

## District of Columbia-Only Securities Offerings Exemption

**PREQUEL**

Prequel LLC

### The Offering

- Type of securities offered: Class B Limited Liability Company Membership Interests
- Price per security: \$100
- Sales commission: N/A
- Aggregate offering amount: \$200,000

### Principal Place of Business

- 1300 N St NW, Apt 405  
Washington, DC 20005  
Tel: 202.780.7903

### Person to Contact at the Company with Respect to the Offering

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**Date of this Disclosure Document:** December 2, 2014

This Offering is being conducted pursuant to D.C. Official Code § 31-5604.03 and Section 250 of Chapter 26B of the District of Columbia Municipal Regulations. In making an investment decision, investors must rely on their own examination of the issuer and the issuer's Disclosure Statement, including the terms of the offering and the merits and risks involved. These securities have not been recommended by any federal or state securities regulator or the Department of Insurance, Securities and Banking or other regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted by subsection (e) of SEC Rule 147 ([17 C.F.R. § 230.147](#) (e)) as promulgated under the securities act of 1933, as amended, and the applicable District of Columbia Securities Laws, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time and that they may lose their entire investment.

**Investment in a small business is often risky. You should not invest any funds in this offering unless you can afford to lose your entire investment. See Page 10 for a discussion of the risk factors that management believes present the most substantial risks to you.**

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## THE BUSINESS

### 1. Business of the Company:

Prequel LLC (the "Company") currently does not conduct business.

Its primary purpose is to open and operate a restaurant and bar event space located between Metro Center and Chinatown metro stations in downtown Washington D.C ("Prequel"). Prequel will provide a venue for members of the local community to come together to socialize and enjoy food and beverages. It will be majority owned and operated by EquityEats, Inc. and act as a vehicle through which food and beverage entrepreneurs raising, or considering raising, money on the EquityEats.com platform can showcase their food and concepts.

Prequel will be open a minimum of five (5) days a week, serving dinner and drinks, with the possibility of also opening for breakfast, lunch and for brunch on the weekends, depending on the chef in residence. Prequel will not serve one type of cuisine; instead the Company will invite chefs, bartenders and other food and beverage entrepreneurs to take over the space to showcase their products to the public. This will result in a wide range of cuisines. It is envisioned that multiple chefs can share the space, so that different concepts can occupy the space at the same time, giving guests a diverse range of dining options on each visit.

Metro Center/Chinatown is a thriving DC area with an array of restaurants, bars, event spaces and museums on 7th Street and the surrounding streets. Prequel will have fantastic transport links, being situated three (3) blocks from both the Metro Center metro station and Chinatown metro station, which together have direct access to all lines of the DC metro system. It is a commercial area with access to local businesses as well as an abundance of tourism hot spots such as Ford's Theatre and the National Portrait Gallery.

Prequel will be split over five (5) levels, with lobby welcome area and VIP area on the first floor, dining areas containing approximately 100 seats on the second and fourth floors, an approximately 30-seat coffee shop and cooking class facility on the third floor and a bar in the basement that will comfortably hold 50 people. The Company's group is close to securing a twenty-two (22) month lease on a 17,000 sq. ft. location at 918 F St NW. Securing the lease will require the consent of the landlord. The location is an existing events space with a liquor license. The space is one of DC's few examples of Georgian Romanesque architecture and was originally built in 1890 for the National Union Insurance Company. It is listed on the National Register of Historic Places. The space will need little construction work as the previous tenants, LivingSocial, spent millions of dollars working with preservationists to painstakingly restore the building, through steps like preserving the lobby's original plaster friezes, restoring the building's façade and commissioning authentic replica light fixtures. Prequel will have a modern design

with exposed brick walls, attracting guests but versatile enough to provide an appropriate backdrop for any chef's or bartender's concept.

## **2. How the Company plans to carry out its activities:**

Prequel will operate as a neighborhood event space, serving those living in the surrounding areas but will also be a dining destination, attracting guest from all over the District of Columbia metropolitan area who want to experience the newest chefs and mixologists. It is expected to open around April 2015. The Company cannot guarantee this opening date. Prequel will have a full kitchen to prepare its food items on-site. There will be dining areas and some seating in the bar for guests. Whether to-go items will be sold will depend on the chefs occupying the space at a particular time and whether to-go items fits with their concepts.

Prequel will be staffed with a team of back-of-the-house and front-of-the-house employees. Each new chef and bartender taking a residency will be able to bring a small team to help them execute their concept but they will be expected to utilize the staff of Prequel for the bulk of the food preparation and service. Having a core team of staff will enable Prequel to deliver a consistent level of service to guests even though the resident chefs and bartenders will be changing frequently. The food and beverages will be prepared by the Company using the recipes the resident chefs and bartenders have created and adapted during their experience in the industry.

While it will depend to some extent on the chef in residence and the concept they are executing, it is expected that Prequel will largely operate on a fixed menu basis for the duration of a chef's residency. This will help control food costs and better enable the Company to delivery profit to its investors. If practicable, the Company will pre-sell tickets to visit Prequel.

The Company requires the net proceeds of this offering to build and operate Prequel. While this will allow the Company to open and operate, the Company's ability to operate for the first 12 months and thereafter is dependent upon the Company meetings its expected sales projections. If the Company does not meet its expected sales projections, the amounts raised in the offering will not be sufficient to maintain the company's business.

## **3. Operations:**

The Company has never conducted operations and is in the development stage.

## **4. Jurisdiction:**

The issuer is an entity organized in the District of Columbia.

## **5. Date of formation:**

December 1, 2014.

**6. Fiscal Year End (Month and Day):**

December 31

**7. Suppliers:**

The Company expects to be dependent upon a limited number of suppliers. Currently it has no suppliers.

Like most food and beverage establishments, the Company will rely on a limited number of suppliers to provide it with the ingredients to create the items on its menu. Ensuring good relations with quality suppliers will be important to its success. Any disruption caused to the supply of ingredients could have a serious impact on its ability to deliver the services as intended. Should one of its suppliers become unavailable it could take some time to source a replacement, which could have a serious impact on the Company's ability to deliver its services. The Company will endeavor to put in place operating procedures that will help identify alternative suppliers depending on whether the need to seek alternatives is temporary or permanent.

**8. Customer sales and orders:**

The company has not yet had sales.

**9. Competition:**

The Company will compete in the North West quadrant of Washington, DC with particular emphasis on the Metro Center/Chinatown neighborhood.

The Company is in the food and beverage industry. It expects that it will sell food and beverages to residents of Metro Center/Chinatown and surrounding neighborhoods and to residents of other parts of the District of Columbia, Maryland and Virginia who are looking for cutting-edge culinary offerings. The bar area will provide local residents with a place to hangout with their friends and unwind. Check averages will be approximately \$32 for lunch, \$56 for dinner and \$29 for late night guests.

Existing competitors include Union Market, EatsPlace, Co Co. Sala,, the Hamilton and NoPa. The Company also competes against regional or national chains such as Clyde's and Think Food Group. The Company has no knowledge of these competitors' financial strength.

The Company believes there is a demand in Washington DC's ever-increasing food and beverage industry (according to the 2014 National Restaurant Association "District of Columbia Restaurant Industry at a Glance" report, there are 2,179 restaurants in Washington D.C., employing almost 60,000 people and producing sales of \$2.86 billion) for an ever-changing permanent pop-up space. There is no shortage of talented chefs and bartenders who want to open their

open establishments and a successful pop up can be the first step in that process.

National chains do provide competition to the Company and they have superior financial strength and marketing strategies. Despite this fact, the Company believes that it can successfully compete with national and regional companies as there is a growing trend in Washington, DC to support local businesses and entrepreneurs.

No financial information on the locally owned competition is available.

To ensure that it can reach as many members of the community as possible, items will be reasonably priced so that Prequel can be a place people frequent regularly. The average check for a guest will vary based on the chef in residence and the pop up but it is expected to be approximately \$32 for lunch, \$56 for dinner and \$29 for late night guests. We believe this to be competitive for the local area in Metro Center/Chinatown.

A successful pop up is much more than just the food it serves, it is about the experience it provides to its guests. The Company expects service to be above industry standards. As the chef and bartenders in residence will change on a regular basis, it is anticipated that this unusual concept will attract DC's top industry staff.

Prequel will be funded by local people, giving the neighborhood community a sense of belonging and a deeper connection to Prequel, it will also be a unique feature of Prequel, setting it apart from regional or national chains. This grounding in the local community should encourage those who invest, and those connected to those who invest, to frequent the establishment and ensure its lasting success. As well as obtaining an investor unit in the business, such investors will receive conditional entertainment rights (such as a free course); depending on the amount they invest, to encourage continued patronage. Investors will be given an opportunity to provide feedback on Prequel to the managers via an online portal. As they will have a vested interest in ensuring the success of Prequel, the Company hopes that such feedback will be constructive in nature and give the managers insight into local trends and changes in habits as they happen, giving Prequel an edge over its competitors.

#### **10. Marketing:**

As an establishment funded by the local community, it is the Company's hope that those investing will become brand evangelists, promoting Prequel to their friends, family and coworkers. Word of mouth marketing is particularly prevalent in the food and beverage industry and so these brand evangelists will be key. The fact these investors will be incentivized by conditional entertainment rights (varying on the amount invested) should ensure their continued patronage. This offering will itself also help promote the concept and so those who view the

campaign will be aware of the Prequel and could dine with the Company to see how the Restaurant turned out.

It is anticipated that each new chef and bartender in residence will bring with him or her a following, exposing the restaurant to a group of people who might not yet have heard of it. As well as ensuring a busy restaurant during the particular chef or bartender's residency, it is hoped that such guests will return to Prequel to try other concepts.

Technology affects where guests choose to dine. Leveraging social media will be an important tool for publicizing Prequel. The Company will use popular platforms such as Facebook and Twitter to engage with guests and industry experts to raise its profile. Review websites (such as Yelp and Foursquare) play an important part in influencing where guests choose to dine, the Company will monitor its presence on such websites and encourage guests to share their experiences on these platforms. Leveraging social media will be completed in-house by staff.

The Company will also embark on traditional marketing such as inviting food journalists to Prequel, seeking write-ups in local media outlets and having a launch party. As the establishment develops, the Company will assess whether it would be beneficial to introduce special offers.

The marketing strategy of the Company will require minimal funds. The Company does not intend to use any of the proceeds of the offering for marketing activities other than those described above.

#### **11. Employees:**

Number of current employees – 0

Expected number of additional employees - 50

#### **12. Properties**

The Company is in final talks for securing a 22 month lease for an approximately 17,000 sq. ft. space in downtown Washington, DC. A lease is preferred to the acquisition of premises due to the large capital expenditure required to purchase premises.

In selecting a property, the Company will be looking for a space that can house multiple event spaces including a kitchen and seating for approximately 200 seated guests in dining areas and upwards of 50 guests in the bar area, has access to public transportation and nearby parking for guests, is optimized for passing foot traffic, offers value for money per square footage and will enable a build-out within the budget allocated below.

The Company does not yet have any plant and machinery. Other than securing the trade name “Prequel” in Washington, DC, the Company has not sought to protect its intellectual property due to its early stage development.

**13. Research and Development:**

The Company does not intend to conduct research or development.

**14. Government Licenses:**

The Company and/or its products are subject to material regulation by government agencies.

The Company is subject to various federal, state and local regulations, including those relating to building and zoning requirements and those relating to the preparation and sale of food. The development and operation of the restaurant depends on the selection of a suitable site, which is subject to zoning, land use, environmental, traffic and other regulations and requirements. Prequel is also subject to state and local licensing and regulation by health, sanitation, food and occupational safety and other agencies. The Company may experience material difficulties or failures in obtaining the necessary licenses, approvals or permits for the restaurant, which could delay opening.

***U.S. State and Federal Securities Laws***

The Class B Limited Liability Company Membership Interests being offered in accordance with this Disclosure Document are “securities,” as defined in the Securities Act. In accordance with the Securities Act, securities can only be sold pursuant to a registration statement that has been filed with the US Securities and Exchange Commission (“SEC”), and has become effective, or if the sale (or the security sold) is specifically exempted from registration. State securities laws have comparable provisions.

The Class B Limited Liability Company Membership Interests being offered in accordance with this Disclosure Document have not been registered under the Securities Act. Neither the SEC nor any state securities commission or regulatory authority approved, passed upon or endorsed the merits of this offering. The offering is made pursuant to an exemption from registration as an intra-state offering, only available to residents of the District of Columbia.

***Employee Regulations***

The Company requires staff as set out above. The Company will therefore be subject to the U.S. Occupational Safety and Health Act, which governs worker health and safety, the U.S. Fair Labor Standards Act, which governs such matters as minimum wages and overtime, and comparable state and local laws that govern these and other employment law matters. The Company may face litigation from its employees, the U.S. Equal Employment Opportunity Commission or others if it violates laws regarding workplace and employment matters. In addition, federal, state and local proposals related to paid sick leave



or similar matters could, if implemented, materially adversely affect the business, financial condition and results of operations.

### ***Food Establishment Regulations***

There is potential for increased regulation of certain food establishments in the U.S., where compliance with a Hazard Analysis and Critical Control Points ("HACCP") approach would be required. HACCP involves the management of food safety through analysis and control of potential hazards from production, procurement and handling, to manufacturing, distribution and consumption of the finished product. Additionally, the Company's suppliers may initiate or otherwise be subject to food recalls that may impact the availability of certain products, result in adverse publicity or require the Company to take actions that could be costly for it or otherwise impact its business.

### ***Americans with Disabilities Act***

All places of public accommodation are required to meet certain federal requirements related to access and use by disabled persons pursuant to the Americans with Disabilities Act ("ADA"). Prequel must comply with the ADA to the extent it is considered "public accommodation" as defined by the ADA. To satisfy the ADA requirements, where readily achievable, the Company may have to remove structural barriers to access by persons with disabilities.

### ***Environmental Regulations***

The Company is subject to federal, state and local laws and regulations concerning waste disposal, pollution, protection of the environment, and the presence, discharge, storage, handling, release and disposal of, and exposure to, hazardous or toxic substances. These environmental laws provide for significant fines and penalties for noncompliance and liabilities for remediation, sometimes without regard to whether the operator of the property knew of, or was responsible for, the release or presence of hazardous toxic substances. Third parties may also make claims against operators of properties for personal injuries and property damage associated with releases of, or actual or alleged exposure to, such hazardous or toxic substances at, on or from Prequel. Environmental conditions relating to releases of hazardous substances at the restaurant site could materially adversely affect the Company's business, financial condition and results of operations. Further, environmental laws, and the administration, interpretation and enforcement thereof, are subject to change and may become more stringent in the future, each of which could materially adversely affect the Company's business, financial condition and results of operations.

The Company will need to apply for a restaurant license (Public Health— Food Establishment Retail) and a liquor license from the Department of Consumer and Regulatory Affairs of the District of Columbia and the Alcoholic Beverage Regulation Administration. According to the department's website a basic business license should take approximately 30 days to obtain, the Company

anticipates that a restaurant license will take longer and so will apply for such license far in advance of the Restaurant's anticipated opening date. As the space currently being negotiated is an existing events space and has a multi purpose facility license, it is hoped that this can be transferred to the Company, easing this step in the process of opening the Restaurant.

Alcoholic beverage control regulations will relate to numerous aspects of daily operations of the restaurant, including minimum age of patrons and employees, hours of operation, advertising, trade practices, wholesale purchasing, other relationships with alcohol manufacturers, wholesalers and distributors, inventory control and handling, storage and dispensing of alcoholic beverages. A failure to obtain or retain a license or any future failure to comply with these regulations could adversely affect the Company's business, financial condition and results of operations.

#### **15. Company Organization:**

The Company has not had a stock split and has no parent, subsidiaries or affiliates.

### **RISK FACTORS**

#### ***Operating History***

The Company has limited or no operating history. As a new enterprise, the Company is likely to be subject to risks the management has not anticipated.

#### ***Limited Resources***

The Company has limited resources and will not be able to continue operating without the proceeds from this offering. It is possible that the proceeds from this offering and other resources may not be sufficient for the Company to continue to finance operations.

#### ***Voting***

With the exception of the limited scope of the Coaching Board, Class B Members (being those holding Class B Limited Liability Company Membership Interests) shall have no voting rights. Any decision of the Members will be made by the Class A Member only.

#### ***Competition***

A large number of enterprises provide products or services similar to the Company's. The Company will be competing with established businesses that have an operating history, and greater financial resources, management experience and market share than the Company. There can be no assurance that the Company will be able to compete or capture adequate market share. The Company may not be profitable if it cannot compete successfully with other businesses.

***Key Persons***

The Company's success depends substantially on the services of a small number of individuals. The Company may be harmed if it loses the services of these people and it is not able to attract and retain qualified replacements.

The Company's officers, directors, managers, and/or key persons will continue to have substantial ownership and control over the Company after the offering.

The Company does not maintain key person life insurance on those individuals on whom the Company's success depends. The loss of any of these individuals could have a substantial negative impact on the Company and your investment.

***Inexperienced Management***

None of the Company's officers, directors, and/or managers has managed a company in this industry. The Company's ability to operate successfully may depend on its ability to attract and retain qualified personnel, who may be in great demand.

***Government Regulation***

The Company must comply with local, state and federal rules and regulations. If the Company fails to comply with a rule or regulation it may be subject to fines, or other penalties, or its permit or license may be lost or suspended. The Company may have to stop operating and the investors may lose their entire investment.

***Dilution***

The price of a share in this offering is significantly higher than the book value of the securities. Investors participating in this offering will incur immediate and substantial dilution of the book value of their investment.

