 cents of each dollar offered. Investors had previously subscribed to 129 cents for each dollar on the market. The average size of closed and partially closed placements fell to $35 million. This was primarily driven by a slow increase in the total amount of money gathered and a substantial improvement in financing rounds. Overall fundings reached $21.72 billion while investors subscribed to a total of 615 issuances. Issuers were able to keep their compliance score stable at 74.

Managed funds captured the lion's share of the market, they were behind 92% of the securities offered and 87% of the money raised, yet they accounted for 48% of the issuers hitting the market.

Foreign companies were a minor market participant in terms of amount raised during the seven day period. They saw their fundraising pool drop 56% to $2.48 billion while closing 97 private offerings, much more than before (a considerable improvement of 33%).

Top 10 foreign countries by amount raised include:

Issuers in **Ireland** issued $530 million worth of securities via three private placements, and propelled Ireland in the top 10 list of foreign countries. Companies in **Luxembourg** started four financing rounds and gathered $464 million constituting a steep decline of 33% vs. the previous week. Companies in **the United Kingdom** initiated four closed and partially closed fundraising transactions and fetched $421 million representing a major improvement of 1491% vs. seven days ago. Successful placements completed by Reg D issuers located in **the Cayman Islands** dwindled 82% to $331 million via 40 offerings. **Mauritius** is new to the top 10 list of foreign countries, companies started two private security issuances for $187 million and gathered $187 million. Companies in **Malta** issued $175 million worth of securities via three offerings, and propelled Malta in the top 10 list of foreign countries. **Hong Kong** is new to the top 10 list of foreign countries, companies initiated one private placement transaction for $90 million and fetched $142 million. One issuer in **Australia** completed one closed and partially closed financing round and captured $113 million representing a vertiginous drop of 53% vs. the prior week. One company in **Netherlands** issued $54 million worth of securities via one offering, and propelled Netherlands in the top 10 list of foreign countries. Successful placements initiated by companies located in **Bermuda** decreased 98% to $27 million through two transactions.

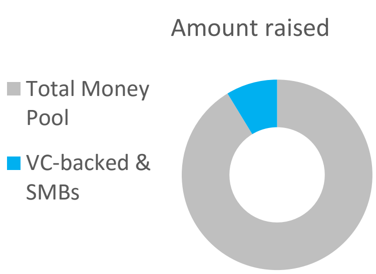
Charting a much more pronounced positive pattern, securities issued in connection with **M&A** deals were a negligible market contributor in terms of funds raised with investors subscribing to $184 million via 14 financing rounds. On average transactions captured $13 million. Reliance on Reg D issuances to finance **M&A** transactions went down by 13% to 14 successful placements vs. the prior week.

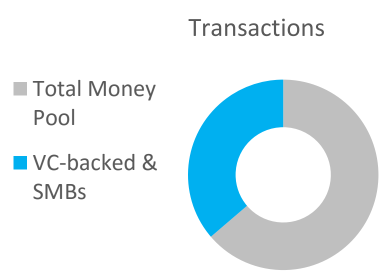
Venture capital and operating companies market:

XDATA is focused on making Regulation D filings relevant by surfacing security issuances made by companies with operating assets. Segregating funds and other special purpose financing vehicles is necessary to provide the best possible picture of the amount and size of investments that actually reach small and medium sized companies in the US. Money raised by Hedge Funds via Regulation D is mostly invested in public companies, it would therefore be a mistake to take them into account when evaluating the investments earmarked for private companies. The same goes for Private Equity and Venture Capital vehicles, since in theory money raised under Regulation D by a fund will lead to multiple Form D filed by the companies they invest in. Failing to take this fundamental mechanism into account would lead to counting the same pool of money multiple times, therefore artificially inflating the pool of money reaching small-and-medium sized companies. XDATA also segregates issuances made in conjunction with M&A transactions, because securities issued as compensation in lieu of cash may not represent a net increase in investments reaching SMBs. XDATA is the only source offering such a level of transparency.

