

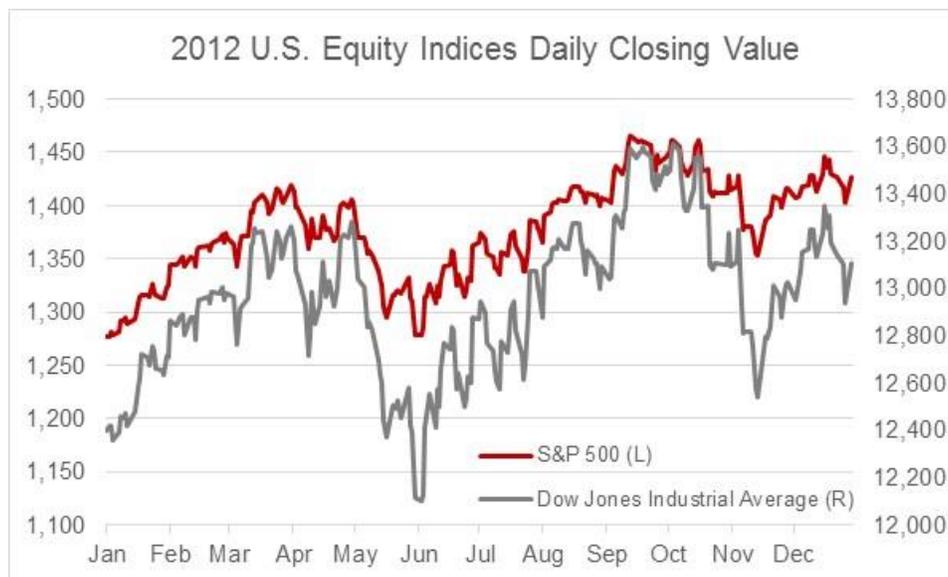


Case Study: MicroVentures Makes Pre-IPO Investment in Twitter Despite Market Turbulence and Limited Access

Highlights:

- M** In 2012, public and private equity market price inflation led to a number of high-profile IPOs
- M** Facebook's IPO motivation was said to be due to their shareholder count nearing the 500 shareholder threshold mandating for public disclosure
- M** To avoid the same fate as Facebook, Twitter used several tools to restrict trading of Twitter shares in the secondary market
- M** MicroVentures was able to secure allocations of pre-IPO Twitter shares on 3 separate occasions at \$18 and \$22 per share
- M** Twitter's IPO priced at \$26 and closed at a gain of 73% on the first day of trading
- M** As of October 22, 2014, Twitter was trading at \$49 per share

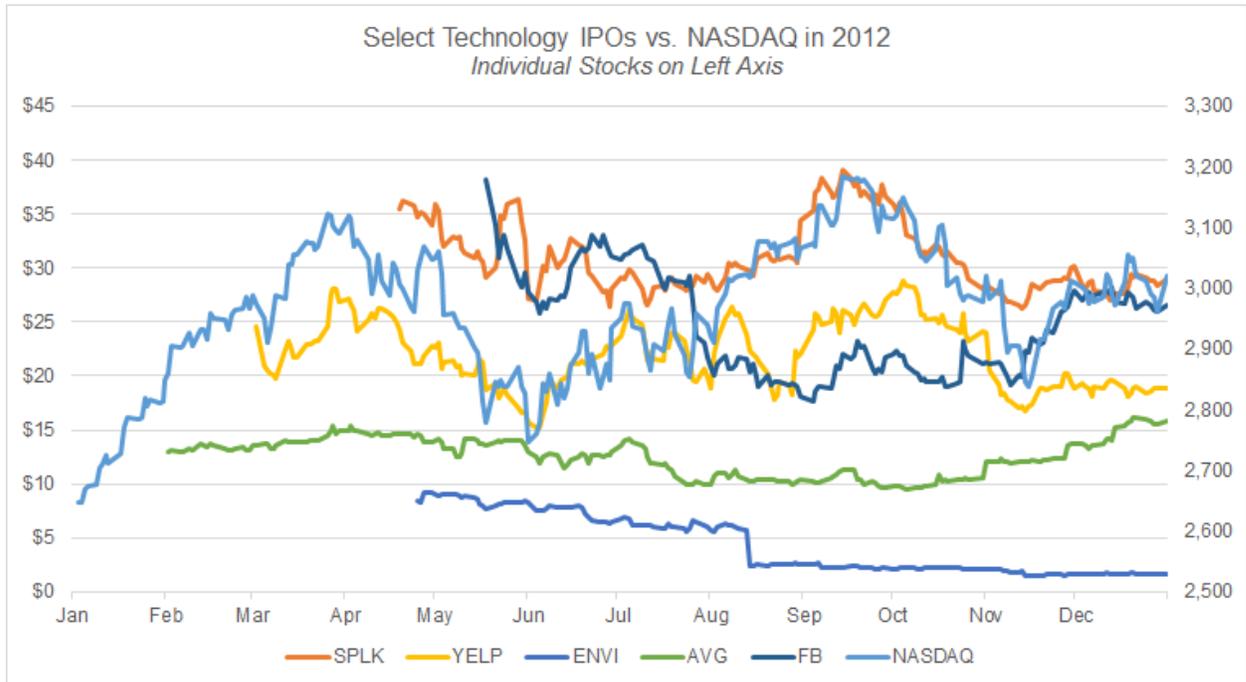
Despite a mixed economic recovery in the United States and significant uncertainty in the Eurozone, the S&P 500 and Dow Jones Industrial Average, two U.S. equity market benchmarks, gained 11.7% and 5.7%, respectively in 2012.