There are no limits in place to restrict the Company's ability to issue securities in the future. If the Company issues additional securities, investors participating in this offering may experience further dilution of the value of their investment.

***No Rights in the event of default***

In the event of default by the managers, the holders of Class B Limited Liability Company Membership Interests shall have no rights.

***No Existing Market***

Because there is no market for the Company's securities, you may not be able to sell your securities or recover any part of your investment. You should not invest unless you can afford to hold your investment indefinitely.

You may not sell to anyone other than a resident of the District of Columbia for nine months after the offering is closed.

***Offering Price***

The offering price of these securities has been arbitrarily set and accordingly should not be considered an indication of the actual value of the Company.

***“Best-efforts” Offering***

The Company is offering these securities on a “best-efforts” basis. The Company has not contracted with an underwriter, placement agent, or other person to purchase or sell all, or a portion of our securities and there is no assurance that we can sell all or any of the securities.

***Lack of Investor Control***

The Company’s officers, directors, managers, and/or key persons will continue to have substantial control over the Company after the offering. As such, you may have little or no ability to influence the affairs of the Company.

***Highly risky and speculative.***

The Securities are highly risky and speculative because the Company’s income will derive from only one source – it is entirely dependent on the success of event space. Securities are suitable purchases only for investors of adequate financial means. You should only purchase the Securities if you are able to bear the loss of the entire purchase price.

***Unsecured investments***

The Securities are investments in the Company and will not represent an obligation of the entrepreneur or any other party except the Company. The Securities will not be secured by any collateral and are not guaranteed or insured by any governmental agency or instrumentality or any third party. Investors in the Securities may look only to the Company for distributions on the Securities. Investors will not be able to pursue collection against the entrepreneur.

***Economic conditions beyond the Company’s control***

Factors such as (among other things) the rate of unemployment, the level of consumer confidence, energy and utility prices, changes in consumer spending or habits and health concerns are beyond the Company’s control, but may significantly affect the returns you see.

***Projected Revenues***

The estimated returns are based on projected revenues generated by Prequel. These projections are based on factors such as expected table turns, cost of

sales, labor and occupancy costs relating to Prequel. The actual revenues generated by Prequel could fall short of projections due to factors such as lower-than-expected table turns, or greater-than-expected cost of sales. In such event, Prequel's cash flow could be inadequate to generate distributions, which would cause the Company to be unable to make distributions to you.

***Conflict of Interests***

EquityEats, Inc. and its affiliates may engage, for their own account, or for the account of others, in other business ventures similar to that of the Company, and neither you nor the Company shall be entitled to any interest therein. The Company will not have independent management. EquityEats, Inc. will devote only so much time to the business of the Company as EquityEats, Inc. in its sole discretion shall deem reasonably necessary. EquityEats, Inc. will have conflicts of interest in allocating management time, services and functions between various existing and future companies, the Company as well as other business ventures in which it may be involved. EquityEats, Inc. may enter into agreements or arrangements on behalf of the Company with EquityEats, Inc. or its affiliates, for fees or other compensation, as EquityEats, Inc. deems reasonable.

***Food costs***

To be successful Prequel needs to anticipate and react to changes in food costs. If certain food products become harder or more expensive to source, Prequel's ability to offer a full and diverse menu and competitive price offerings to guests could be affected, potentially having a materially adverse effect on its profitability and reputation. Higher costs to produce and/or transport commodities used in Prequel that its distributors face (e.g. higher minimum wages and higher fuel costs) could be passed through to Prequel, which could have a materially adverse effect on Prequel's financial performance. If Prequel becomes known for one type of food or offering and the costs associated with this increase, this could have a materially adverse effect on its financial performance.

***Lease terms***

The Company is in the final stages of negotiating a lease for premises from which to operate from. It is possible that such negotiations will breakdown and the Company will have to seek alternative premises to operate from. Should this happen, it will cause a delay in the opening of the event space. The lease being negotiating will be for a term ending in January 2017, after this date the Company will need to negotiate an extension, find alternative premises or cease operations.

***Tax***

The Company has been organized as a limited liability company under the laws

of the District of Columbia. The Company does not intend to apply for a ruling from the Internal Revenue Service (“IRS”) that it will be treated as a partnership for federal income tax purposes, but the Company intends to file its tax returns as a partnership for federal income tax purposes.

Prospective investors should recognize that many of the advantages and economic benefits of an investment in the Securities depend upon the classification of the Company as a partnership (rather than as an association taxable as a corporation) for federal income tax purposes. If the Company were re-classified, it would be required to pay a corporate level tax on its income, which would reduce the amount of cash it has to make distributions to investors or fund growth in the Company, prevent the flow-through of tax benefits (if any) for use on investors’ personal tax returns, and could require that distributions be treated as dividends, which together could materially reduce the yield from an investment in the Company. In addition, such a change in the Company’s tax status during the life of the Company could be treated by the IRS as a taxable event, in which event the investors could have tax liability without receiving a cash distribution from the Company to enable them to pay such tax liability. The continued treatment of the Company as a partnership is dependent on present law and regulations, which are subject to change, and on the Company’s ability to continue to satisfy a variety of criteria.

You are strongly advised to consult your own tax advisor regarding the U.S. federal, state, local and non-U.S. tax consequences of the purchase, ownership and disposition of the securities (including any possible differing treatment of the Securities).

***Circular 230 Disclaimer. This summary was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer. This summary was written to support the promotion or marketing of interests in the Company. Each prospective investor should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.***

### ***Third-party suppliers***

We rely on third parties to process our transactions, including investments in Restaurant and remittances to holders of the securities. If the Company cannot continue to obtain such services elsewhere, or if it cannot transition to another processor quickly, our ability to process payments will suffer and your ability to receive payments on the securities will be delayed or impaired.

## IMPOUND OF OFFERING PROCEEDS

16. The Company must raise and place in an impound account \$200,000 before the Company can receive and use the offering proceeds.

If the Company does not raise the aggregate offering amount by July 1, 2015 or such earlier time as determined by the Managers, all funds will be returned to investors.

The impound account will be located at: EagleBank, 1425 K Street Northwest Washington, DC 20005.

The Company reserves the right to extend the impound period if the Company is within 10% of its \$200,000 target amount or if the managers have a reasonable belief that the Company will be able to raise the remaining amount in within another 30 days.

If the offering proceeds are returned to investors at the end of the impound period, investors must receive any interest earned on impounded funds during the impound period.

## USE OF PROCEEDS

### 17. Net proceeds of the offering:

<b>Gross proceeds from the offering</b>	<b>\$200,000</b>
• Filing fees	\$250
<b>Net proceeds from the offering</b>	<b>\$199,750</b>

### 18. Detailed breakdown of intended use for net offering proceeds:

Description of Use	Aggregate offering	
<b>Leasehold Improvements</b>	\$10,000	5%
<b>Bar &amp; Kitchen Equipment</b>	\$6,500	3.3%
<b>Bar &amp; Dining Room Furniture</b>	\$28,698.02	14.4%
<b>Professional Services</b> (architect, legal, marketing, accounting, etc.)	\$500	0.3%

<b>Organizational &amp; Development*</b> (insurance binder, workers comp binder, liquor license, utility deposits, change/petty cash, menus, etc.)	\$21,534	10.8%
<b>Interior Finishes and Equipment</b> (plates, glassware, point of sale system, security system)	\$33,150	16.6%
<b>Exterior Finishes and Equipment</b> (signage, outdoor lights)	\$6,000	3%
<b>Pre-Opening Expenses</b> (construction period expenses, building rent/interest, opening inventories, initial marketing, opening personnel)	\$68,673.98	34.4%
<b>Working Capital</b> (operating expenses, calculated as salaried management wages and occupancy costs)	\$24,694	12.4%
<b>TOTAL CAPITAL BUDGET</b>	<b>\$199,750</b>	<b>100%</b>

\*EquityEats, Inc. will pay the lease deposit on the premises from which Prequel LLC will operate at a cost of \$57,972 (as this amount is not being raised under this offering, it is not included in the above Use of Proceeds table).

**19. Briefly explain why the Company is conducting the offering.**

The purpose of this offering is to help raise the funds necessary to pay for the construction of Prequel and the preparatory costs for opening (including opening inventory, staffing costs so staff members can be trained on how Prequel will operate and any rent due before Prequel is operational and generating revenue). This method of fund raise, i.e. equity crowdfunding has been selected as the Company hopes that it will not only obtain the funds it is seeking, but also hundreds of local, engaged investors who will help make the bakery successful by visiting Prequel and spreading word of Prequel to their friends, family and coworkers.

## **DESCRIPTION OF SECURITIES OFFERED**

20. The securities being offered are limited liability company interests.

21. As detailed in the Operating Agreement (Exhibit C), fifty percent (50%) of the Distributable Cash Flow (as defined in the Operating Agreement attached as Exhibit C) of the business will be distributed yearly to the investors until they have been paid back an amount equal to the number of Interests purchased times \$100. After such time, the Distributable Cash Flow will be distributed on a pro-rata basis, net of all fees and expenses, in accordance with the interests held in the Company.



### **Purchaser Restrictions**

The offering is limited to District of Columbia residents. The Company must obtain evidence of residency from each purchaser prior to accepting investor funds or an irrevocable commitment to invest.

- Persons that have annual income in excess of \$200,000 may invest in an offering under this exemption without limitation on the amount of the investment.
- Persons with annual incomes of between \$100,000 and \$200,000 may invest up to \$25,000 in an offering under this exemption.
- Persons with annual incomes of less than \$100,000 may invest up to \$10,000 in an offering under this exemption.
- Artificial persons (Corporations, LLP's, organized in the District of Columbia, etc.) with incomes or net worth in excess of \$1 million may invest in an offering under this exemption.

22. There are no other purchaser restrictions.

### **Transfer Restrictions**

The securities sold in this offering are also restricted by the requirements for the federal exemption from registration for intrastate offerings under §3(a)(11) of the Securities Act of 1933 and Securities and Exchange Commission Rule 147, which limits all resales to persons residing within the District of Columbia for a period of nine months from the date of last sale by the issuer of such securities.

Once the periods for these restrictions on resale have passed, investors who have purchased securities in this offering may sell or transfer their securities in an offering that has been registered or is exempt from registration under both federal and state law. An exemption or registration may not be available at such time. In addition, the Company may place additional restrictions on resale of the securities sold in this offering. For these reasons, you should not purchase securities in this offering if you cannot afford to hold these securities indefinitely.

23. To resale the securities, investors must follow the procedure set out in the Operating Agreement, which includes notifying the Company of your intention to resale and obtaining an opinion for counsel that such resale is legally permitted.

### **Securities Certificates**

24. The Company will not issue physical securities certificates in this offering.

25. The securities will only be issued in recorded, electronic form, in denominations of \$100 or other amounts as the Company may determine from time to time. Each of the securities will be stored by the Company. An investor

can enquire with the Company as to the information regarding their securities. The securities will not be registered on any securities exchange. For all purposes (including, not but limited to, receiving payments), the Company will treat the investors in whose names the securities are registered as the owners thereof.

## HOW THE SECURITIES WILL BE OFFERED AND SOLD

### 26. Those offering and selling the securities on behalf of the Company:

**Name:** EquityEats, Inc.

**Relationship to Company:** Manager and Owner

**Address:** 1300 N St NW, Apt 405, Washington, DC 20005

**Telephone:** 202.780.7903

**Compensation received for selling securities:** \$0

The offering will be displayed on the website [www.prequeldc.com](http://www.prequeldc.com).

## OUTSTANDING SECURITIES AND PRINCIPAL SHAREHOLDERS

27. For each class of the Company's securities, indicate the total number of outstanding securities and the total number of securities the Company is authorized to issue. Also, include a description of each class of securities:

Class of Securities	Total Securities Outstanding	Total Securities the Company is Authorized to Issue
Class A limited liability company interests	1350	2,000
Class B limited liability company interests	0	1,000

**Class A** limited liability company interests receive no distributions until the owners of Class B limited liability company interest have received distributions equal to their initial investments. They do, however, carry all the voting rights of the Company.

**Class B** limited liability company interests have a preferred right to distributions until the owners have received distributions equal to their initial investments, then will receive pro rata distributions. Class B limited liability company interests carry no voting rights and are subject to transfer and selling restrictions (see above).

### 28. Resale restrictions on the Company's outstanding securities

The Operating Agreement restricts the transferability of membership interests, except (a) to an immediate family member (spouse, parent, grandparent, child or grandchild) of a member, or to a trust for the benefit of any such immediate family member, or a beneficiary under any such trust, or (b) with the consent of the Company or as otherwise permitted under the Operating Agreement, to a person or entity that is not an investor. The transfer of any membership interests in violation of the Operating Agreement will be deemed invalid, null and void, and of no force or effect. These resale restrictions are not scheduled to terminate at any point in the future. Any transfer of interests must be a transfer of all interests owned and must be transferred to a single person.

**29. List the total number of securities reserved or subject to issuance under outstanding securities purchase agreements, stock options, warrants, or rights:**

Class of Securities	Number of Securities Subject to Issuance under Outstanding Securities Purchase Agreements, Options, Warrants, or Rights.
N/A	N/A

**30. Future Options:**

The Company does not plan to issue or offer options in the future.

**31. Securities sold or issued during the last 12 months:**

Upon formation of the Company, EquityEats, Inc. was issued with 1,350 Class A limited liability company membership interests.

**Principal Shareholders**

**32. Table of principal shareholders:**

Name	Manager, Officer or Director? (Y or N)	Class of Securities	Number of Securities Currently Held	Average Purchase Price of Securities	% of Total Outstanding Securities	% of Total Securities after offering
EquityEats, Inc.	Y	Class A limited liability company membership interests	1,350	\$42.94	100%	90%

**MANAGEMENT**

**33. Background information for each Officer, Manager, Director and key person.**

<b>Name</b>	EquityEats, Inc.
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<b>Age</b>	Formed on 25 July 2014
<b>Title</b>	Manager
<b>Officer/Manager (Y or N)</b>	Y
<b>Director (Y or N)</b>	N
<b>Time Spent on Company Business</b>	Currently no time. If the offering is fully funded, EquityEats, Inc. will dedicate the time of one of its employees or time of an affiliate's employee to activities relating to the Company.
<b>Employment history</b>	No activities to date.
<b>Education</b>	N/A

<b>Name</b>	Patrick Vacca
<b>Age</b>	27
<b>Title</b>	Consultant
<b>Officer/Manager (Y or N)</b>	N
<b>Director (Y or N)</b>	N
<b>Time Spent on Company Business</b>	Currently no time. If the offering is fully funded Mr Vacca, an employee of EquityEats, Inc., will dedicate such time as he deems necessary to support the general manager and kitchen manager that the Company intends to hire.
<b>Employment history</b>	<p><i>2014 – present: VP of Restaurant Operations, EquityEats, Inc.</i></p> <ul style="list-style-type: none"> <li>• Onboarding entrepreneurs, assessing concept viability and developing financial proformas</li> <li>• Software research and development for restaurant technology solutions</li> <li>• Overseeing restaurant operations of the group</li> </ul> <p><i>2013 – 2014: Operations Manager, Stephen Starr Events</i></p> <ul style="list-style-type: none"> <li>• Oversees the day-to-day operations for off-premise catering in the Greater Philadelphia Market.</li> <li>• Proactively monitors P&amp;L to maximize profit, reduce costs and adhere to the budget.</li> <li>• Identifies opportunities for improvement and leads the effective implementation of solutions.</li> <li>• Forecasts future projections and presents progress reports to senior management.</li> <li>• Systematizes and standardizes procedures between all interacting teams.</li> <li>• Acts as the company liaison with exclusive venues.</li> </ul>

	<ul style="list-style-type: none"> <li>• Develops and monitors the beverage program and inventory.</li> </ul> <p><i>2012 – 2013: Culinary Director, Tria</i></p> <ul style="list-style-type: none"> <li>• Supervised multiple teams in restaurant operations at three cafes and one central commissary kitchen.</li> <li>• Managed the commissary kitchen, including: staffing, production, and maintenance of the kitchen and delivery van. Ordered all food and non-alcoholic beverages for each cafe and the commissary kitchen.</li> <li>• Collaborated with owner and general manager to develop new menu items – designing the menu to control food and labor costs; led cheese program consisting of a rotating selection of 16 artisan cheeses.</li> <li>• Responsible for implementing systems for cafes in ordering their food from the commissary kitchen.</li> <li>• Used the FoodTrak computer program to closely monitor all purchases, transfers, and sales of food.</li> <li>• Produced detailed weekly management reports to track projected food costs, actual food costs, and waste.</li> <li>• Duties included weekly and initial training of the food menu and cheese program for FOH staff members.</li> </ul> <p><i>2011 – 2012: Sous Chef, Tria</i></p> <ul style="list-style-type: none"> <li>• Management recognized for establishing clear rules/regulations – helping the team to follow guidelines.</li> <li>• Responsibilities included product ordering, inventory monitoring, and daily food costs.</li> <li>• Was fully responsible for all aspects of daily operations in the absence of the culinary director.</li> </ul> <p><i>2010 – 2011: Head Kitchen Manager, Tria Wine Room</i></p> <ul style="list-style-type: none"> <li>• Successfully opened the kitchen of the newest location – Tria Wine Room (formerly named Biba Wine Bar).</li> <li>• Ran day-to-day operations in the back of house. Hired/fired, trained, scheduled, and managed a staff of 6.</li> </ul>
<b>Education</b>	Bachelor's Degree (Biology & German Literature), Cornell University, 2005 – 2009.

**34. Compensation paid by the Company in the last fiscal year:**

No compensation was paid by the Company in the last fiscal year.

**35. Compensation in the next year:**

The Company expects compensation to change in the next year.

Once this offering has been completed, a compensation package will be implemented for the employees of the Restaurant.