Overall VC & SMB market

Market Vitals:
- Average offer size: $10 million
- Total offered: $2.34 billion
- Total raised: $1.89 billion

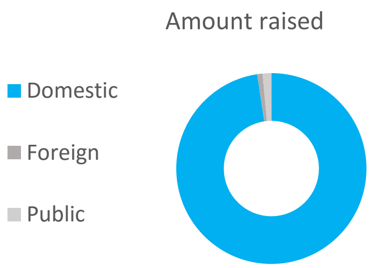


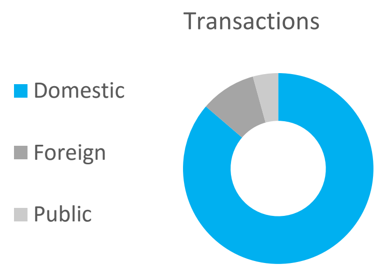


The activity of the VC & SMB market expanded at a slower pace than the overall Regulation D market, though fundraising growth outpaced it.

VC and operating companies captured 8.7% of the overall pool of money raised via Regulation D, yet they accounted for 36% of Form D filers during the week. Issuers gathered 81 cents for each dollar offered, representing an improvement of 11% for the period. Following a more stable trend, compliance scores on average hit 94.

During the past seven days, the number of fundraising transactions increased by 15% to 223. Reg D issuers were significantly more bullish than before and offered the market $2.34 billion worth of securities, an improvement of 91%. Charting a similar path, investors purchased much more, subscriptions rocketed 122% to $1.89 billion.





US-based companies saw their subscriptions grew 158% to $1.87 billion. The number of private placements reached 201, up from 177 seven days ago. With 99% of the money raised and accounting for 90% of the transactions during the week domestic issuers were the most important market participant. The average size of financing rounds raised rocketed by 128% to $9 million. US-based companies experienced a robust increase in investors' appetite for their securities, they placed 84 cents for each dollar they offered, up 19 cents from the previous period. Issuers kept their compliance score stable at 94.

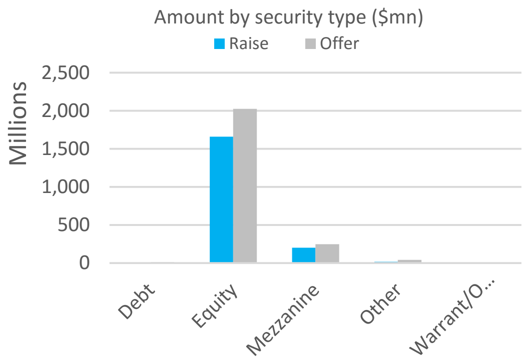
Stock exchange traded companies improved their compliance score to 90 from 89. Investors were far less interested than before buying 22% of the securities offered. In terms of amount raised, they were a negligible market contributor during the seven days ending on June 19, they accounted for 1.5% of the market size and initiated 4.5% of the financing rounds. 11 private issuances were launched, eventually gathering $28 million (up from $20 million) via ten transactions. Investors subscribed to slightly bigger financing rounds. They increased by $317,061 to $3 million.

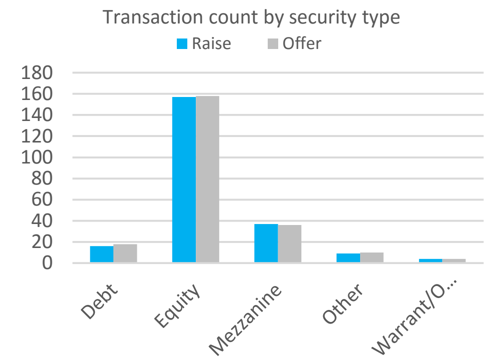
Foreign companies accounted for 22 Reg D offerings (up 29%) and sold $17 million worth of securities to financial backers (up 29%). In terms of amount raised, they were a negligible market contributor during the seven days ending on June 19, they accounted for 0.92% of the market size and initiated 9.9% of the financing rounds. The period was characterized by a much smaller average financing round size. It decreased by $7 million to $789,145. Foreign companies sold 16% of their planned issuances, a vertiginous drop from 113% the previous week. Reg D issuers lowered their compliance score to 86 from 94.