While equity markets in the United States experienced gains, many analysts cautioned that a dislocation between stock prices and fundamental earnings quality was beginning to permeate the market as a whole, evidenced by an increase in the price-to-earnings ratio of the S&P 500 Index to 17.03, relative to an all-time median of 14.57. While market commentators suggested public equity markets were overvalued, many experts believed price inflation was seeping into the private secondary market as well, leading many private companies to pursue initial public offerings ("IPO") as exit strategies.



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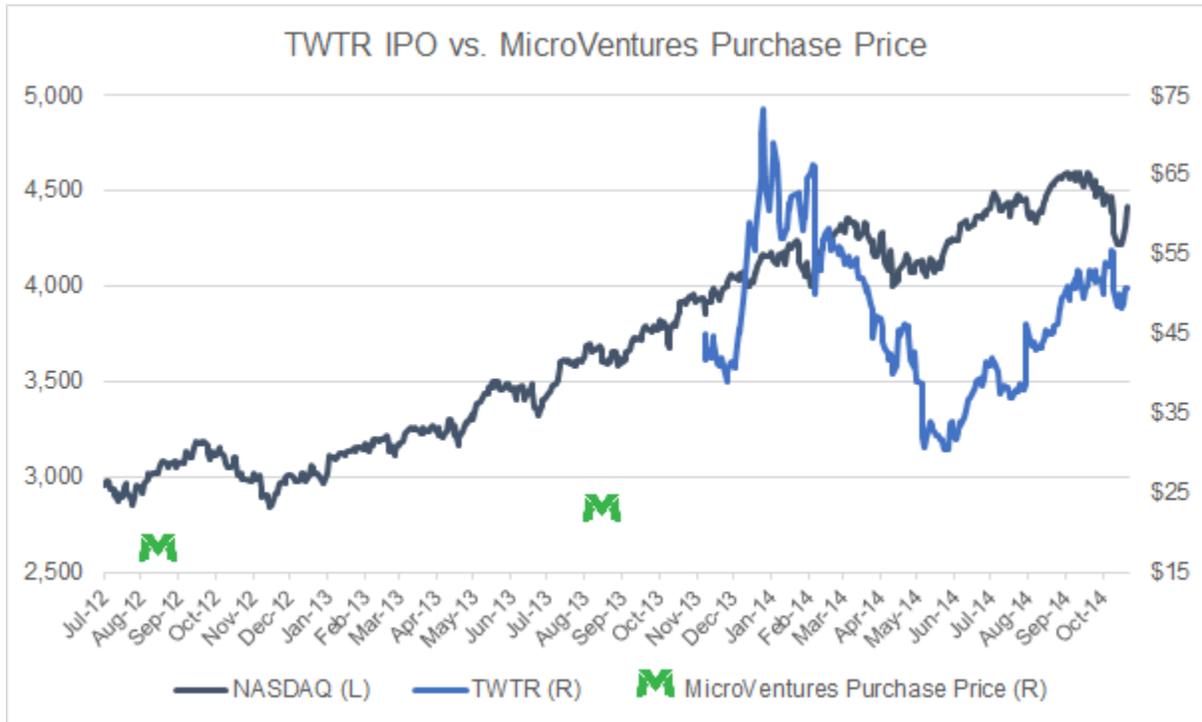
While many companies were motivated to publicly offer securities due to equity price inflation, Facebook's impetus was the capitalization table. With almost 500 shareholders, the limit at which a private company must begin disclosing information to the general public about financial performance, Facebook initiated a public offering by filing an S-1 with the SEC in February 2012. Due to technical difficulties and unreceptive Wall Street analysts, Facebook began trading on May 18, 2012 and precipitously declined to a trough of \$17.73 in early September.

Twitter, wanting to avoid the same fate as Facebook, initiated an agreement whereby each shareholder could sell a maximum ownership stake of 20%. The goal of this agreement was two-fold; limit the number of shares available in the secondary market thereby limiting shareholders on the capitalization table and avoid divulgence of information about current valuation. Despite efforts by Twitter to shut down secondary trading in Twitter shares, MicroVentures was able to secure shares in Twitter three times prior to an initial public offering through close industry relationships.

MicroVentures, through its platform, raised a total of ~\$3MM from investors in three separate offerings. After conducting due diligence and preparing materials for investors to review, MicroVentures opened the Twitter opportunity to our investor base. For each respective offering, MicroVentures pooled investor funds into a single investment vehicle and subsequently purchased shares through this vehicle. Twitter shares were purchased by MicroVentures at approximately \$18 and \$22 per share in August 2012 and twice in August 2013. After filing its S-1 on October 3, 2013, two months after MicroVentures made its third investment, Twitter began the process of completing an initial public offering. On November 6, 2013, Twitter priced its IPO at \$26, which began trading the following day under the symbol TWTR. The initial trade was completed at \$45.10 per share. After reaching a high of \$50.09, shares closed at \$44.90 on the first day of trading, 73% above the IPO price. As of October 22, 2014, TWTR was trading at \$49 per share.



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Through MicroVentures, investors were able to leverage deep industry relationships and gain access to one of the most exclusive private companies, prior to its highly anticipated initial public offering. Investors, through the MicroVentures platform, have an average weighted gain of approximately 130% based off of the October 22nd price of \$49/share.

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