As per its financial projections, the Company is anticipating paying the general manager of Prequel \$90,000 per annum, a kitchen manager \$65,000 per annum, an assistant manager \$50,000 per annum, a second assistant manager \$40,000 per annum and a sous chef \$35,000 per annum. In its role as manager, EquityEats, Inc. will be compensated for bookkeeping services, investor relations, technology implementation and other business support services at commercially reasonable rates.

Hourly wage staff will be paid the minimum wage.

#### **Prior Experience of Management**

**36. An officer, manager, director, or key person of the Company has worked for a company (including a separate subsidiary or division of a larger enterprise) in the same type of business as the Company:**

EquityEats Inc. has not operated a food and beverage business before, however, some of its employees have worked for restaurants and will provide guidance. EquityEats, Inc. intends to hire an industry-experienced general manager and kitchen manager.

#### **Insolvency Proceedings of Management and Key Persons**

37. No officers, managers, directors or key persons of the Company have filed a petition for bankruptcy, receivership, or a similar insolvency proceeding, or had such a petition filed against him or her, within the past five years, nor served as a manager, officer, or director for any business entity that was the subject of a petition for bankruptcy, receivership, or similar insolvency proceeding within the past five years.

#### **Arrangements with Officers, Directors, managers, and Key Persons**

38. The Company has not entered into employment or non-compete agreements with any Officer, Manager, Director or key person.

39. The Company has not purchased key person life insurance on any officer, Manager, Director or key person and has not made arrangements to replace any officer, Manager, Director or key person it may lose due to death or disability.

### **SELECTED FINANCIAL INFORMATION**

40. The Company has not yet operated and so has no earning or losses for the last fiscal year.

## **FINANCIAL STATEMENTS**

41. Exhibit A shows the Company's financial statements for as much time as the issuer has been in existence.

## **CERTAIN LEGAL PROCEEDINGS**

In relation to :

- The Company, its predecessors, and affiliates
- All Officers, Directors, and Managers of the Company
- All Beneficial Owners of 20% or more of the Company's outstanding voting equity
- All Promoters of the Company
- Any person receiving remuneration for solicitation of purchasers, and any General Partner, Managing Member, Director, or Officer of such solicitor

42. No person has been convicted or been the subject of a final court or agency order within the past five years arising out of their participation in a securities offering or violations of the federal securities laws or been subject to a United States Postal Service false representation order.

43. No person has been named as the subject of a pending criminal proceeding, excluding traffic violations or other minor offenses.

44. No person has been the subject of an order, judgment, decree, sanction, or administrative finding imposed by a government agency, administrative agency, self-regulatory organization, civil court, or administrative court in the last 5 years related to his or her involvement in any type of business, securities, insurance, or banking activity.

45. No person is the subject of a pending civil, administrative, or self-regulatory action related to his or her involvement in any type of business, securities, insurance, or banking activity.

46. No civil action, administrative proceeding or self-regulatory proceeding, initiated against any of the above-listed persons related to his or her involvement in any type of business, securities, insurance, or banking activity.

## **MANAGEMENT RELATIONSHIPS AND TRANSACTIONS**

47. The Company plans to do business with EquityEats, Inc. in the future. EquityEats, Inc. will provide the Company with bookkeeping services and manage investor relations for the Company. EquityEats, Inc. will also be providing the Company with technology solutions to integrate with Prequel's systems designed to help identify unusual occurrences, enhance efficiency and provide data analytics to improve guest experience. Such services will be conducted on an arm's length basis for commercially reasonable rates.

The Company will not be adopting a formal conflicts of interest policy.

## **LITIGATION**

48. The Company has not been involved in litigation or subject to administrative action in the last 5 years that has had a material effect upon the Company's business, financial condition, or operations.

The Company has no pending or threatened litigation or administrative action that may have a material effect upon the Company's business, financial condition, or operations.

## **TAX ASPECTS**

### **49. Material tax consequences to investors in this offering:**

The effect of certain tax consequences on an investor will depend, in part, on other items in the investor's tax return. The Company has not attempted to discuss or evaluate state or local tax effects for any prospective investor and encourages each prospective investor to consult their own tax adviser regarding the federal, state and local income tax consequences of investing in this offering on their individual tax situation.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DOCUMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S.



FEDERAL TAX LAWS; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING BY EQUITYEATS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

***Status of the Company***

The Company has been organized as a limited liability company under the laws of the District of Columbia. The Company does not intend to apply for a ruling from the Internal Revenue Service (the “IRS”) that it will be treated as a partnership for federal income tax purposes, but the Company intends to file its tax returns as a partnership for federal income tax purposes.

Prospective investors should recognize that many of the advantages and economic benefits of an investment in the Securities depend upon the classification of the Company as a partnership (rather than as an association taxable as a corporation) for federal income tax purposes. If the Company were re-classified, it would be required to pay a corporate level tax on its income, which would reduce the amount of cash the Company has to make distributions to investors or fund growth in the Company, prevent the flow-through of tax benefits (if any) for use on investors’ personal tax returns, and could require that distributions be treated as dividends, which together could materially reduce the yield from an investment in the Company. In addition, such a change in the Company’s tax status during the life of the Company could be treated by the IRS as a taxable event, in which event the investors could have tax liability without receiving a cash distribution from the Company to enable them to pay such tax liability. The continued treatment of the Company as a partnership is dependent on present law and regulations, which are subject to change, and on the Company’s ability to continue to satisfy a variety of criteria.

**50. Deadline for this offering:** July 1, 2015

**51. Other material factors:**

The following is a summary of the features of the Company’s Class B Limited Liability Company Membership Interests. It is not intended to be a comprehensive summary of all terms and potential investors should review the Operating Agreement in full. Any defined terms in this section shall have the meaning ascribed to them in the Operating Agreement.

**Privileges and Rights**

The holders of the Class B Limited Liability Company Membership Interests shall be entitled to certain benefits that are attached to their status as investors in Prequel. The extent of such benefits is dependent on the amount of their initial investment. The benefits (known as conditional entertainment rights) are set out in the Company's Operating Agreement.

Two representatives of the Class A Member and three representatives of the Class B Members (chosen by the three largest investors) will form a Coaching Board. The Company must obtain the approval of the Coaching Board when it wishes to make capital expenditure of \$10,000 or more (excluding inventory) and on the release of the funds obtained from this offering (upon hitting agreed milestones) prior to Prequel opening.

In the event that there shall be no distributions during any calendar year, however, sufficient revenues have been generated as to cause any Member of the Company to incur an income tax liability due to such Company revenues, Company shall distribute an amount equal to the tax liability incurred.

The Company shall indemnify the holders of the Class B Limited Liability Company Membership Interests against any claim of liability asserted by a Person, other than the Company or another Member against a Member solely because the Member is a Member of the Company, except for claims for fraud, gross negligence or an intentional or willful breach of the Company's Operating Agreement.

If the Class A Members sell a majority of their interest to an unrelated third party, the holders of the Class B Limited Liability Company Membership Interests may require that their Interests be acquired too (tag along).

The holders of the Class B Limited Liability Company Membership Interests shall not be obliged to contribute any further capital beyond the amount of their initial investment.

### **Obligations**

Holders of the Class B Limited Liability Company Membership Interests agree to keep confidential all confidential information received about the Company.

No holder of Class B Limited Liability Company Membership Interests may voluntarily resign from the Company and force the Company to redeem his or her interest.

The holders of the Class B Limited Liability Company Membership Interests are encouraged to frequent Prequel to keep it busy.

The holders of the Class B Limited Liability Company Membership Interests will be required to sell their Interests if the Class A Members approve a transfer of all the interests of the Company (drag along).

The holders of the Class B Limited Liability Company Membership appoint the manager as their attorney-in-fact in relation to executing documents in relation to the Company's Operating Agreement (unless they impact on the economic terms or materially and adversely affect the holders of the Class B Limited Liability Company Membership).

No Member shall take any voluntary action that would cause a dissolution of the Company. Each Member hereby waives and renounces his, her or its right to initiate legal action to seek the appointment of a receiver or trustee to liquidate the Company or to seek a decree of judicial dissolution of the Company.

The holders of the Class B Limited Liability Company Membership Interests agree to be limited in the actions that they bring against the Company, such that they may only bring claims if a clear majority of other members agree to join the action.

#### **Redemption Features**

The holders of the Class B Limited Liability Company Membership Interests cannot choose to redeem their interests.

No holder of the Class B Limited Liability Company Membership Interests shall have the right to receive any return of their initial investment.

#### **Tradability of Class B Limited Liability Company Membership Interests**

There is no public or other market for the Company's Class B Limited Liability Company Membership Interests. As such, the Class B Limited Liability Company Membership Interests should be seen as illiquid. In accordance with the Operating Agreement, if the holder of Class B Limited Liability Company Membership Interests wishes to sell or transfer their interests, they must first offer them to the Company.

#### **Rights in the event of default**

In the event of default by the managers, the holders of Class B Limited Liability Company Membership Interests shall have no rights.

#### **Rights held precedent to Class A Members**

Upon a liquidation or dissolution of the Company, the holders of the Class B Limited Liability Company Membership Interests shall be entitled to any proceeds remaining from the liquidation ahead of the holders of the Class A Limited Liability Company Membership Interests. For the avoidance of doubt, both sets of investors will be subordinate to creditors.

**Voting**

With the exception of the limited scope of the Coaching Board, the holders of the Class B Limited Liability Company Membership Interests shall have no voting rights. Any decision of the Members will be made by the Class A Member only.

**Distribution of Cash Flow**

Fifty percent (50%) of the Distributable Cash Flow (meaning all cash funds derived from operations of the Company (including interest received on reserves), without reduction for any non-cash charges, but less cash funds used to pay current operating expenses and to pay or establish a Reasonable Reserve for future expenses, debt payments (including, without limitation, payments of principal, interest, late fees, and penalties), capital improvements, replacements and taxes as determined by the Manager) will be distributed quarterly to the the holders of the Class B Limited Liability Company Membership Interests until they have been paid back an amount equal their initial investment. After such time, the Distributable Cash Flow will be distributed on a pro-rata basis, net of fees, in accordance with the Limited Liability Company Membership Interests held in the Company.

**Restrictions on Transfer of securities**

Class B Limited Liability Company Membership Interests cannot be sold, assigned, transferred, pledged, mortgaged, hypothecated, collaterally assigned, gifted, donated, exchanged, or otherwise disposed of or encumbered unless such Interests are registered under the Securities Act and all applicable state securities laws or unless an exemption from such registration is available and consent of the Company is obtained, or the Interests are redeemed by the Company in accordance with the Operating Agreement. Resales of the Interests are permitted within nine (9) months of Closing, provided that (i) such resales are made only to residents of the District of Columbia (as verified by the Company) and (ii) consent of the Company is obtained in accordance with the Operating Agreement.. The transfer of any membership interests in violation of the Operating Agreement will be deemed invalid, null and void, and of no force or effect. Any transfer of interests must be a transfer of all interests owned and must be transferred to a single person.

**Class A Member Redemption Right**

The Class A Member has the right, at any time, to buy the Interests of any Class B Member for a price equal to three (3) times that which the Class B Member paid for the Interests.

**Indemnification of the Manager and Members**

The Company has agreed to indemnify the manager and Members for any acts performed in connection with the operation of the Company, except for acts of fraud or gross negligence.

## **Financial updates**

The Company will provide investors with quarterly updates on the financial health of the Company. These updates will not be audited by an accountant and no assurances are made by the Company, so an investor should not rely on them when making any decisions.

## **FORWARD-LOOKING STATEMENTS**

All statements, other than statements of historical facts in this Disclosure Document and appearing on EquityEats.com (including, but not limited to, any statements regarding food and beverage investments, food and beverage companies, our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans, objectives of management and expected market growth) are forward-looking statements. These statements are only predictions and are not guarantees. Actual events or results of operations could differ materially from those expressed or implied in the forward-looking statements. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will,” “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements include, among other things, statements about:

- expected rates of return;
- expected performance of Restaurant;
- projected build-out costs;
- regulatory developments; and
- estimates regarding expenses, future revenue and costs.

These statements are based upon current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties in relation to (amongst other things) future economic, competitive and market conditions which are impossible to predict accurately. Although it is believed that the expectations reflected in the forward-looking statements are reasonable, guarantees of future results or performance cannot be made. This Disclosure Document includes cautionary statements, particularly in the “Risk Factors” section, that could cause actual results or events to differ materially from forward-looking statements contained in this Disclosure Document and appearing on EquityEats.com. Forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

You should read this Disclosure Document and the information about Prequel contained on EquityEats.com completely and with the understanding that actual

future results may be materially different from what we expect. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

### **ADDITIONAL INFORMATION**

For as long as securities issued under the District of Columbia-Only Securities Offerings Exemption are outstanding, an issuer of a security, the offer and sale of which is exempt under this Section, shall provide, free of charge, an annual report to the issuer's investors and shall file a copy of the report with the Department, for each of the three fiscal years of the issuer, of which the first ends first after the offering is begun. An issuer may satisfy the delivery requirement of this subsection by making the information available on the issuer's website, if the information is made available within 60 days after the end of each fiscal year and remains available until the succeeding annual report is issued. The report shall contain all of the following:

- (a) Compensation received by each director and executive officer, including cash compensation earned since the previous report and on an annual basis and any bonuses, stock options, other rights to receive securities of the issuer or any affiliate of the issuer, or other compensation received;
- (b) An analysis by management of the issuer of the business operations and financial condition of the issuer;
- (c) Operating results and financial statement; AND
- (d) A statement of the use of the proceeds of the offering.

Upon completion of an offering made in reliance on D.C. Official Code § 31-5604.03, the Company must file a final sales report no later than 30 days after the last sale in the offering with the Corporation Finance Division of the Department of Insurance, Securities and Banking that includes the following information:

- (a) The time period in which the offering was open;
- (b) The number of shares or units sold in the offering;
- (c) The number of investors that purchased shares or units in the offering; and
- (d) The dollar amount sold in the offering.

## SIGNATURES

By filing this notice pursuant to Pursuant to D.C. Official Code § 31-5604.03, the issuer hereby represents that:

- The issuer is claiming the exemption from registration for District of Columbia-Only Securities Offerings Exemption under D.C. Official Code § 31-5604.03 for this offering and will comply with the rules adopted thereunder in DCMR Title 26-B §250;
- The issuer is an entity organized and principal place of business in the District of Columbia;
- The issuer shall obtain from each investor written evidence of residency in the District of Columbia at or before the time of purchase;
- The aggregate purchase price of all securities sold by an issuer pursuant to the exemption provided by D.C. Official Code § 31-5604.03 does not exceed the requisite dollars limits during any twelve-month period;
- The issuer must reasonably believe that the aggregate amount of securities sold in this offering does not exceed:
  - From any single purchaser who is a natural person, more than \$10,000, if the purchaser's annual gross income is less than \$100,000; or
  - From any single purchaser who is a natural person, more than \$25,000, if the purchaser's annual gross income is less than \$200,000; or
  - An offer from any purchaser other than a natural person, unless the purchaser's annual gross income or net worth is more than \$1 million (\$1,000,000).
- The issuer has reviewed and shall conduct the offering in accordance with the requirements of section 3(a)(11) of the Securities Act of 1933 and Securities and Exchange Commission Rule 147 ("Rule 147"), 17 C.F.R. Sec. 230.147;
- The issuer shall disclose in writing the limitations on resales and implement precautions against interstate offers and sales as provided in Rule 147, including placing a legend on the certificate or other document evidencing the security stating that the securities have not been registered under the Act and setting forth the limitations on resales as follows:

**"IN MAKING AN INVESTMENT DECISION,**

**INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE ISSUER'S DISCLOSURE STATEMENT, INCLUDING THE TERMS OF THE OFFERING AND THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES REGULATOR OR THE DEPARTMENT OF INSURANCE, SECURITIES AND BANKING OR OTHER REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED BY SUBSECTION (e) OF SEC RULE 147 ([17 C.F.R. § 230.147](#) (e)) AS PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE DISTRICT OF COLUMBIA SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME."**

- The issuer is aware that its ability to advertise this offering on a website is limited by DCMR Title 26-B §256; and
- The issuer acknowledges its obligation to submit all advertising material to the Securities Division of the Department of Financial Institutions at least seven days prior to use in accordance with DCMR Title 26-B §250.
- Neither the issuer nor any of the officers, shareholders, employees or contractors referred to in this rule would be disqualified from participating in an offering under Regulation A under the Securities Act of 1933, by virtue of 17 C.F.R. § 230.262, as Section 230.262 may be amended from time to time.

The Company's Officers, Directors, and/or Managers must sign the District of Columbia-Only Securities Offerings Exemption Form. When they sign this form,



they represent that they have diligently attempted to confirm the accuracy and completeness of the information contained herein.

When the Officer or Manager in charge of finances signs this Disclosure Document, he or she represents that the financial statements in the Document have been prepared in accordance with generally accepted accounting principles which have been consistently applied, except where explained in the notes to the financial statements. He or she represents that the financial statements fairly state the Company's financial position and results of operations, or receipts and disbursements, as of the dates and periods indicated. He or she also represents that year-end figures include all adjustments necessary for a fair presentation under the circumstances.

Manager

A handwritten signature in black ink, appearing to read "Andrew Harris".

Andrew Harris, on behalf of:  
EquityEats, Inc.