Top 10 foreign countries by amount raised include:

Successful placements initiated by companies located in **Canada** fell 4.3% to $14 million via 19 transactions. $2 million was fetched by one issuer in **the Cayman Islands** through one deal, representing a vertiginous drop of 94% from seven days ago. **Ireland** is new to the top 10 list of foreign countries, one company started one private offering and captured $811,848. One issuer in **Anguilla** issued $62,488 worth of securities via one Reg D offering.

Securities



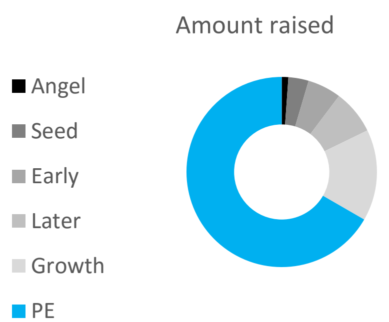


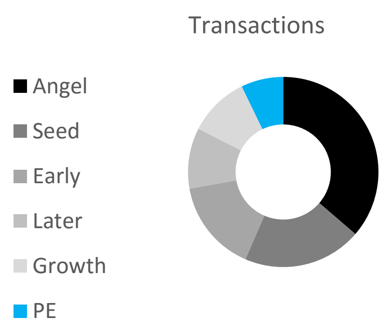
Equity securities were the primary instrument issued in connection with companies' fundraising activity. Specifically, 70% of the subscriptions were equity based while they captured 88% of the funds raised. Investors bought $1.66 billion worth of equity through 157 transactions.

Mezzanine denominated placements hit, they raised however $203 million and accounted for $250 million offered. Issuers relied on mezzanine securities in 37 transactions vs. 37 previously, Mezzanine securities were used in 17% of the transactions to raise 11% of the pool of money dedicated to SMBs.

Charting a positive, yet subdued path, **debt** investors subscribed to 16 issuances for a total of $5 million. The number of debt denominated issuances rose 14%, however commitments were down 66%. Overall, debt was the security of choice for 7.2% of the placements while attracting 0.28% of investors' funds.

Development stage





Angel stage companies initiated 81 closed and partially closed fundraising transactions up 35% and eventually collected $21 million. The average subscription size eased 13% to $262,399. Compliance

scores averaged 96. Overall, they accounted for 1.1% of the money raised and 36% of the activity.
Analysis: the activity of angel stage issuers expanded at a faster pace than the overall SMB & VC market, however funds collected growth underperformed.

The average transaction gathered by **seed stage** companies reached $1 million after rising 11%. Investors grew their commitments to $65 million via 45 closed and partially closed placements. Seed stage private offerings accounted for 20% of the issuances and 3.4% of the money raised. The average compliance score for companies falling into this development stage bracket stood at 94.
Analysis: the activity of seed stage Reg D issuers stagnated with fundraising and activity growth rates that underperformed the overall SMB & VC market.

For each dollar they offered to investors, **early stage** issuers garnered 82 cents. Their compliance score reached 91 on average. During the period, their average financing round reached $3 million. Investors subscribed to $108 million via 35 issuances (stable at 2.9%). Early stage funding was a substantial market participant in terms of activity, it accounted for 16% of the deals and 5.7% of the money raised.
Analysis: the activity of early stage companies stagnated with fundraising and activity growth rates that underperformed the overall SMB & VC market.

Later stage Reg D issuers fetched on average the same amount of funds from investors. It was left unchanged at $6 million. Financial backers decreased their commitments to $142 million via 23 placements. Later stage private offerings accounted for 10% of the issuances and 7.5% of the money raised. The average compliance score for companies falling into this development stage bracket stood at 89.
Analysis: the activity of later stage issuers contracted with a fundraising and activity growth rates that underperformed the overall SMB & VC market.