December 1, 2014

## **List of Exhibits**

Exhibit A – Financial Statements

Exhibit B – Articles of Organization

Exhibit C – Operating Agreement

Exhibit D – Subscription Agreement

Exhibit E – Five year business plan

Exhibit F – Offering materials

Exhibit G – Escrow Agreement

Prequel LLC  
BALANCE SHEET  
Period from December 1, 2014 (inception) to January 15, 2015

ASSETS

Cash	\$	57,649
Accounts receivable	-	
Prepaid expenses	\$	-
Deferred financing Costs	\$	-
Land	\$	-
Building	\$	-
Other non current assets	\$	320
Total Assets	\$	<u>57,969</u>

LIABILITIES AND SHAREHOLDERS EQUITY

Accounts payable and accrued expenses	\$	-
Note payable	\$	-
Due to affiliates	\$	<u>-</u>

TOTAL LIABILITIES	\$	<u>-</u>
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Shareholders equity	\$	<u>57,969</u>
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TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$	<u>57,969</u>
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See notes to financial statements

Prequel LLC  
STATEMENT OF SHAREHOLDERS EQUITY  
Period from December 1, 2014 (inception) to January 15, 2015

	Class A Shareholders	Class B Shareholders	Total
Capital contributions	\$ 57,969	\$ -	\$ 57,969
Syndication cost	\$ -	\$ -	\$ -
Net loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Balance, Jan 15, 2015	<u>\$ 57,969</u>	<u>\$ -</u>	<u>\$ 57,969</u>

See notes to financial statements

Prequel LLC  
STATEMENT OF REVENUES AND EXPENSES  
Period from December 1, 2014 (inception) to January 15, 2015

REVENUE		Inception to Jan 15, 2015
Interest		<u>\$ -</u>
Total revenue		<u>\$ -</u>
EXPENSES		
Accounting		\$ -
Office expense		\$ -
Taxes, other		\$ -
Organization costs		<u>\$ 320</u>
Total expenses		<u>\$ 320</u>
NET LOSS		<u>\$ (320)</u>

See notes to financial statements

Prequel LLC  
Balance Sheet  
Period from December 1, 2014 (inception) to January 15, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	Inception to Jan 15, 2015
Net Loss	\$ -
Accounts payable and accrued expenses	\$ -
Prepaid expenses	\$ -
Net cash used in operating activities	<u>\$ -</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Building and land purchases	\$ -
Increase in deposits	\$ -
Net cash used in investing activities	<u>\$ -</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions from shareholders	\$ 57,969
 NET INCREASE IN CASH	\$ 57,969
Cash, beginning of year	<u>\$ -</u>
Cash, end of year	<u>\$ 57,969</u>

See notes to financial statements

## **NOTES TO FINANCIAL STATEMENTS**

### **Note 1. Organization**

Prequel LLC is a development stage company that was formed as a District of Columbia limited liability company (the Company) on December 1, 2014. The purpose of the Company is to own, develop, operate, and manage any business; make certain investments, conduct any activity related thereto, and to do anything permitted by the laws of the District of Columbia, but particularly to open and operate a restaurant and bar.

Upon its formation and organization, the Company issued 100% of its Class A membership interests to EquityEats, Inc. in exchange for \$57,969, which represents 100% of the Company.

Allocations of profits and losses, and cash distributions are made in accordance with the company's limited liability operating agreement. The Company shall exist in perpetuity unless it is dissolved and terminated in accordance with provisions of the agreement.

### **Note 2. Summary of Significant Accounting Policies**

#### *Basics of Accounting*

The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

#### *Income Taxes*

The Company has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and reported by its owners on their respective income tax returns. The Company's federal tax status as a pass-through entity is based on its legal status as a limited liability company. Accordingly, the Company is not required to take any positions in order to qualify as a pass-through entity. The Company is required to file tax returns with the Internal Revenue Services and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 3. Related Party Transactions**

Fees which may be paid to affiliated companies are:

- commercially reasonable fees for business support services such as bookkeeping, investor relations management and restaurant efficiency and analytics software.

**Note 4. Concentration of Credit Risk**

The Company maintains its cash balance at one financial institution. At times, this balance may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balance in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to this cash balance at December 31, 2014.

**Note 5. Subsequent Events**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that exist at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the entity and concluded that no subsequent events have occurred that would require recognition in the financial statements.





DEPARTMENT OF CONSUMER & REGULATORY AFFAIRS

**District of Columbia Government**

Corporations Division

**Articles of Organization for Domestic Limited Liability Company**

**One or more persons acting as the organizers under the provisions of the Title 29 of D.C. Code (Business Organizations Act) adopt the following Articles of Organization:**

**First:** Company name:

Prequel LLC

**Second:** The street address of the initial principal office:

1300 N St NW

Apt 405

Washington, District of Columbia 20005

**Third:** Registered agent's name and address in the District of Columbia:

Andrew Harris

1300 N St NW

Apt 405

Washington, District of Columbia 20005

**Fourth:** The company will have one or more series that is treated as a separate entity which limits the debts, obligations, and other liabilities to the assets of a particular series as provided in the operating agreement as authorized by § 29-802.06: No

Answer 4A & 4B if answered "Yes"

**Fourth A:** The limited liability company has at least one member: Yes

**Fourth B:** The date on which a person or persons became the company's initial member or members: 12/1/2014

**Fifth:** Effective Date: 12/1/2014

**Sixth:** Miscellaneous Provisions:

**Seventh:** Organizers Name & Address:

Name	Address
Andrew Richard Harris Mr	1300 N St NW, Apt 405, Washington, District of Columbia 20005

**Eighth:** Organizers executing this form:

No information provided.

**If you sign this form you agree that anyone who makes a false statement can be punished by criminal penalties of a fine up to \$1000, imprisonment up to 180 days, or both, under DCOC § 22-2405;**

**Amount Paid:** \$320.00

**Date:** 12/1/2014 5:22 PM

**E-Signed**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS  
CORPORATIONS DIVISION



**C E R T I F I C A T E**

**THIS IS TO CERTIFY** that all applicable provisions of the District of Columbia Business Organizations Code have been complied with and accordingly, this ***CERTIFICATE OF ORGANIZATION*** is hereby issued to:

Prequel LLC

**Effective Date:** 12/1/2014

**IN WITNESS WHEREOF I** have hereunto set my hand and caused the seal of this office to be affixed as of 12/1/2014 5:22 PM



Business and Professional Licensing Administration

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PATRICIA E. GRAYS  
Superintendent of Corporations  
Corporations Division

Vincent C. Gray  
Mayor

Tracking #: QwtMyKER

# **Prequel LLC**

A District of Columbia Limited Liability Company

## **OPERATING AGREEMENT**

**THIS AGREEMENT, AND ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE COMPANY, ITS AFFILIATES, ADVISORS, OR ANY PROFESSIONAL ASSOCIATED WITH THIS OFFERING, ARE NOT TO BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. INVESTORS SHOULD CONSULT WITH, AND RELY ON, THEIR OWN ADVISORS AS TO THE LEGAL, TAX AND/OR ECONOMIC IMPLICATIONS OF THE INVESTMENT AND ITS SUITABILITY FOR SUCH INVESTOR.**

**DUE TO THE RISKS ASSOCIATED WITH THE BUSINESS, AN INVESTMENT IN THE COMPANY IS ONLY SUITABLE FOR INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.**

**NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY TAX BENEFITS FROM AN INVESTMENT.**

# **Prequel LLC**

A District of Columbia Limited Liability Company

## **RESTATED AND AMENDED OPERATING AGREEMENT**

**THIS OPERATING AGREEMENT** (hereinafter referred to as the “Agreement”) is made as of January 15, 2015 (“Effective Date”) by and among **Prequel LLC** a District of Columbia limited liability company (the “Company”) **and the undersigned current Members of the Company**, (hereinafter sometimes referred to as the “Initial Members”), and all of those who shall thereafter be admitted as members and shall become signatories to this Agreement (hereinafter sometimes individually referred to as “Member” and collectively, upon the admission of additional members, as “Members”).

**NOW THEREFORE**, for good and valuable consideration, the Company and the Initial Members, intending to be legally bound, agree as follows:

### **1. Definitions.**

“Act” means the District of Columbia Limited Liability Company Act, as amended from time to time.

“Capital Account” means the account maintained by the Company for each Member to be credited and debited in accordance with this Agreement.

“Capital Contribution” shall mean the Initial Capital Contribution plus any additional cash contributed to the Company by a Member in consideration for Interests issued to that Member.

“Class A Member” means an owner of Interests denoted as Class A Interests, as reflected in the books and records of the Company.

“Class B Member” means an owner of Interests denoted as Class B Interests, as reflected in the books and records of the Company.

“Coaching Board” means the body set up in accordance with Section 13.

“Coaching Board Code of Conduct” means the code of conduct applicable to members of the Coaching Board, posted on equityeats.com as amended from time to time.

“Code” means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

“Company” shall mean Prequel LLC.

“Current Capital Account Balance” shall mean, with respect to a Member, an amount equal to such Member’s Initial Capital Contribution less all distributions made to such Member.

“Distributable Cash Flow” means all cash funds derived from operations of the Company (including interest received on reserves), without reduction for any non-cash charges, but less cash funds used to pay current operating expenses and to pay or establish a Reasonable Reserve for future expenses, debt payments (including, without limitation, payments of principal, interest, late fees, and penalties), capital improvements, replacements and taxes as determined by the Manager. Distributable Cash Flow shall be increased by the reduction of any reserve previously established.

“Interest” is an ownership interest in the Company. The total number of Interests may be increased by the Company upon admission of additional members or in connection with an increase of a Member’s ownership interest and may be decreased in the event the Company shall acquire any Interest Holder’s Interest in the Company.

“Interest Holder” shall mean the owner of legal or equitable title to a Membership Interest who has not been admitted as a Member.

“Initial Capital Contribution” shall mean the cash contributed to the Company by a Member in consideration for the Interests issued to that Member.

“Involuntary Resignation” means, with respect to any Member, the occurrence of any of the following events:

- (i) the Member makes an assignment for the benefit of creditors;
- (ii) the Member files a voluntary petition of bankruptcy;
- (iii) the Member is adjudged bankrupt or insolvent or there is entered against the Member an order for relief in any bankruptcy or insolvency proceeding;
- (iv) the Member files a petition or answer seeking for the Member any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation;
- (v) the Member seeks, consents to, or acquiesces in the appointment of a trustee for, receiver for, or liquidation of the Member or of all or any substantial part of the Member's properties;
- (vi) the Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Member in any proceeding described in Subsections (i) through (v);

(vii) any proceeding against the Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, continues for one hundred twenty (120) days after the commencement thereof, or the appointment of a trustee, receiver, or liquidator for the Member or all or any substantial part of the Member's properties without the Member's agreement or acquiescence, which appointment is not vacated or stayed for one hundred twenty (120) days or, if the appointment is stayed, for one hundred twenty (120) days after the expiration of the stay during which period the appointment is not vacated;

(viii) if the Member is an individual, the Member's death or adjudication by a court of competent jurisdiction as incompetent to manage the Member's person or property;

(ix) if the Member is acting as a Member by virtue of being a trustee of a trust, the termination of the trust;

(x) if the Member is a partnership or another limited liability company, the dissolution and commencement of winding up of the partnership or limited liability company;

(xi) if the Member is a corporation, the dissolution of the corporation or the revocation of its charter; or

(xii) if the Member is an estate, the distribution by the fiduciary of the estate's entire interest in the Company.

"Manager" means each Person who is listed as a manager of the Company in this Agreement, or who becomes a manager of the Company as herein provided and who is listed as a manager in the books and records of the Company.

"Majority In Interest" means those Members owning Interests that represent more than 50% of the aggregate percentage interests in the Company.

"Membership Rights" means all the rights of a Member in the Company.

"Percentage Interest" means the Interest owned by a Member, divided by the total Interests issued by the Company.

"Person" shall mean a physical person, a partnership, a limited partnership, a limited liability company, a corporation, a trust, a business trust, or any other entity permitted under the laws of the District of Columbia to own and hold personal property or real property.

"Prequel" means the food and beverage service business of the Company that was detailed on [prequeldc.com](http://prequeldc.com).

"Reasonable Reserve" shall mean an amount equal to three months of working capital. Manager shall have the right to withhold an amount equal to \$15,000.00 of cash flow in every month until such time as the Reasonable Reserve is established. Any unused contingency funds

raised by the Company prior to opening the events will be rolled into the Reasonable Reserve.

“Regulation” means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

“Subscription Agreement” means any agreement between the Company and a Member by which such Member subscribes for Interests.

## **2. Organization.**

The Initial Members hereby organize and shall operate a limited liability company in accordance with the terms and subject to the conditions set forth in this Agreement.

## **3. Name.**

The name of the limited liability company is Prequel LLC.

## **4. Purpose.**

The purpose of the Company is to own, develop, operate, and manage any business; make certain investments, conduct any activity related thereto, and to do anything permitted by the laws of the District of Columbia as amended from time to time.

## **5. Term.**

The term of the Company shall begin as of the date of the acceptance of the Articles of Organization of the Company by the Secretary of State for the District of Columbia and shall thereafter have perpetual existence unless terminated by the Member(s).

## **6. Powers**

The Company shall have and may exercise all powers necessary or convenient to effectuate any or all of the purposes for which the Company is formed.

## **7. Principal Office; Resident Agent.**

The principal office of the Company in the District of Columbia shall be located at 1300 N St NW, Apt 405, Washington, DC 20005. The name and address of the Company’s Registered Agent in the District of Columbia is Johann Moonesinghe, 1300 N St NW, Apt 405, Washington, DC 20005, as so stated in the Articles of Organization.

## **8. Capital Contributions; Ownership Interests.**

8.1 The name and Interests of the Initial Members is attached hereto and incorporated herein by reference. The name, class, Percentage Interest of

each Member are set forth in the books and records of the Company, as amended from time to time.

- 8.2 From and after the date hereof, if all Managers agree, they may, on behalf of the Company accept subscriptions for additional Interests in the Company by execution and delivery of a Subscription Agreement and such other agreements and documents, as a Manager may deem necessary and appropriate. Any such additional Interests will first be offered to existing Members for subscription ("Member Right of First Refusal"). The Managers shall notify the Members of their intention to offer additional Interests ("Member Notice") and will include in the Member Notice the purchase price of the Interests being offered. Members will have fourteen (14) days from the date the Member Notice is sent, to execute and deliver a Subscription Agreement and deliver the purchase price.
- 8.3 If no Members take up the Right of First Refusal and the additional Interests are sold to non-Members, each subscriber will be admitted by the Managers on behalf of all Members as a Class A Member, provided that such subscriber or assignee, as applicable, shall have accepted and adopted all of the terms and provisions of this Agreement. Notwithstanding the foregoing, however, no Person shall become a Member, until such time as the Person has delivered and paid over to Company their entire Initial Capital Contribution. The Managers may reject any Person, or any of the undersigned seeking to be a Member who has not paid and delivered their Initial Capital Contribution to the Company.
- 8.4 After the initial investment from the Class B Members, any additional Interests issued will dilute all Members equally.
- 8.5 No Member shall have the right to receive any return of any Capital Contribution.

## **9. Loans.**

Loans by a Member to the Company shall not be considered capital contributions for purposes of this Agreement, increase such Member's Capital Account or entitle such Member to any greater share of the net proceeds of the Company than such Member is entitled to under this Agreement.

## **10. Capital Accounts.**

A separate Capital Account shall be maintained for each Member in accordance with Treasury Regulation section 1.704-1(b)(2)(iv), which shall be adjusted annually, unless this Agreement, the acts of the Member(s) in accordance with this Agreement, or the applicable Treasury Regulations require a more frequent adjustment.



## **11. Management.**

- 11.1 The Company shall be managed by one or several Manager(s) who need not be Members. EquityEats, Inc. is designated to serve as the initial Manager until it resigns or is removed in accordance with Section 11.2 and its successor is approved by a simple majority of the Members based on Interests held.
- 11.2 A Manager that materially breaches the terms of this agreement or any obligations owed to the Members may be removed by a simple majority of the Members based on Interests held.
- 11.3 Each Manager shall have full and complete, exclusive discretion, power and authority, subject in all cases to the other provisions of this Agreement and the requirements of applicable law, to manage, control, administer and operate the business and affairs of the Company for the purposes herein stated, and to make all decisions affecting such business and affairs, including, without limitation, for Company purposes, the power to:
  - 11.3.1 enter into agreements and contracts and to give receipts, releases and discharges;
  - 11.3.2 acquire by purchase, lease or otherwise, any real or personal property, tangible or intangible;
  - 11.3.3 enter into one or several management contracts for the management functions related to the Company's business with an aggregate management fee not to exceed 5% of Company's gross receipts in a calendar year;
  - 11.3.4 exercise any voting or other rights with respect to companies owned or controlled by Company;
  - 11.3.5 purchase liability and other insurance to protect the Company's properties and business;
  - 11.3.6 borrow money for and on behalf of the Company, and, in connection therewith, execute and deliver instruments authorizing the confession of judgment against the Company;
  - 11.3.7 execute leases or lease modification agreements with respect to any part or all of the assets of the Company;
  - 11.3.8 construct, operate, maintain, finance and improve, and to own,

sell, convey, assign, mortgage or lease any real estate and any personal property;

11.3.9 prepay, in whole or in part, refinance, amend, modify or extend any mortgages or deeds of trust which may affect any asset of the Company and in connection therewith to execute for and on behalf of the Company any extensions, renewals or modifications of such mortgages or deeds of trust;

11.3.10 execute any and all other instruments and documents which may be necessary or desirable to carry out the intent and purpose of this Agreement;

11.3.11 make any and all expenditures which the Manager, in their sole discretion, deems necessary or appropriate in connection with the management of the affairs of the Company and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, all legal, accounting and other related expenses incurred in connection with the organization and financing and operation of the Company;

11.3.12 enter into any kind of activity necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company;

11.3.13 invest and reinvest Company reserves in short-term instruments or money market funds; and

11.3.14 enter into agreements and contracts and to give receipts, releases and discharges for the purchase of inventory only.