The average subscription collected by **growth stage** companies remained stable and reached $13 million. Financial backers eased their commitments to $294 million via 23 financing rounds. Growth stage issuances made under Reg D accounted for 10% of the issuances and 16% of the money raised. The average compliance score for companies falling into this development stage bracket stood at 93.
Analysis: the activity of growth stage issuers contracted with a fundraising and activity growth rates that underperformed the overall SMB & VC market.

For each dollar they offered to investors, **private equity stage** companies fetched 96 cents. Their compliance score reached 90 on average. During the period, their average financing round reached $79 million. Investors subscribed to $1.26 billion via 16 issuances (up 220%). Private equity stage funding was a small market participant in terms of activity, it accounted for 7.2% of the deals and 67% of the money raised.
Analysis: the activity of private equity stage Reg D issuers expanded and outpaced the overall SMB & VC market trend.

Issuers by location

States that originated 5% or more of the private placements:

Companies based in **New York** were more compliant when filling the Reg D form with a compliance score going up to 92 from 90. Companies were able to place 98% of their financing rounds. 19% of the money raised during the seven day period was funneled in New York which accounted for 10% of the transactions. 23 security issuances were launched, eventually garnering $365 million (up from $72 million) via 23 fundraising events. The average transaction size surged by 207% to $16 million.
Analysis: the activity in the State of New York expanded and outpaced the market benchmark.

Companies located in **California** saw their compliance score go up to 94 from 92. Companies were able to place 70% of their financing rounds. Investors committed 16% of their funds in California which was responsible for 22% of the market activity. The amount of money gathered eased 12% to $308 million. Charting a positive, yet subdued trend, the number of security issuances reached 50, up from 48 the prior week. Investors subscribed to smaller financing rounds, they fell $1 million on average to $6 million.
Analysis: the activity in the State of California expanded, however fundraising growth was below the market.

States that originated between 1% and 5% of the private placements and grew their fundraising pool by 2% or more:

Companies located in **Colorado** experienced a slow increase in investors' subscription rate since they subscribed on average to 97 cents for each dollar offered, up 13 cents over the period. The average transaction size rocketed by 1103% to $76 million. Ten issuances were launched, eventually accumulating $609 million (up from $44 million) via eight fundraising events. During the past seven days, Colorado captured 32% of investor's subscriptions and companies located there initiated 3.6% of the transactions. Reg D issuers lowered their compliance score by 7 points to 87.
Analysis: the activity in the State of Colorado expanded and both activity and fundraising growth followed the market trend.

Massachusetts-based companies sold $308 million worth of securities, a considerable improvement of 608%. Furthermore, the number of private placements was down 15% to 11. 16% of the money raised during the seven days ending on June 19 was funneled in Massachusetts which accounted for 4.9% of the transactions. Investors subscribed to much bigger financing rounds, they grew $25 million on average to $28 million. Issuers were much more successful than before placing 99% of their offerings to investors. The average compliance score remained stable at 97.
Analysis: the activity in Massachusetts State contracted with a growth rate that underperformed the market.

Companies headquartered in **Minnesota** improved their compliance score by 9 points to 97. Financing goals set by issuers were 56% met. They captured 40 cents less for each dollar offered. 2.6% of the money raised during the past seven days was funneled in Minnesota which accounted for 1.8% of the

transactions. The volume of money raised increased 103% to $50 million while the number of placements remained stable at four. Investors subscribed to much bigger financing rounds, they rocketed $6 million on average to $12 million.
Analysis: the activity in Minnesota stagnated and underperformed the market while fundraising met the benchmark.