11.4 Notwithstanding anything to the contrary in this Agreement, if a Manager wishes to exercise of any of the authorities granted or permitted to the Manager in this Section which causes the Company to spend, incur a liability or which would otherwise obligate the Company in an amount greater than \$10,000.00 (excluding expenditure on food and beverage supplies), the Manager must seek the approval of the Coaching Board.

11.5 All current cash flow (including that which will be distributed to Members or forming part of the Reasonable Reserve) will be held by the Company in short-term investments only, meaning investments with maturities of less than twelve (12) months. For the avoidance of doubt, acceptable short-term investments include cash and cash items, government securities and securities of other registered investment companies.

**12. Management compensation and expenses.**

- 12.1 EquityEats, Inc. and any future management companies shall be compensated for bookkeeping services, investor relations, technology implementation and other business support services at commercially reasonable rates.
- 12.2 The Company shall bear all organizational costs, fees and expenses incurred in connection with the formation and organization of the Company, including legal and accounting fees and expenses incident thereto. The Company shall also bear any liquidation costs, fees, and expenses incurred in connection with the liquidation of the Company, specifically including but not limited to legal and accounting fees and expenses.

**13. Coaching Board.**

- 13.1 Upon the initial issuing of Interests to the Class B Members, the Company will put in place a Coaching Board consisting of two (2) representatives of the Manager (the “**Prequel Representatives**”) and three (3) representatives of the Class B Members (the “**Class B Representatives**”).
  - 1.1 The Prequel Representatives will be chosen by the Manager. The Class B Representatives will consist of a Person selected by each of the three largest Class B Members measured by the size of their Initial Capital Contribution.
  - 13.2 The Coaching Board shall meet monthly or more frequently if deemed necessary by the Prequel Representatives, in person, or by telecommunication, and shall decide the following:
    - 13.2.1 to approve an arrangement in accordance with Section 11.4 above;  
and
    - 13.2.2 when to release portions of the Initial Capital Contributions to the Company in accordance with achievement of milestones in the build-out of the Company’s business.
  - 13.3 Decisions of the Coaching Board will be made by simple majority, other than decisions relating to incurring liabilities over \$10,000 which shall require unanimous approval of the Coaching Board.
  - 13.4 The Coaching Board will at all times abide by the Coaching Board Code of Conduct, as amended from time to time.

- 13.5 The Coaching Board shall not be liable, responsible, or accountable, in damages or otherwise, to any Member, or to the Company for any act performed by the Coaching Board in connection with this Section.
- 13.6 The Company shall indemnify the Coaching Board for any act performed by the Coaching Board in connection with this Section.

**14. Allocations and Distributions.**

**14.1 Allocations and Distribution of Cash Flow**

14.1.1 All items of Company income, gain, loss and deduction as determined for book purposes shall be allocated among the Members and credited or debited to their respective Capital Accounts in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv), so as to ensure to the maximum extent possible: (i) that such allocations satisfy the economic effect equivalence test of Treasury Regulations Section 1.704-1(b)(2)(ii)(i); and (ii) that all allocations of items that cannot have economic effect (including credits and nonrecourse deductions) are allocated to the Members in accordance with the Members' interests in the Company, which, unless otherwise required by Code Section 704(b) and the Treasury Regulations promulgated thereunder, shall be in proportion to a Member's Percentage Interest. To the extent possible, items that can have economic effect shall be allocated in such a manner that the balance of each Member's Capital Account at the end of any taxable year (increased by the sum of: (a) such Member's "share of partnership minimum gain" as defined in Treasury Regulations Section 1.704-2(g)(1); and (b) such Member's share of "partner nonrecourse debt minimum gain" as defined in Treasury Regulations Section 1.704-2(i)(5)) would be positive to the extent of the amount of cash that such Member would receive (or would be negative to the extent of the amount of cash that such Member would be required to contribute to the Company) if the Company sold all of its property for an amount of cash equal to the book value (as determined pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)) of such property (reduced, but not below zero, by the amount of nonrecourse debt to which such property is subject) and all of the cash of the Company remaining after payment of all liabilities (other than nonrecourse liabilities) of the Company were distributed in liquidation immediately following the end of such taxable year in accordance with this Section 14.

14.1.2 Except as otherwise provided in this paragraph or as otherwise required by the Code and the rules and Treasury Regulations

promulgated thereunder, a Member's distributive share of income, gain, loss, deduction, or credit for income tax purposes shall be the same as is entered in the Member's Capital Account pursuant to this Agreement. In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any asset contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial adjusted asset value. In the event the adjusted asset value of any Company asset is adjusted pursuant to the terms of this Agreement, subsequent allocations of income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its adjusted asset value in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder.

14.1.3 Distributable Cash Flow. Distributable Cash Flow for each quarter of a fiscal year of the Company shall be distributed each quarter no later than thirty (30) days after the end of each quarter, as follows:

14.1.3.1 Until such time as the Class B Members have been paid an amount equal to 100% of their Initial Capital Contributions ("First Out Period"), an amount equal to fifty percent (50%) of all Distributable Cash Flow shall be distributed to the Class B Members.

14.1.3.2 At all times following the First Out Period, Distributable Cash Flow shall be distributed to the Members pro rata and pari passu in accordance with their Interests held in the Company.

14.1.4 An Interest Holder shall receive a distribution of Distributable Cash Flow, which is equal to the percentage of Distributable Cash Flow the Interest Holder's predecessor in interest would have received.

14.1.5 Notwithstanding anything herein to the contrary, in the event that there shall be no distributions of Distributable Cash Flow during any calendar year, however, sufficient revenues have been generated in such calendar year such as to cause any Member of the Company to incur an income tax liability due to such Company revenues, Company shall distribute an amount equal to

the tax liability incurred by each such Member with respect to Company's revenues for such calendar year in accordance with Section 14.3 .

14.2 Distribution of Proceeds of Sale or Liquidation.

14.2.1 Upon the sale of all or substantially all of the Company's assets or a refinancing of the Company, the proceeds of such sale or refinancing shall be applied:

- 14.2.1.1 first to settlement costs, attorneys fees, and other such expenses of sale,
- 14.2.1.2 thereafter the proceeds shall be used to satisfy any and all of the Company's creditors,
- 14.2.1.3 next to the extent that any proceeds remain from the sale, to the Interest Holders and Members to the extent that either such shall have a positive Capital Account balance, and
- 14.2.1.4 next to the extent that any proceeds remain from the sale, to the Interest Holders and Members according to Section 14.1.3 .

14.2.2 Upon a liquidation and dissolution of the Company, the proceeds of any liquidation of all of the Company's assets shall be paid:

- 14.2.2.1 first to pay the costs and fees associated with the liquidation of the assets and the winding up of the Company's affairs,
- 14.2.2.2 next any remaining proceeds of the liquidation shall be paid to any and all of the Company's creditors,
- 14.2.2.3 next to the extent that any proceeds remain from the liquidation, to the Interest Holders and Members to the extent that either such shall have a positive Capital Account balance, and
- 14.2.2.4 next to the extent that any proceeds remain from the liquidation, to the Class B Members;
- 14.2.2.5 next to the extent that any proceeds remain from the liquidation, to the Class A Members.

#### 14.3 Tax Distribution.

14.3.1 Notwithstanding anything contained in this Section to the contrary, to the extent that any Member has a "Cumulative Tax Shortfall" (as defined below), the Manager shall, subject to Distributable Cash Flow, on an annual basis, distribute to such Members (pro rata, in proportion to their respective Cumulative Tax Shortfalls) an aggregate amount of cash equal to the Cumulative Tax Shortfalls, as and when available (a "Tax Distribution"). A Member's "Cumulative Tax Shortfall" shall mean the amount, if any, by which (i) the aggregate federal, state and local tax liabilities attributable to (A) the aggregate sum of all current and prior allocations of profit, income and gain to such Member exceeds (B) the aggregate sum of all prior allocations of losses and deduction to such Member, reduced by (ii) all current and prior distributions to such Member pursuant to this Section 14. For all purposes of clause (i) above, the assumed combined federal, state and local tax liability of each Member shall be computed based on an agreed upon blended tax rate equal to forty percent (48.55%) for ordinary income items and thirty-five percent (35%) for capital gain items. All sums distributed to a Member pursuant to this Section shall be credited against distributions otherwise payable to such Member and shall reduce, dollar-for-dollar, any other distributions, which would otherwise be made to such Member.

14.3.2 If and to the extent the Company is required by law (as determined in good faith by the Manager) to make payments ("Tax Payments") with respect to any Member to discharge any legal obligation of the Company or the Manager, including any obligation pursuant to FATCA, to make payments to any governmental authority with respect to any federal, state, local or foreign tax liability of such Member arising as a result of such Member's interest in the Company, then the amount of any such Tax Payments shall be deemed to be a loan by the Company to such Member, which loan shall: (i) be secured by such Member's interest in the Company, (ii) bear interest, and (iii) be payable upon demand. If and to the extent the Company is required to make any Tax Payments with respect to any distribution to a Member, either (i) such Member's proportionate share of such distribution shall be reduced by the amount of such Tax Payments (provided that such Member's Capital Account shall be adjusted for such Member's full proportionate share of the distribution), or (ii) such Member shall pay to the Company prior to such distribution an amount of cash equal to such Tax Payments. Each

Member will, as applicable, take such actions as are required to establish to the reasonable satisfaction of the Manager that the Member is (i) not subject to the withholding tax obligations imposed by Section 1471 of the Code and (ii) not subject to withholding tax obligations imposed by Section 1472 of the Code. In addition, each Member will assist the Company and the Manager with any applicable information reporting or other obligation imposed on the Company, the Manager or their respective affiliates, pursuant to FATCA. As used herein, "FATCA" means the Foreign Account Tax Compliance provisions enacted as part of the U.S. Hiring Incentives to Restore Employment Act and codified in Sections 1471 through 1474 of the Code, all rules, regulations and other guidance issued thereunder, and all administrative and judicial interpretations thereof.

**15. Rights of Member(s).**

- 15.1 No Member is an agent of the Company solely by virtue of being a Member, and no Member shall have the authority to act for the Company solely by virtue of being a Member. This supersedes any authority granted to the Members pursuant to the Act. Any Member who takes any action or attempts to bind the Company in violation of this Section shall be solely responsible for any loss and expense incurred by the Company as a result of the unauthorized action and shall indemnify and hold the Company harmless with respect to the loss or expense.
- 15.2 The Member(s) shall not be required to make any additional contribution to the Company, nor shall the Member(s) be liable for any losses, debts, obligations, or liabilities of the Company beyond the amount of the Member's Capital Account.
- 15.3 Except as otherwise specifically provided in this Agreement, prior to the dissolution of the Company, a Member shall not have the right to resign from the Company or to require the return of the Member's Capital Account.
- 15.4 All voting rights and governance rights of the Company shall be held and exercised solely by the Class A Members. Class B Members shall have no right to vote at any of the meetings of the Members.
- 15.5 Except as may be otherwise provided herein or agreed to by a Member or Interest Holder, as the case may be, neither a Member nor an Interest Holder shall be bound by, or personally liable for the obligations or liabilities of the Company beyond the amount of the Capital Contribution of such Member or Interest Holder. A Member that receives a distribution



(i) in violation of this Agreement or (ii) that is required to be returned to the Company under applicable law shall return such distribution within 30 days after demand therefor by the Manager or any Member. The Manager may in its sole discretion elect to withhold from any distributions otherwise payable to a Member amounts due to the Company from such Member.

15.6 The Company shall indemnify, to the extent of Company assets, each Member against any claim of liability asserted by a Person, other than the Company or another Member against a Member solely because the Member is a Member of the Company, except for claims for fraud, gross negligence or an intentional or willful breach of this Agreement. The Company shall advance all sums required to indemnify and hold the Member harmless as provided herein from the initiation of any claim against such Member, subject to acknowledgment in writing by such Member of the obligation to reimburse the Company in the event that, following the entry of a final, non-appealable judgment, it is determined that the Company was not obligated to indemnify such Member pursuant to this Agreement.

15.7 The Members are encouraged to frequent Prequel as loyal customers would do. Other than Members who are on the Coaching Board, Class B Members are prohibited from engaging with Prequel regarding the operations of Prequel or the investment the Company has made in it. Class B Members are encouraged to use the online portal provided at equityeats.com to make business related suggestions and monitor the status of their investment.

15.8 Class B Member Conditional Entertainment Rights.

15.8.1 Members shall have conditional entertainment rights in Prequel, as agreed between the Company and Prequel. The extent of such rights is dependent on the amount of investment in the Company that the Member makes. Members may be asked to provide photographic identification to use such rights at Prequel. The conditional entertainment rights available are as follows:

15.8.1.1 Entitlement to discounted products depending on the amount of capital contributed to the Company as stated in Appendix A, subject to availability. The discount on products may not be used in conjunction with any other discount or offer.

15.8.1.2 As stated in Appendix A, certain Class B Members shall be entitled to a number of invitations to exclusive pre-opening parties for Prequel and

cooking classes, tastings or demonstrations.

- 15.8.1.3 As stated in Appendix A, Class B Members shall be entitled to priority access to tickets for Prequel pop-ups and access to first day reduced rates for Prequel pop-ups, as well as priority check-in.
- 15.8.1.4 As stated in Appendix A, certain Class B Members shall receive welcome drinks on arrival at Prequel, bonus courses, subject to availability at certain pop-ups and complimentary wine with meals.
- 15.8.1.5 As stated in Appendix A, certain Class B Members shall be entitled to access to the Verdon Lounge, complimentary valet parking and Uber journeys home.
- 15.8.1.6 The foregoing rights are hereby conditioned upon such Class B Members' good conduct and behavior while in Prequel. Failure (in Prequel's operator's reasonable discretion) to maintain conduct and decorum which reflects positively on Prequel, to respect or be courteous to staff or other employees of Prequel, or loud, lude, or drunken behavior in Prequel shall result in a termination of the conditional entertainment rights of such Class B Member.
- 15.8.1.7 The foregoing rights are non-transferable and in the event that a Member sells, assigns, transfers or otherwise encumbers his or her Interests in accordance with this Agreement, their outstanding Conditional Entertainment Rights shall cease.

## **16. Investment Representations**

The Agreement is made in reliance upon each Member's representations to the Company which by executing this Agreement each Member hereby confirms:

- 16.1 that its interest in the Company is to be acquired for investment, and not with a view to the sale or distribution of any part thereof, and that it has no present intention of selling, granting participation in, or otherwise distributing the same, and each Member understands that its interest in the Company has not been registered under the Securities Act of 1933, as amended (the "Securities Act") and that any transfer or other disposition of the interest may not be made without registration under the Securities

Act or pursuant to an applicable exemption therefrom. Each Member further represents that it does not have any contract, undertaking, agreement, or arrangement with any person to sell, transfer, or grant participations to such person, or to any third person, with respect to its interest in the Company;

16.2 that such Member has investment no more than is allowed under the District of Columbia-Only Securities Offerings Exemption rules in 26-B DCMR §§ 250 – 256; and

16.3 that such Member is a resident of the District of Columbia.

**17. Right to Purchase Interests.**

17.1 The Class A Members shall have the right, at any time, in their absolute discretion to purchase, and the Class B Member shall be obligated to sell, the Class B Members' Interests in the Company, as the Class A Members shall determine ("Right of Purchase") in accordance with this Section 17.

17.2 To exercise the Right of Purchase, the Class A Members shall send written notice to the Class B Member ("Purchase Notice").

17.3 The Purchase Notice shall contain the date upon which the settlement upon the Interests shall take place and the consideration payable. The Class B Member shall be obligated to sell the Class B Member's Interests that the Class A Members wish to purchase. Notwithstanding the foregoing, the Purchase Notice shall not set a settlement date for the Interest prior to the thirtieth (30<sup>th</sup>) day following the date of the Purchase Notice ("Settlement Date").

17.4 The consideration payable for the Interests will be an amount equal to three (3) times the amount of the Member's Initial Capital Commitment for the Interests. This will be payable to such Class B Member within thirty (30) days following the Settlement Date.

**18. Right to Assign to Employees.**

The Class A Members shall have the right, at any time, in their absolute discretion, to assign or transfer some of their Interests in the Company to employees of the Company in order to incentivize such employees to remain loyal and hard-working. Upon such assignment or transfer, the employee will become a Class A Member.

**19. Transfer, Sale, or Assignment by Member.**

19.1 Other than in accordance with Sections 17 and 18, no Member shall sell,

assign, transfer, or otherwise encumber (“Transfer”) any of the Member’s Interest in the Company, except as provided in this Section. Each Member hereby acknowledges the reasonableness of this prohibition in view of the purposes of the Company and the relationship of the Members. The transfer of any Member’s Interest in violation of the prohibition contained in this Section shall be deemed invalid, null and void, and of no force or effect.

- 19.2 No Person may Transfer all or any portion of or any interest or rights in the Person’s Membership Rights or Interest unless the following conditions (“Conditions of Transfer”) are satisfied:

19.2.1 The transferor has held his or her Interests for at least nine (9) months (unless the transferee is a resident of the District of Columbia);

19.2.2 The Transfer will not require registration of Interests or Membership Rights under any federal or state securities laws;

19.2.3 The transferee delivers to the Company a written instrument agreeing to be bound by the terms of this Agreement and any other instrument the Manager deems necessary or advisable;

19.2.4 The Transfer will not result in the Company losing its classification as a partnership for tax purposes;

19.2.5 The Transfer will not result in the Company being subject to the Investment Company Act of 1940, as amended;

19.2.6 The transferor or the transferee delivers the following information to the Company: (i) the transferee’s taxpayer identification number; and (ii) the transferee’s initial tax basis in the Transferred Interest; and

19.2.7 The transferor complies with the provisions set forth in Section 19.7.

- 19.3 If the Conditions of Transfer are satisfied, then a Member or Interest Holder may Transfer all of that Person’s Interest. The Transfer of an Interest pursuant to this Section shall not result, however, in the Transfer of any of the transferor’s other Membership Rights, if any, and the transferee of the Interest shall have no right to: (i) be admitted as a member by the Manager; (ii) exercise any Membership Rights other than those specifically pertaining to the ownership of an Interest; or (iii) act as an agent of the Company.