Pennsylvania-based issuers sold $33 million worth of securities, a major improvement of 2669%. Furthermore, the number of private placement transactions was up 400% to ten. 1.8% of the money raised during the past seven days was funneled in Pennsylvania which accounted for 4.5% of the transactions. The average size of financing rounds raised increased by 454% to $3 million. Companies experienced a robust improvement in investors' subscription rate since they subscribed on average to 93 cents for each dollar offered, up 21 cents over the period. During the period, issuers grew their compliance score on average by 3 points to 100.
Analysis: the activity in Pennsylvania expanded and outpaced the market benchmark.

Utah-based companies saw their subscriptions surge 6927% to $23 million. The number of successful placements reached four, up from two the prior week. 1.2% of the money raised during the past seven days was funneled in Utah which accounted for 1.8% of the transactions. Investors subscribed to much bigger financing rounds, they grew $5 million on average to $6 million. Reg D issuers were significantly more successful placing their securities with investors who purchased 59 cents for each dollar offered, up 38 cents. During the period, issuers dropped their compliance score on average by 2 points to 98.
Analysis: the activity in Utah expanded and outpaced the market benchmark.

Companies located in **Illinois** experienced a robust improvement in investors' demand since they subscribed on average to 66 cents for each dollar offered, up 25 cents over the period. Investors subscribed to much bigger financing rounds, they increased $4 million on average or 1251% to $4 million. The volume of money raised grew 1251% to $20 million while the number of placements remained stable at five. Investors committed 1% of their funds in Illinois which was responsible for 2.2% of the market activity. Issuers lowered their compliance score by 4.5 points to 96.
Analysis: the activity in the State of Illinois stagnated and underperformed the market while fundraising met the benchmark.

Georgia-based companies sold $15 million worth of securities, a major increase of 60319%. Furthermore, the number of issuances was up 300% to four. Investors committed 0.8% of their funds in Georgia which was responsible for 1.8% of the market activity. The average transaction size grew by 15005% to $4 million. Companies were a touch less successful than before selling 89% of their offerings to investors. The compliance score of issuers remained flat at 100.
Analysis: the activity in the State of Georgia expanded and outpaced the market benchmark.

Companies based in **Florida** lowered their compliance score by 3.17 points to 94. For each dollar offered, 21 cents were raised during the week, a slight decline from 26 cents. 0.62% of the money raised during the past seven days was funneled in Florida which accounted for 2.7% of the transactions. Ten security issuances were launched, eventually garnering $12 million (up from $5 million) via six fundraising events. The average transaction size grew by 27% to $2 million.

Analysis: the activity in the State of Florida expanded and outpaced the market benchmark.

Tennessee-based Reg D issuers completed five offerings (up 400%) and raised $7 million (up 400%). 0.39% of the money raised during the week was funneled in Tennessee which accounted for 2.2% of the transactions. Investors subscribed to much bigger financing rounds, they increased $735,823 on average to $1 million. Issuers sold 41% of their planned issuances, a steep decline from 100%. With a compliance score subsiding to 99 from 100, issuers were as compliant when filling with the SEC.
Analysis: the activity in Tennessee expanded and outpaced the market benchmark.

Washington-based companies initiated nine Reg D offerings (down 10%) and raised $6 million (down 10%). During the seven days ending on June 19, Washington captured 0.34% of investor's subscriptions and companies located there initiated 4% of the transactions. Investors subscribed to much bigger financing rounds, they increased $339,910 on average to $713,931. Issuers were much more successful than before placing 73% of their offerings to investors. During the period, issuers rose their compliance score on average by 8 points to 99.
Analysis: the activity in Washington contracted with a growth rate that underperformed the market.

Oregon-headquartered companies received 0.13% of the money raised during the past seven days while accounting for 1.8% of the issuances. For each dollar offered, 37 cents were raised during the week, a slow increase from 27 cents. Companies collected on average much bigger financing rounds from investors, they surged by 68% to $630,125. Four private placement transactions were launched, eventually accumulating $3 million (up from $750,000) via four fundraising events. Issuers kept their compliance score stable at 98.
Analysis: the activity in the State of Oregon expanded and outpaced the market benchmark.

Issuers by industry

74 issuers, or 23%, checked **" Other "** as industry when filing with the SEC. XDATA through its curating process narrowed it down to 32 or 1.8%.

Industries that originated more than 5% of the private placements:

Software companies were as careful as before when disclosing their transactions, their compliance score stood at 94. Investors were significantly more interested than before acquiring 85% of the securities offered. Companies captured 21% of the money raised during the seven days ending on June 19, and were an important market driver in terms of amount raised. 50 new issuances made under Reg D were launched, eventually $395 million was collected by issuers (up from $303 million) via 51 fundraising events. The average transaction size grew by 43% to $8 million.

Biotech companies sold $311 million worth of securities, a major improvement of 1201%. Furthermore, the number of private offerings was up 21% to 23. Companies captured 16% of the money raised during the seven day period, and were an important market contributor in terms of funds raised. Investors subscribed to much bigger financing rounds which surged by $12 million on average or 975% to $14 million. Issuers experienced a major increase in investors' demand since they subscribed on average to 97 cents for each dollar offered, up 46 cents over the period. With a compliance score dropping to 91 from 92, issuers were less compliant when filling with the SEC.

Device and Medical Device companies captured 4.8% of the money raised during the week, and were a negligible market driver in terms of amount raised. Investors were much less interested than before buying 65% of the securities offered. Reg D issuers experienced a slow decline in the average financing round by $547,657 to $4 million. Investors subscribed to $90 million worth of securities (up 4.9%) via 20 private placement transactions (up 18%). Companies' compliance score rose by 3 points to 94.

Platform Technology companies sold 65% of their planned issuances, an important decline from 90%. Much smaller offerings typified the period. On average, they shrank by $2 million to $4 million. The amount of money raised fell 36% to $49 million while the number of placements remained stable at 13. **Platform Technology companies** were a negligible market contributor gathering 2.6% of the subscriptions. Reg D issuers' compliance score rose by 1 points to 93.

Industries that originated between 1% and 5% of the private placements and which grew their fundraising pool by 2% or more:

Medical organizations were as compliant when disclosing transactions, their compliance score on average eased to 98 from 100. For each dollar they offered, they captured 69 cents, a robust increase from 40 cents the prior week. Companies were a dismal market driver garnering 3.2% of the subscriptions. Investors purchased $60 million worth of securities (up 781%) via seven offerings (up 75%). Investors subscribed to much bigger financing rounds which rocketed by $7 million on average to $9 million.

Investment firms completed five private placements (up 400%) and collected $35 million (up 400%). Companies captured 1.8% of the money raised during the past seven days, and were a dismal market contributor in terms of amount raised. The average transaction size increased by 133% to $7 million. Issuers were a bit less successful placing securities to investors who purchased 88 cents for each dollar offered, a slow decline of 12 cents. During the period, issuers subsided their compliance score on average by 7 points to 93.

Hospitality companies sold $32 million worth of securities, a major increase of 2821%. Furthermore, the number of private placement transactions was up 200% to six. Companies captured 1.7% of the money raised during the seven days ending on June 19, and were a dismal market participant in terms of amount raised. Investors subscribed to much bigger financing rounds which grew by $5 million on average to $5 million. Reg D issuers were much more successful than before selling 74% of their offerings to investors. The average compliance score remained flat at 98.

Service companies sold $11 million worth of securities, a major improvement of 576%. Furthermore, the number of private placements was up 50% to three. Companies were a negligible market driver amassing 0.61% of the subscriptions. Investors subscribed to much bigger financing rounds which increased by $3 million on average or 350% to $4 million. Reg D issuers experienced a slight drop in investors' demand since they subscribed on average to 87 cents for each dollar offered, down 13 cents over the period. The average compliance score of issuers grew to 100 from 72.