- 19.4 Any Person to whom Membership Rights are attempted to be transferred in violation of this Section shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company or have any other rights in or with respect to the Membership Rights.
- 19.5 In order to cover the Manager's bookkeeping and accounting expenses associated with a Transfer, the transferring Member shall pay the Managers a fifty dollar (\$50) transfer fee to cover such expenses.
- 19.6 The Company will only process any authorized Transfer at the end of the calendar quarter during which such Transfer is requested. (For example purposes, a Transfer submitted and approved in February would only be processed and completed by the Company on March 31). The Company will accordingly process authorized Transfers only four (4) times per calendar year.
- 19.7 Right of First Offer.
- 19.7.1 If an Interest Holder (a "Transferor") desires to transfer his interest (the "Transferor Interest"), the Transferor shall notify the Company of that desire (the "Transfer Notice"). The Transfer Notice shall describe the Transferor Interest. The Company shall have the option (the "Company Purchase Option") to purchase the Transferor Interest subject to approval by a majority of the Class A Members. The purchase price (the "Purchase Price") for the Transferor Interest shall be the fair market value thereof as mutually agreed between the Transferor (or his or her successor in interest) and the Managers (the "Agreed Value"), as of the last day of the month immediately preceding the Transfer Notice; *provided* that if such parties cannot agree as to Agreed Value, the purchase price shall be the fair market value of the Transferor Interest as determined by an appraisal (the "Appraised Value") determined by an appraiser with at least five (5) years of experience in the valuation of restaurant businesses, which appraiser shall be elected by mutual agreement by the Managers and the Transferor within twenty-one (21) days of the failure of the parties to agree as to an Agreed Value. The determination of Appraised Value by the appraiser shall be conclusive and binding on the parties. The Transferor and the Managers shall each bear fifty percent (50%) of the costs of the appraiser.
- 19.7.2 The Company Purchase Option shall be and remain irrevocable for a period (the "Transfer Period") ending at 11:59 P.M., local time at the Company's principal office on the thirtieth (30th) day following the Transfer Notice is given to the Company.

19.7.3 At any time during the Transfer Period, the Company may elect to exercise the Company Purchase Option by giving written notice of its election to the Transferor. The Transferor shall not be deemed a Member for the purpose of voting on whether the Company shall elect to exercise the Company Purchase Option.

19.7.4 If the Company elects to exercise the Company Purchase Option, the Company's notice of its election shall fix a closing date (the "Transfer Closing Date") for the purchase, which shall not be earlier than five (5) days after the date of the notice of election or more than thirty (30) days after the expiration of the Transfer Period.

19.7.5 If the Company elects to exercise the Company Purchase Option, the Purchase Price shall be paid in cash on the Transfer Closing Date.

19.7.6 If the Company fails to exercise the Company Purchase Option during the Transfer Period, the Transferor shall be permitted to offer and sell for a period of ninety (90) days (the "Free Transfer Period") at a price not less than the Purchase Price. If the Transferor does not Transfer the Transferor Interest within the Free Transfer Period, the Transferor's right to Transfer the Transferor Interest pursuant to this Section shall cease and terminate.

19.7.7 Any Transfer of the Transferor Interest made after the last day of the Free Transfer Period or without strict compliance with the terms, provisions, and conditions of this Section and other terms, provisions, and conditions of this Agreement, shall be null, void, and of no force or effect.

19.8 Drag Along. If the Class A Members approve a Transfer by assignment of all of the Interests of the Company to an unrelated third party, or by merger, consolidation and/or reorganization with an unrelated third party and the purchase price is a fair market value thereof as mutually agreed between a Majority in Interest of the Class B Members and a Majority In Interest of the Class A Members (the "Drag/Tag Along Agreed Value"); *provided* that if such parties cannot agree as to Agreed Value, the purchase price as determined by an appraisal (the "Drag/Tag Along Appraised Value") determined by an appraiser with at least five (5) years of experience in the valuation of restaurant businesses, which appraiser shall elected by mutual agreement by a Majority in Interest of the Class B Members and a Majority in Interest of the Class A Members within 21 days of the failure of the parties to agree as to a Drag/Tag Along Agreed

Value (the determination of Drag/Tag Along Appraised Value by the appraiser shall be conclusive and binding on the parties and the Class A Members and the Class B Members shall each bear fifty percent (50%) of the costs of the appraiser), then the Members shall consent to and raise no objection to the Transfer and shall agree to sell all of their Interests or vote in favor of a merger, consolidation or other reorganization with an unrelated third party (as applicable). Each Member shall use his/her/its best efforts to cooperate in the Transfer of the Company and shall take any and all necessary and desirable actions in connection with the consummation of the Transfer of the Company as are reasonably requested by the Manager.

- 19.9 Tag Along. If the Class A Members approve a Transfer by assignment of a majority of the Interests of the Class A Members to an unrelated third party, or by merger, consolidation and/or reorganization with an unrelated third party for the Drag/Tag Along Agreed Value, the Manager shall notify the Class B Members and shall cause such third party to purchase the Interests of those Class B Members who so elect, at the same price and on the same terms and conditions.

## **20. Resignation and Redemption of Membership Interests.**

- 20.1 Voluntary Resignation. No Member shall have the right or power to voluntarily resign from the Company and force the Company to redeem his Interest.
- 20.2 Involuntary Resignation. Immediately upon the occurrence of an Involuntary Resignation, the successor of the resigned Member shall thereupon become an Interest Holder but shall not be admitted as a Member by the Manager. The successor Interest Holder shall have all the rights of an Interest Holder but shall not be entitled to receive in liquidation of the Interest, the fair market value of the Member's Interest as of the date the Member involuntarily resigned from the Company.

## **21. Financial statements.**

Once Prequel has opened, the Managers shall furnish the Members with quarterly financial reports, giving an indication of Prequel's financial health. Such financial reports will not be audited or reviewed by a Certified Public Accountant ("CPA"), and no CPA will express an opinion or conclusion on them. No assurances on these financial reports will be provided by the Company, EquityEats, Inc. or any CPA. The Managers shall be entitled, in its sole discretion to transmit such reports via the Member's dashboard on equityeats.com.

## **22. Power of Attorney**

Each Member constitutes and appoints the Manager as the Member's true and lawful

attorney-in-fact (“Attorney-in-Fact”), and in the Member’s name, place and stead, to make, execute, sign, acknowledge, and file:

- (i) all documents (including amendments to the Articles of Organization and to this Agreement and the books and records of the Company) which the Attorney-in-Fact deems appropriate to reflect any amendment, change, or modification of this Agreement (provided that, the same does not materially and adversely affect (1) the rights and obligations of the Members hereunder, or (2) the economic terms of this Agreement);
- (ii) any and all other certificates or other instruments required to be filed by the Company under the laws of the State or of any other state or jurisdiction, including, without limitation, any certificate or other instruments necessary in order for the Company to continue to qualify as a limited liability company under the laws of the state;
- (iii) one or more fictitious or trade name certificates; and
- (iv) all documents which may be required to dissolve and terminate the Company.

## **23. Liability and Indemnification.**

- 23.1 The Managers shall not be liable, responsible, or accountable, in damages or otherwise, to any Member, or to the Company for any act performed by the Managers with respect to Company matters, except to the extent a court of competent jurisdiction has determined such Manager has committed fraud or gross negligence.
- 23.2 The Company shall indemnify the Managers for any act performed by the Managers in connection with the operation of the Company to the fullest extent permitted by law and to save and hold them harmless from and in respect of all (i) reasonable fees, costs, and expenses, including, but not limited to, legal fees, paid in connection with or resulting from any claim, action, or demand against the Managers that arise out of or in any way relate to the Company, its properties, business, or affairs and (ii) such claims, actions, and demands and any losses or damages resulting from such claims, actions, and demands, including amounts paid in settlement or compromise (if recommended by attorneys for the Company) of any such claim, action or demand; provided, however, that this indemnity shall not extend to any conduct that has been determined by final adjudication to constitute fraud, willful misconduct, recklessness or gross negligence. Expenses incurred by the Manager in defending a claim or proceeding covered by this Section shall be paid by the Company in advance of the final disposition of such claim or proceeding, provided that (i) the Manager contractually agrees to repay such amount if it is



ultimately determined that the Managers was not entitled to be indemnified.

#### **24. No Member Action for Dissolution.**

No Member shall take any voluntary action that would cause a dissolution of the Company. Each Member hereby waives and renounces his, her or its right to initiate legal action to seek the appointment of a receiver or trustee to liquidate the Company or to seek a decree of judicial dissolution of the Company.

#### **25. Limitations on Actions by Members.**

- 25.1 If a Member alleges fraud, bad faith, or willful misconduct on the part of the Company or the Managers, then if such Member expresses a bona fide interest in making a claim against the Company or the Manager (an "Initiating Member"), then the Initiating Member shall deliver to the Company a notice in writing expressing the reasons behind such interest. The Company shall then furnish to each of the Members (i) a copy of such Member's request and (ii) a response from the Company. The Company shall, in such Member communication, request that each Member indicate whether it desires to join the Initiating Member in pursuing the claim described by the Initiating Member. If Members representing a Super-Majority in Interest indicate an affirmative desire to join with the Initiating Member (the "Designating Members"), then the Company shall furnish to such Designating Members the name, address and email address of each such Designating Member (an "Information Notice") for the purpose of their selecting a Member Representative (as defined below) as described below. No Member may pursue any remedy with respect to the Company or the Manager unless and until a Super-Majority In Interest indicate a desire to collectively pursue such remedy.
- 25.2 If a group of Designating Members is formed, then the Designating Members shall, within thirty (30) days of the Company's delivery of the designate a single Member (the "Member Representative") to represent their interests in connection with such Interests and notify the Company of such designation. After a Member Representative has been designated with respect to such series, no Member other than the Member Representative may pursue any remedy with respect to such claim.
- 25.3 The Member Representative may direct the time, method and place of conducting any proceeding for any remedy against the Company arising in connection with the claim. The Member Representative may, on behalf of all the Designating Members agree to (i) any waiver of an act or omission that brought rise to the claim or (ii) any amendment or waiver of any provision of this Agreement with respect to the claim. When an

act, omission, or Agreement provision is so waived, no such waiver shall extend to any subsequent or other act or omission that might give rise to a similar claim, or impair any consequent right.

## **26. Tax Matters**

- 26.1 Tax Returns. The Manager shall cause IRS Form 1065, Schedule K-1 and any other tax information reasonably requested by a Member, to be prepared and delivered to the Members within ninety (90) days after the close of the Company's fiscal year at the expense of the Company. Notwithstanding anything in this paragraph to the contrary, the obligations under this Section shall commence with the fiscal year during which the initial capital contribution from the Members to the Company occurs.
- 26.2 Tax Matters Partner. The Manager shall be the Company's tax matters partner under the Code and under any comparable provision of state law. The Manager shall have the right to resign as tax matters partner by giving thirty (30) days' written notice to each Member. Upon such resignation a successor tax matters partner shall be selected by a Majority In Interest of the Members. The tax matters partner shall employ, at the Company's expense, experienced tax counsel to represent the Company in connection with any audit or investigation of the Company by the Internal Revenue Service and in connection with all subsequent administrative and judicial proceedings arising out of such audit. If the tax matters partner is required by law or regulation to incur fees and expenses in connection with tax matters not affecting all the Members, then the Company shall be entitled to reimbursement from those Members on whose behalf such fees and expenses were incurred. The tax matters partner shall keep the Members informed of all administrative and judicial proceedings, as required by Section 6223(g) of the Code, and shall furnish to each Member, if such Member so requests in writing, a copy of each notice or other communication received by the tax matters partner from the Internal Revenue Service, except such notices or communications as are sent directly to such requesting Member by the Internal Revenue Service. To the fullest extent permitted by law, but subject to the limitations and exclusions of Section 23.2, the Company agrees to indemnify the tax matters partner and its agents and save and hold them harmless, from and in respect to all (a) fees, costs and expenses in connection with or resulting from any claim, action, or demand against the tax matters partner, the Manager or the Company that arise out of or in any way relate to the tax matters partner's status as tax matters partner for the Company, and (b) all such claims, actions, and demands and any losses or damages therefrom, including amounts paid in settlement or compromise of any such claim, action, or demand.

## **27. Notifications.**

All notices and communications to be given or otherwise made to a Member or the Members shall be deemed to be sufficient if sent by electronic mail to such address as set forth for the Member in the records of the Company. A Member shall send all notices or other communications required to be given hereunder to the Company via email at prequel@equityeats.com. Any such notice or communication shall be deemed to have been delivered and received, if given by the Company to a Member, on the first business day following that on which the electronic mail has been sent (assuming that there is no error in delivery). As used in this Section, "business day" shall mean any day other than a day on which banking institutions in the District of Columbia are legally closed for business. Each Member hereby agrees that the Company may deliver by electronic mail all notices, financial statements, tax reports, valuations, reports, reviews, analyses or other materials, and all other documents, information and communications concerning the affairs of the Company and its investments including (without limitation) information about the Interest.

## **28. Specific Performance.**

The parties recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to fully remedy the injury. Accordingly, in the event of a breach or threatened breach of one or more of the provisions of this Agreement by any Member, the Company and/or any party who may be injured (in addition to any other remedies which may be available to the Company and/or that party) shall be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act which would constitute a breach or (ii) compelling the performance of any obligation which, if not performed, would constitute a breach, provided that no Member shall be entitled to seek specific performance or other equitable remedies in connection with (or to enjoin or interfere with) any decision by the Company decision to pursue, continue or abandon a restaurant.

## **29. Amendment.**

This Agreement sets forth the entire understanding of the parties with respect to its subject matter. It may be altered by the Manager provided that any such amendment shall not materially and adversely affect the rights and obligations of the Members, and/or the economic terms of this Agreement. All other amendments require the consent of the Manager and a majority of the Members.

## **30. Governing Law.**

All questions concerning the construction, validity and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed and interpreted by the internal law, and not the law of conflicts, of the District of Columbia.

## **31. WAIVER OF TRIAL BY JURY.**

**THE PARTIES AGREE TO WAIVE ANY RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION IN CONNECTION WITH THEIR INVESTMENT IN OR THE BUSINESS AND OPERATION OF THE COMPANY.**

**32. Arbitration**

- 32.1 Except as otherwise provided in Section 25.3 of this Agreement, any claim, dispute, or controversy of whatever nature arising out of or relating to this Agreement or otherwise related to the Company and its activities, including, without limitation, any action or claim based on tort, contract, or statute (including any claims of breach), or concerning the interpretation, effect, termination, validity, performance and/or breach of this Agreement (“Claim”), shall be resolved by final and binding arbitration (“Arbitration”) before a single arbitrator (“Arbitrator”) selected from and administered by JAMS Inc. (the “Administrator”) in accordance with its then existing comprehensive arbitration rules or procedures. The arbitration shall be held in Washington, DC.
- 32.2 Depositions may be taken and full discovery may be obtained in any arbitration commenced under this Section. The Arbitrator shall, within fifteen (15) calendar days after the conclusion of the Arbitration hearing, issue a written award and statement of decision describing the essential findings and conclusions on which the award is based, including the calculation of any damages awarded. The Arbitrator shall be authorized to award compensatory damages, but shall not be authorized (i) to award non-economic damages, such as for emotional distress, pain and suffering or loss of consortium, (ii) to award punitive damages, or (iii) to reform, modify or materially change this Agreement or any other agreements contemplated hereunder; provided, however, that the damage limitations described in parts (i) and (ii) of this sentence will not apply if such damages are statutorily imposed. The Arbitrator also shall be authorized to grant any temporary, preliminary or permanent equitable remedy or relief he or she deems just and equitable and within the scope of this Agreement, including, without limitation, an injunction or order for specific performance.
- 32.3 Each party shall bear its own attorney’s fees, costs, and disbursements arising out of the arbitration, and shall pay an equal share of the fees and costs of the Administrator and the Arbitrator; provided, however, the Arbitrator shall be authorized to determine whether a party is substantially the prevailing party, and if so, to award to that substantially prevailing party reimbursement for its reasonable attorneys’ fees, costs and disbursements (including, for example, expert witness fees and expenses, photocopy charges, travel expenses, etc.), and/or the fees and costs of the Administrator and the Arbitrator. Each party shall fully perform and satisfy the arbitration award within fifteen (15) days of the

service of the award.

- 32.4 By agreeing to this binding arbitration provision, the parties understand that they are waiving certain rights and protections which may otherwise be available if a Claim between the parties were determined by litigation in court, including, without limitation, the right to seek or obtain certain types of damages precluded by this Section 32.4, the right to a jury trial, certain rights of appeal, and a right to invoke formal rules of procedure and evidence.

### **33. Attorney Fees.**

In the event a Member files or initiates any litigation, mediation, arbitration, special proceeding or other proceeding against the Company or a Manager, the prevailing party will be entitled to recover any litigation-related costs and reasonable attorney's fees incurred from the non-prevailing party, provided that the aggregate amount of attorney's fees recoverable will not exceed 200% of the Member's Capital Contributions to the Company.

### **34. Separability of Provisions.**

Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and/or contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, all of which shall continue in full force and effect to the fullest extent legally permissible.

### **35. Confidentiality**

Each Member agrees to hold in confidence, and not to disclose to any third party without the consent of the Manager, all information disseminated to it by the Company (including, without limitation, the private placement memorandum, this Agreement and all information disseminated by use of a site on the world wide web), such information shall be referred to herein as "Confidential Information" and to use the same degree of care as such Member uses to protect its own confidential information in carrying out the foregoing confidentiality obligation. Each Member acknowledges and agrees that the Manager has advised such Member that (i) the Manager and the Company derive independent economic value from the Confidential Information not being generally known, (ii) the Confidential Information is the subject of reasonable efforts to maintain its secrecy, and (iii) consequently, the Manager considers such Confidential Information to be a trade secret. Except to the extent that any such return would be prohibited by applicable law, each Member agrees that any document constituting or containing any Confidential Information shall be returned to the Company upon the Manager's request. Notwithstanding the foregoing, no Member shall be required to return (i) any Schedule K-1 delivered by the Company to such Member or (ii) this Agreement.

### **36. Counterparts; Electronic Delivery.**


This Agreement, and any other documents or instruments contemplated hereunder or entered into pursuant hereto, may be executed in two or more counterparts, each of which shall be deemed an original, and all of which, when assembled, shall constitute one and the same document. The signature of any party to any counterpart of this Agreement or such other instrument shall be deemed a signature to, and may be appended to, any other counterpart hereof (or thereof). Delivery of an executed counterpart of this Agreement or any such other instrument) may be delivered electronically, including by facsimile transmission and/or by e-mail delivery of a .PDF scan of such counterpart, and the same shall constitute good and valid execution and delivery for all purposes.

**IN WITNESS WHEREOF**, the undersigned party has executed this Agreement as of the day and year first written above.

**COMPANY:**

Prequel LLC

By its Manager, EquityEats, Inc.

By:   
Name: Andrew Harris  
Title: Officer

## STATEMENT OF ACCEPTANCE

Reference is made to the Operating Agreement of Prequel LLC (the "Agreement") effective as of the 15 of January 2015, by and among all of the then Members of Prequel LLC, a District of Columbia limited liability company (the "Company"), and said Company. As a proposed recipient of a Membership Interest covered by the Agreement, the undersigned hereby agrees that such Membership Interest upon receipt shall remain subject to all of the terms and conditions of the Agreement and all rights and obligations thereunder arising prior to such receipt, that upon such receipt the undersigned shall be deemed automatically to have accepted all of the terms and conditions of the Agreement and that the undersigned shall thereafter be deemed to be a signatory party to the Agreement in the position of one of the Members. It is understood that the executed Statement of Acceptance shall be attached to the Agreement and shall form a part thereof without any further action.

### **Class A Members**

Date:

By its Manager, EquityEats, Inc.

By:

Name: Andrew Harris

Title: Officer



### **Class B Members**

Date:



## APPENDIX A

### **Class B Members Conditional Entertainment Rights**

In accordance with Section 15.8 , the Company will give the following rights to the Class B Members based on the amount of capital contributed:

<b><u>Initial capital contribution (\$)</u></b>	<b><u>\$100</u></b>	<b><u>\$300</u></b>	<b><u>\$500</u></b>	<b><u>\$1,000</u></b>
Invites to opening	2	2	4	4
Invitation to first day of pop-up (50% off) <sup>(1)(2)</sup>	Yes	Yes	Yes	Yes
Priority access to tickets for pop ups	Yes	Yes	Yes	Yes
Priority check-in line when arriving at prequel	Yes	Yes	Yes	Yes
Discount on beverages <sup>(1)</sup> <sub>(2)</sub>	N/A	N/A	10% for 2 people	20% for 2 people
Complimentary cooking class/demonstration/ tasting ticket <sup>(1)</sup>	N/A	N/A	2	2
Welcome drink when dining at Prequel	N/A	N/A	House drink for up to 2 people	House drink for up to 4 people

(1) Subject to availability.

(2) May not apply on public holidays.

<b>Initial capital contribution (\$)</b>	<b><u>\$2,500</u></b>	<b><u>\$5,000</u></b>	<b><u>\$10,000</u></b>	<b><u>\$25,000</u></b>	<b><u>\$50,000</u></b>
Invites to opening	4	4	4	6	8
Invitation to first day of pop-up (50% off) <sup>(1)(2)</sup>	Yes	Yes	Yes	Yes	Yes
Priority access to tickets for pop ups	Yes	Yes	Yes	Yes	Yes
Check-in at the Verdon Lounge	N/A	Yes	Yes	Yes	Yes
Discount on beverages <sup>(1)</sup> (2)	20% for 2 people	20% for 2 people	25% for 2 people	25% for 2 people	25% for 4 people
Complimentary cooking class/demonstration/tasting ticket <sup>(1)</sup>	2	4	8	12	12
Welcome drink when dining at Prequel	Premium drink for up to 4 people	Premium drink for up to 4 people	Ultra-Premium drink for up to 4 people	Ultra-Premium drink for up to 4 people	Ultra-Premium drink for up to 4 people
Bonus course at participating pop ups <sup>(1)</sup>	Yes	Yes	Yes	Yes	Yes
Access to the Verdon Lounge	N/A	Yes	Yes	Yes	Yes
Complimentary bottle of wine with each ticketed pop up visit	Bottle up to \$50	Bottle up to \$100	Bottle up to \$150	Bottle up to \$150	Bottle up to \$250
Complimentary valet parking when visiting for a pop up <sup>(1)</sup>	N/A	Yes	Yes	Yes	Yes
Complimentary Uber Black after visiting a pop up <sup>(1)</sup>	N/A	N/A	N/A	Yes	Yes

(1) Subject to availability.

(2) May not apply on public holidays.

# Subscription Agreement for Prequel LLC

THE INTERESTS OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). ANY SALE OF INTERESTS IS MADE IN RELIANCE UPON EXEMPTIONS FROM REGISTRATION AND QUALIFICATION AS PROVIDED IN THE SECURITIES ACT AND APPLICABLE STATE LAW. THE INTERESTS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAS ANY REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS SUBSCRIPTION AGREEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD, EXCEPT AS PERMITTED UNDER THIS AGREEMENT, THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION, QUALIFICATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE INTERESTS ARE SPECULATIVE SECURITIES AND INVOLVE A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS NOT WILLING AND ABLE TO RISK THE COMPLETE LOSS OF THEIR INVESTED CAPITAL MUST NOT CONSIDER PURCHASING THE INTERESTS.

# PREQUEL LLC

## SUBSCRIPTION AGREEMENT

**THIS SUBSCRIPTION AGREEMENT** (this “Agreement”) is entered into by and between **Prequel LLC**, a District of Columbia limited liability company (the “Company”), and **the undersigned** (the “Subscriber” or “you”) as of **Month Day**, 2015. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Company’s operating agreement (the “Operating Agreement”) which, together with the information contained on prequeldc.com/projects/prequel, this Agreement and DC Form EO1 form the basis of this investment opportunity (the “Investment Package”).

WHEREAS, the Subscriber wishes to subscribe for and purchase a membership interest in the Company as set out under the Subscriber’s signature on the signature page below (the “Interest”).

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

### **1. Subscription for Interest.**

1.1 Agreement to Sell and Purchase. Subscriber hereby agrees to purchase from the Company, and the Company hereby agrees to issue to the Subscriber the Interest, subject to the terms and conditions set forth in this Agreement.

1.2 Consideration. In consideration of the issuance of the Interest, Subscriber agrees to pay the Company the amount set out under the Subscriber’s signature on the signature page (the “Consideration”). The Subscriber understands that the Consideration is payable with the execution and submission of this Agreement, and accordingly, is submitting herewith to the Company the Consideration.

### **2. Closing.**

2.1 Closing Date. The purchase and sale of the Interest shall occur at a time, date, and place designated by the Company; provided, however, that in no event shall the Closing occur more than 180 days after the execution of this Agreement (“Closing”). If the Subscriber does not indicate an intention to rescind the investment prior to the Closing, the Company will assume that, upon Closing, the Subscriber still intends for the investment to be made.

2.2 Rejection of Subscription. At or before the Closing, the Company may, in its sole discretion and for any reason, elect not to accept the subscription of Subscriber, in whole or in part. If the Company rejects such subscription, the Company shall refund to Subscriber all funds submitted by Subscriber to the Company in connection with such rejected subscription. For the avoidance of doubt, the Subscriber will not receive any interest on funds submitted to the Company but subsequently refunded. The Subscriber may not revoke the Agreement, and the Subscriber may not cancel, terminate or revoke this Agreement, which shall be binding upon the

Subscriber, and the Subscriber's heirs, trustees, beneficiaries, executors, personal or legal administrators or representatives, successors, transferees and assigns and, in the case of an individual, shall survive his death or disability.

2.3 Default. If Subscriber fails to perform his obligations hereunder within five days after receipt of notice by the Company to Subscriber of such failure, the Company may, at its sole option: (a) if such failure occurs prior to the Closing, refuse to issue the Interest to Subscriber; or (b) if such failure occurs after the Closing, result in the reversion of all rights, title and interest in the Interest to the Company and a rescission of the transactions contemplated hereby.

2.4 Obligations of Subscriber. At the Closing, Subscriber shall execute such other documents as are deemed by the Company to be appropriate, advisable or necessary to consummate the transactions contemplated hereby and thereby.

### **3. Representation and Warranties of Subscriber.**

Subscriber hereby represents and warrants to the Company as follows:

3.1 Authority. If a natural person, the undersigned is 18 years of age or over and has the requisite power and authority to deliver this Agreement and to make an investment in the Company as herein contemplated. If a corporation, limited liability company, partnership, trust or other entity, the Subscriber is authorized, empowered and qualified to execute this Agreement and to make an investment in the Company as herein contemplated. This Agreement and the Operating Agreement are valid, binding and enforceable against the Subscriber in accordance with their respective terms and conditions.

3.2 No Conflicts. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated hereby will not, violate any terms of any material contractual restriction or commitment of any kind or character to which Subscriber is a party or by which Subscriber is bound.

3.3 Representations. At no time has it been expressly or implicitly represented, guaranteed or warranted to the Subscriber that (i) a percentage of profit or other gain will be realized as a result of this investment or (ii) any cash distributions from the Company's operations will be made at all.

3.4 Risk of Loss. Subscriber is able to bear the substantial economic risks of an investment in the Company and to sustain a complete loss of such investment. Subscriber recognizes that the acquisition of the Interest involves a high degree of risk and has carefully read and acknowledged the risk factors enclosed in the Investment Package. Subscriber has adequate net worth and means of providing for his current needs and possible personal contingencies and has no need for liquidity in this investment. Subscriber's commitment to investments which are not readily marketable is not disproportionate to his net worth and his acquisition of the Interest will not cause his overall commitment to such investments to become excessive. The Subscriber is aware and understands that: (a) the Company has no financial or operating history, (b) no federal, state, local or foreign agency has passed upon the Interests or made any finding or determination as to the fairness of this investment, (c) the Subscriber is not

entitled to cancel, terminate or revoke this subscription or any of the powers conferred herein, and (d) any forecasts or predictions as to the Company's performance are based on estimates, assumptions and forecasts that the Company believes to be reasonable but that may prove to be materially incorrect, and no assurance is given that actual results will correspond with the results contemplated by the various forecasts.

3.5 Access. Subscriber acknowledges that the Company's Investment Package (including, without limitation, the Company's Operating Agreement) has been delivered to the Subscriber via email or through prequeldc.com, and the Subscriber has carefully read, reviewed and is familiar with the Investment Package. Counsel and accountants for Subscriber, and Subscriber himself, have had the opportunity to obtain any additional information necessary to verify the accuracy of the contents of the documents presented to them, and to confer with and to ask questions of, and receive answers from, representatives of the Company or persons authorized to act on its behalf concerning the terms and conditions of this investment and any additional information requested by Subscriber or his representatives. In evaluating the suitability of this investment in the Company, Subscriber has not relied upon any representations or other information (whether oral or written) other than this Agreement and the Investment Package.

3.6 DC Resident and status. The Subscriber is a resident of the District of Columbia and is not investing more than any applicable maximum investment limits under the District of Columbia-Only Securities Offerings Exemption, as set out in 26-B DCMR §§ 250 – 256. The Subscriber agrees to provide any additional documentation the Company may reasonably request, or as may be required by the securities administrators or regulators of any state or federal authority, to confirm that the Subscriber meets any applicable minimum financial suitability standards and has satisfied any applicable maximum investment limits.

3.7 Acceptance of Operating Agreement. Subscriber has received, and Subscriber accepts and adopts each and every provision of, the Operating Agreement and shall become a party to the Operating Agreement as a member of the Company simultaneously with the Subscriber's execution of this Agreement. When executed by the Company, the Operating Agreement shall be binding upon the Subscriber as at the date of the Operating Agreement.

3.8 Holding and selling the Securities. The Subscriber understands that the Interest (i) is not registered under the Securities Act or any state securities laws, (ii) is being offered and sold in reliance upon federal and state exemptions, and (iii) cannot be sold, assigned, transferred, pledged, mortgaged, hypothecated, collaterally assigned, gifted, donated, exchanged, or otherwise disposed of or encumbered unless such Interest is registered under the Securities Act and all applicable state securities laws or unless an exemption from such registration is available and consent of the Company is obtained in accordance with the Operating Agreement or the Interest is redeemed by the Company in accordance with the Operating Agreement. Pursuant to 17 CFR 230.147, re-sales of the Interests are permitted within nine (9) months of Closing, provided that (i) such re-sales are made only to residents of the District of Columbia (as verified by the Company) and (ii) consent of the Company is obtained in accordance with the Operating Agreement. The use of such exemptions is partly based upon the representations and warranties made by the Subscriber in this Agreement.

3.9 Intentionally left blank.

3.10 Investment Intent. The Interest is being acquired by Subscriber for the account of Subscriber, for investment purposes only, and not with a view to, or in connection with, any resale or distribution thereof. The Subscriber has no contract, undertaking, understanding, agreement or arrangement, formal or informal with any person or entity to sell, transfer or pledge to any person or entity all or any part of the Interest, any interest therein or any rights thereto, and Subscriber has no present plans to enter into any such contract, undertaking, agreement or arrangement.

3.11 Reliance on Representations. Subscriber understands that no federal or state agency has passed on or made any recommendation or endorsement of the Interests. Subscriber further understands that the Company, in offering the Interests for sale to Subscriber, is relying on the truth and accuracy of the representations, declarations, information and warranties made by Subscriber herein and in the investor suitability questionnaire completed, executed and delivered by Subscriber to the Company contemporaneously herewith.

3.12 No Registration. Subscriber acknowledges that, because the Interests have not been registered under the Act of 1933 (the “Securities Act”), and because the Company has no obligation to affect such registration, Subscriber shall continue to bear the economic risk of his investment in the Interest for an indefinite period. Subscriber also understands that the Company has not been registered under the United States Investment Company Act of 1940, as amended or the Securities Exchange Act of 1934 as amended, or any other federal or state law. In addition, the Subscriber understands that the Manager is not registered as an investment adviser under the Investment Advisers Act of 1940, as amended.

3.13 Restrictions on Transfer. Subscriber agrees that he will not sell or otherwise transfer the Interest other than in accordance with the terms and conditions of the Operating Agreement. It is understood that the Interest cannot be liquidated easily, that no public or other market exists for the Interest. Subscriber is aware that, because the Interest has not been registered under the Securities Act or applicable state securities laws, any resale inconsistent with the Securities Act or applicable state securities laws may create liability on Subscriber’s part or the part of the Company, and agrees not to assign, sell, pledge, transfer or otherwise dispose of the Interest unless it is registered under the Securities Act and applicable state securities laws, or an opinion of counsel satisfactory to the Company is given to the Company that such registration is not required.

3.14 Sophistication. Subscriber possesses a sufficient degree of sophistication, knowledge, and experience in financial and business matters such that he is capable of evaluating the merits and risks of acquiring the Interest and the purchase of the Interest by the Subscriber is consistent with the general investment objectives of the Subscriber.

3.15 No Oral Representations. No person representing the Company or purporting to do so has made any oral representation or warranty to Subscriber which is inconsistent with the information provided in writing to him. Subscriber agrees that he has not relied and shall not rely on any such representation or warranty in connection with any decision to acquire the Interest.

3.16 Anti Money Laundering. The Company and the Manager's intent is to comply with all applicable federal, state and local laws designed to combat money laundering and similar illegal activities, including the provisions of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "PATRIOT Act"). Capitalized terms in this section 3.16 not otherwise defined in this Agreement shall have the meaning set out in the PATRIOT Act. Subscriber hereby represents, covenants, and agrees that, to the best of Subscriber's knowledge based on reasonable investigation:

(a) None of the Subscriber's funds tendered for the Purchase Price, nor any future capital contributions to the Company, whether payable in cash or otherwise (collectively, "Capital Contributions"), shall be derived from money laundering or similar activities deemed illegal under federal laws and regulations.

(b) To the extent within the Subscriber's control, none of the Subscriber's Capital Contributions to the Company will cause the Company or any of its personnel to be in violation of federal anti-money laundering laws, including without limitation the Bank Secrecy Act (31 U.S.C. 5311 et seq.), the United States Money Laundering Control Act of 1986 or the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001, and any regulations promulgated thereunder.