Hardware companies saw their compliance score drop to 99 from 100. Fundraising goals were 57% met as companies sold 43 cents less for each dollar they offered. Companies captured 0.49% of the money raised during the past seven days, and were a dismal market participant in terms of amount raised. Investors bought $9 million worth of securities (up 76%) via three private placement transactions (up 50%). Investors subscribed to bigger financing rounds which surged by $453,917 on average or 17% to $3 million.

Clothing and accessories designers collected $8 million (up 198%) via three placements. Companies gathered 0.43% of the pool of money available for VC and operating companies. Much bigger Reg D offerings typified the period. On average, they grew by $2 million to $3 million. Issuers sold 91% of their planned issuances, a slow decline from 100%. With a compliance score decreasing to 87 from 100, issuers were less compliant when filling with the SEC.

Beverage companies sold $7 million worth of securities, a major improvement of 133%. Furthermore, the number of private placement transactions was down 14% to six. Companies captured 0.35% of the money raised during the seven day period, and were a negligible market participant in terms of amount raised. The average transaction size surged by 172% to $1 million. Issuers sold 44% of their planned issuances, a marginal improvement from 34%. With a compliance score rising to 100 from 93, issuers were less compliant when filling with the SEC.

About XDATA

XDATA is a consulting and research firm that focuses on US small and medium-sized (SMB) companies, offering full-fledged company profiles, custom activity reports and timely filing reporting via APIs, news platforms and its website www.XDATA.co. We leverage the latest and best technology to focus on what we do best: collect, normalize, curate, contextualize and provide a second life to a source of information that has been abused by data miners and that has been traditionally poorly leveraged by data providers.

Our research process actually offers a more complete and unbiased view of the private SMB market than venture capital data sets that are based on unregulated information such as press release and therefore, fraught with inaccuracies. At the very least (and most importantly), we provide an alternative, a novel and fresh perspective, in other words, a second opinion to investment professionals and market participants.

We offer a 24h turnaround service for clients who need custom activity reports based on issuers' location, industry, custom timeframe and any other attributes combinations. For further information contact us at info@xdata.co or via our website.

Methodology

1) Amounts and their allocation through time

Amounts reported, unless otherwise specified, are aggregated amounts that were disclosed as raised by issuers. Amounts are allocated for the weekly reports at the date of disclosure to the SEC. All filings' amendments are analyzed. Changes in amounts raised disclosed via amendments are allocated to the filing date. Hence the aggregated amount raised may be higher as the aggregated offered amount for a period. An increase in amount raised in related subsequent filings are not considered as a new offering. Hence the aggregated number of raises may be higher as the aggregated number of placements.

2) Curation

Funds, special purpose and financing vehicles such as, but not limited to, financing subsidiaries, oil fields, real estate, Broadway shows and thoroughbred ownership or investment schemas are not taken into account in the "Venture capital and operating companies market" section.

3) Compliance score

The score is based on a proprietary algorithm that analyses how compliant an issuer has been when filing under Regulation D with the SEC. Filing timeliness, completeness as well as issuer specific data, history and placement agent registration are all taken into account to compute the score. The score ranges from 100 (best) to 0 (worst). Generally, a score below 60 indicates the issuer bears a heighten risk of being scrutinized by the SEC and is at risk for rescission.

4) Securities

Securities issued are normalized using a proprietary methodology.

5) Issuer development stage

Issuer development stage is defined based on a proprietary methodology that takes into account a number of attributes including, but not limited to, the foundation date and estimated size.

6) Industry classification

XDATA developed a proprietary 4 tiered industry classification to take into account a company general activity, product, market and a number of other product attributes. This was designed to provide highly correlated comparable companies/competitors. The data aggregation in the report is based on our most basic classification level. However we do make some important distinctions based on the universe we cover. For example "Platform Technology" companies include companies that use technology to sell a service rather than sell a software (SaaS are classified under Software), as such a ridesharing company as UBER is classified under "Platform Technology" but a company which develops and sell a ridesharing software would be classified under "Software".

7) Disclosure related to data removal and other edits

For further information on the methodology, please contact us directly at info@xdata.co