(c) When requested by the Company, the Subscriber will provide any and all additional information, and the Subscriber understands and agrees that the Company may release confidential information about the Subscriber and, if applicable, any underlying beneficial owner or Related Person to U.S. regulators and law enforcement authorities, deemed reasonably necessary to ensure compliance with all applicable laws and regulations concerning money laundering and similar activities. The Company reserves the right to request any information as is necessary to verify the identity of the Subscriber and the source of any Capital Contributions. In the event of delay or failure by the Subscriber to produce any information required for verification purposes, the subscription by the Subscriber may be refused.

(d) Neither the Subscriber, nor any person or entity controlled by, controlling or under common control with the Subscriber, any of the Subscriber's beneficial owners, any person for whom the Subscriber is acting as agent or nominee in connection with the Purchase nor, in the case of an Subscriber which is an entity, any Related Person is:

(i) a Prohibited Investor;

(ii) a Senior Foreign Political Figure, any member of a Senior Foreign Political Figure's "immediate family," which includes the figure's parents, siblings, spouse, children and in-laws, or any Close Associate of a Senior Foreign Political Figure, or a person or entity resident in, or organized or chartered under, the laws of a Non-Cooperative Jurisdiction;

(iii) a person or entity resident in, or organized or chartered under, the laws of a jurisdiction that has been designated by the U.S. Secretary of the Treasury under Section 311 or 312 of the PATRIOT Act as warranting special measures due to money laundering concerns; or

(iv) a person or entity who gives Subscriber reason to believe that its funds originate from, or will be or have been routed through, an account maintained at a Foreign Shell Bank, an "offshore bank," or a bank organized or chartered under the laws of a Non-Cooperative Jurisdiction.



(e) The Subscriber hereby agrees to immediately notify the Company if the Subscriber knows, or has reason to suspect that any of the representations in this Section have become incorrect or if there is any change in the information affecting these representations and covenants.

(f) The Subscriber agrees that, if at any time it is discovered that any of the foregoing anti-money laundering representations are incorrect, or if otherwise required by applicable laws or regulations, the Company may undertake appropriate actions, and the Subscriber agrees to cooperate with such actions, to ensure compliance with such laws or regulations, including, but not limited to segregation and/or redemption of the Subscriber's interest in the Company.

3.17 Employee Benefit Plans. The Subscriber represents and warrants that no part of the funds used by the Subscriber to acquire the Interest constitutes assets of any "employee benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or other "benefit plan investor" (as defined in U.S. Department of Labor Regulation Section 2510.3-101 *et seq.*, as amended), or assets allocated to any insurance company separate account or general account in which any such employee benefit plan or benefit plan investor (or related trust) has any interest, and (b) the Company did not act as a "fiduciary" within the meaning of Section 3(21) of ERISA with respect to the purchase of the Interests by the Subscriber.

3.18 Independent advice. The Subscriber has secured the advice of its legal counsel, accountants or other financial advisors with respect to an investment in the Company and the terms of the Investment Package, including the Operating Agreement and this Agreement.

3.19 Execution on Behalf of Certain Entities. If this Agreement is executed on behalf of a partnership, trust, corporation or other entity, the undersigned has been duly authorized to execute and deliver this Agreement and all other documents and instruments (if any) executed and delivered on behalf of such entity in connection with this subscription for the Interest.

3.20 Indemnification. Subscriber acknowledges that Subscriber understands the meaning and legal consequences of the representations and warranties contained in this Agreement, and hereby agrees to indemnify and hold harmless the Company and any affiliate of the Company, and the officers, members, managers, associates, agents and employees of the Company and their affiliates, and any professional advisers to any of the above parties, from and against any and all loss, damage or liability (including costs and reasonable attorneys' fees) due to or arising out of (i) a breach of any representation, warranty or acknowledgement of Subscriber, (ii) failure to fulfill any obligation of Subscriber, whether contained in this Agreement or in any other document completed as part of the sale of the Interest to Subscriber, (iii) Subscriber's wrongful acts, omissions and presentations or (iv) arising out of the sale or distribution by Subscriber of any securities in violation of the Securities Act or any applicable state securities laws. Notwithstanding any of the representations, warranties, acknowledgements or agreements made herein by Subscriber, Subscriber does not hereby or in any other manner waive any rights granted to him under federal or state securities laws.

3.21 Subject to Operating Agreement. The Interest subscribed for herein shall at all times be subject to the terms of the Operating Agreement.

3.22 Confidentiality. Subscriber hereby agrees, on behalf of himself and his designated representative, if any, to keep confidential at all times any nonpublic information which such persons may acquire concerning the Company pursuant to this Agreement or otherwise (including information contained in the Operating Agreement). Nothing in this Section 3.22 shall be construed to impose a confidentiality obligation on such persons in connection with (a) any information already possessed by such persons which such persons acquired from sources other than the Company, or (b) any matter which is at the date of this Agreement, or thereafter becomes, public knowledge through no act or failure to act by the undersigned or designated representatives of Subscriber.

3.23 Survival. The foregoing representations and warranties of Subscriber shall survive the Closing. Subscriber represents and warrants that the representations, warranties and acknowledgements set forth above are true and accurate as of the date hereof and as of the Closing. If in any respect such representations and warranties shall not be true prior to the Closing, the undersigned will give prompt written notice of such fact to the Company.

#### **4. Representations and Warranties of the Company.**

The Company hereby represents and warrants to the Subscriber as follows:

4.1 Company Status. The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the District of Columbia, having full power and authority to own its properties and to carry on its business as conducted.

4.2 Authority. The Company has the requisite power and authority to deliver this Agreement, perform its obligations herein and consummate the transactions contemplated hereby. The Company will, if the Subscription is accepted, by the time of closing, have duly executed and delivered this Agreement and obtained the necessary authorization to execute and deliver this Agreement and to perform its obligations herein and to consummate the transactions contemplated hereby. This Agreement, assuming the due execution and delivery hereof by the Subscriber, is a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

4.3 Interests. The Interest to be issued to the Subscriber pursuant to this Agreement, when issued and delivered in accordance with the terms of this Agreement, will be duly authorized, validly issued, fully paid and non-assessable.

4.4 Accuracy of information. All information provided by the Company to the Subscriber in connection with the purchase of the Interest is complete and accurate in all material respects.

## **5. General.**

5.1 Governing Law. This Agreement will be construed in accordance with and governed by the laws of the District of Columbia, without giving effect to the conflict of law principles of the District of Columbia.

5.2 Successors and Assigns. Except as otherwise expressly provided in this Agreement, this Agreement will be binding on, and will inure to the benefit of, the successors and permitted assigns of the parties to this Agreement. Nothing in this Agreement is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights or obligations under or by reason of this Agreement, except as expressly provided in this Agreement.

5.3 Notifications. All notices and communications to be given or otherwise made to either the Company or the Subscriber shall be deemed to be sufficient if sent by electronic mail to such address as set forth for the Subscriber at the records of the Company. You shall send all notices or other communications required to be given hereunder to the Company via email at prequel@equityeats.com. Any such notice or communication shall be deemed to have been delivered and received on the first business day following that on which the electronic mail has been sent (assuming that there is no error in delivery). As used in this Section, “business day” shall mean any day other than a day on which banking institutions in the District of Columbia are legally closed for business. The Subscriber hereby agrees that the Company may deliver by electronic mail all notices, financial statements, tax reports, valuations, reports, reviews, analyses or other materials, and all other documents, information and communications concerning the affairs of the Company and its investments including (without limitation) information about the Interest.

5.4 Severability. In the event that any provision of this Agreement is held to be unenforceable under applicable law, this Agreement will continue in full force and effect without such provision and will be enforceable in accordance with its terms.

5.5 Construction. The titles of the sections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. Unless the context of this Agreement clearly requires otherwise: (a) references to the plural include the singular, the singular the plural, and the part the whole, (b) references to one gender include all genders, (c) “or” has the inclusive meaning frequently identified with the phrase “and/or,” (d) “including” has the inclusive meaning frequently identified with the phrase “including but not limited to” or “including without limitation,” and (e) references to “hereunder,” “herein” or “hereof” relate to this Agreement as a whole. Any reference in this Agreement to any statute, rule, regulation or agreement, including this Agreement, shall be deemed to include such statute, rule, regulation or agreement as it may be modified, varied, amended or supplemented from time to time.

5.6 Entire Agreement. This Agreement embodies the entire agreement and understanding between the parties hereto with respect to the subject matter of this Agreement and supersedes all prior or contemporaneous agreements and understanding other than this Agreement relating to the subject matter hereof.

5.7 Amendment and Waiver. This Agreement may be amended only by a written agreement executed by the parties hereto. No provision of this Agreement may be waived except by a written document executed by the party entitled to the benefits of the provision. No waiver of a provision will be deemed to be or will constitute a waiver of any other provision of this Agreement. A waiver will be effective only in the specific instance and for the purpose for which it was given, and will not constitute a continuing waiver.

5.8 Breach of Confidentiality. The parties hereto hereby agree and acknowledge that a breach of Section 3.22 of this Agreement would result in severe and irreparable injury to the other party, which injury could not be adequately compensated by an award of money damages, and the parties therefore agree and acknowledge that they shall be entitled to injunctive relief in the event of any breach of any material term, condition or provision of Section 3.22 of this Agreement, or to enjoin or prevent such a breach, including without limitation an action for specific performance hereof, and the parties hereby irrevocably consent to the issuance of any such injunction. The parties further agree that no bond or surety shall be required in connection therewith.

5.9 Counterparts; Electronic Delivery. This Agreement, and any other documents or instruments contemplated hereunder or entered into pursuant hereto, may be executed in two or more counterparts, each of which shall be deemed an original, and all of which, when assembled, shall constitute one and the same document. The signature of any party to any counterpart of this Agreement or such other instrument shall be deemed a signature to, and may be appended to, any other counterpart hereof (or thereof). Delivery of an executed counterpart of this Agreement (or any such other instrument) may be delivered electronically, including by facsimile transmission and/or by e-mail delivery of a .PDF scan of such counterpart, and the same shall constitute good and valid execution and delivery for all purposes.

*[The remainder of this page has been intentionally left blank.]*

IN WITNESS WHEREOF, the undersigned have executed this Subscription Agreement as of the date first written above.

COMPANY: Prequel LLC

By its Manager, EquityEats, Inc.

By:

Name: Andrew Harris

Title: Officer

SUBSCRIBER:

\_\_\_\_\_  
Name:

Amount of membership Interest:\_\_\_\_\_

(this shall be \$100, \$300, \$500, \$1,000, \$2,500, \$5,000, \$10,000, \$25,00, \$50,000, \$100,000 or \$200,000)

## **Five Year Business Plan**

### **Company Overview**

Prequel is a brand new company formed to operate a permanent pop up restaurant and bar space in Washington, DC. Pop ups are becoming increasingly popular in America as guests crave new cuisines and chefs get more and more creative with their own ideas. A few pop up locations have been established but Prequel will be the first to be crowdfunded by the community, giving it a greater connection to the people it will serve.

Chefs and bartenders will take up a residency at Prequel, giving them time to execute a snap shot of the concept they want to bring to life in their own brick-and-mortar establishment or to raise awareness of an existing restaurant that they operate.

The space will be open a minimum of 5 days a week, serving dinner and drinks, with the possibility of also opening for breakfast and lunch and for brunch on the weekends, depending on the chef in residence.

Prequel will have a fresh and modern design with exposed brick walls, attracting guests but versatile enough to provide an appropriate backdrop for any chef or bartender's concept.

### **Management**

Prequel will be operated by EquityEats, Inc.. While the chefs and bartenders in residence will be calling the shots on the menu, we will hire a general manager and kitchen manager to ensure the space is running smoothly and guests receive quality service. All other wait staff and back-of-house staff will be hired by Prequel, helping maintain the service level from one residency to the next.

The general manager will be given hands-on guidance by Patrick Vacca, an employee of EquityEats, Inc. who has been the Operations Manager for Stephen Starr Events and Culinary Director of a group with three cafes and one central commissary kitchen.

### **Market**

Prequel will be located in the Metro Center/Chinatown area. The company is in the food and beverage industry. It expects that it will sell food and beverages to residents of Metro Center/Chinatown and surrounding neighborhoods and to residents of other parts of the District of Columbia, Maryland and Virginia who are looking for cutting-edge culinary offerings. The bar area will provide local residents with a fresh place to hangout with their friends and unwind. Check averages will be approximately \$32 for lunch, \$56 for dinner and \$29 for late night guests.

Existing competitors include Union Market, EatsPlace, Co Co. Sala,, the Hamilton and NoPa. The Company also competes against regional or national chains such as Clyde's and Think Food Group. The Company has no knowledge of these competitors' financial strength.

The company believes there is a demand in Washington DC's ever-increasing food and beverage industry (according to the 2014 National Restaurant Association "District of Columbia Restaurant Industry at a Glance" report, there are 2,179 restaurants in Washington D.C., employing almost 60,000 people and producing sales of \$2.86 billion) for an ever-changing permanent pop-up space. There is no shortage of talented chefs and bartenders who want to open their open establishments and a successful pop up can be the first step in that process.

National chains do provide competition to the company and they have superior financial strength and marketing strategies. Despite this fact, the Company believes that it can successfully compete with national and regional companies as there is a growing trend in Washington, DC to support local businesses and entrepreneurs.

There are a number of other pop up spaces in DC such as EatsPlace and Union Market but the element of investing in a venture fund to help bring the concepts from pop up to permanent will give Prequel a unique and attracting feature that these competitors do not have.

### **Execution**

Chefs will be asked to come up with a limited, prefix menu. This will help keep food costs in check. Guests will be asked to buy tickets ahead of time for dinner so that the company will know in advance how much food to order, to minimize wastage.

### **Five Year Goals**

- *Year 1:* Establish Prequel in the local community as a destination to dine and achieve profitability.
- *Year 2:* Pay investors distributions of more than an amount equal to 100% of the capital they invested.
- *Year 3:* Negotiate lease extension, secure alternative premises or wind-up business.
- *Year 4:* Develop ties in the local neighborhood and nurture a loyal customer base. Gain critical notoriety as a place that launches America's next top chefs and bar owners.
- *Year 5:* Begin buying out investors.

Note: These 5 year goals are subject to change based on the success of the events space and affiliated companies.

# Prequel

## 2 Year Operating Projections

	Year 1		Year 2	
<b>Sales:</b>				
Food	\$ 3,102,470	58.8%	\$ 3,139,699	58.8%
Beverage	\$ 2,175,297	41.2%	\$ 2,201,401	41.2%
Venue Rental	\$ 0	0.0%	\$ 0	0.0%
<b>TOTAL SALES</b>	<b>5,277,767</b>	<b>100.0%</b>	<b>5,341,100</b>	<b>100.0%</b>
<b>Cost of Sales:</b>				
Food	863,539	27.8%	873,901	27.8%
Beverage	535,289	24.6%	541,712	24.6%
Venue Rental	0	#DIV/0!	0	
<b>TOTAL COST OF SALES</b>	<b>1,398,828</b>	<b>26.5%</b>	<b>1,415,614</b>	<b>26.5%</b>
<b>Gross Profit</b>	<b>3,878,939</b>	<b>73.5%</b>	<b>3,925,486</b>	<b>73.5%</b>
<b>Payroll:</b>				
Salaries & Wages	1,582,419	30.0%	1,629,892	30.5%
Employee Benefits	214,794	4.1%	219,089	4.1%
<b>TOTAL PAYROLL</b>	<b>1,797,213</b>	<b>34.1%</b>	<b>1,848,981</b>	<b>34.6%</b>
<b>PRIME COST</b>	<b>3,196,041</b>	<b>60.6%</b>	<b>3,264,595</b>	<b>61.1%</b>
<b>Other Expenses:</b>				
Direct Operating Expenses	217,800	4.1%	222,156	4.2%
Investor Perks	20,900	0.4%	0	0.0%
Marketing	613,181	11.6%	619,313	11.6%
Utilities	78,438	1.5%	79,222	1.5%
General & Administrative Expenses	230,525	4.4%	235,135	4.4%
Repairs & Maintenance	66,000	1.3%	67,320	1.3%
<b>TOTAL OTHER CONTROLLABLE EXP.</b>	<b>1,226,844</b>	<b>23.2%</b>	<b>1,223,146</b>	<b>22.9%</b>
<b>CONTROLLABLE PROFIT</b>	<b>854,883</b>	<b>16.2%</b>	<b>853,359</b>	<b>16.0%</b>
<b>Occupancy Costs &amp; Depreciation</b>				
Occupancy Costs	275,994	5.2%	281,514	5.3%
Depreciation & Amortization	4,776	0.1%	4,776	0.1%
Free Rent	0			
<b>Other (Income) Expenses</b>				
Other (Income)	0	0.0%	0	0.0%
Interest Expense	0	0.0%	0	0.0%
Other Expense	0	0.0%	0	0.0%
<b>Operating Expenses</b>	<b>1,507,614</b>	<b>28.55%</b>	<b>1,509,436</b>	<b>28.27%</b>
<b>NET INCOME BEFORE INCOME TAXES</b>	<b>\$ 574,113</b>	<b>10.9%</b>	<b>\$ 567,069</b>	<b>10.6%</b>
<b>ADD BACK:</b>				
Depreciation & Amortization	4,776	0.1%	4,776	0.1%
<b>DEDUCT:</b>				
Loan Principal Payments	0	0.0%	0	0.0%
<b>CASH FLOW BEFORE INCOME TAXES</b>	<b>\$ 578,888</b>	<b>11.0%</b>	<b>\$ 571,845</b>	<b>10.7%</b>
<b>CASH FLOW AFTER INCOME TAXES</b>	<b>\$521,000</b>	<b>9.9%</b>	<b>\$514,660</b>	<b>9.6%</b>



## ESCROW AGREEMENT

This ESCROW AGREEMENT (hereinafter called the "Agreement"), made this 12th day of January, 2015, by and among EquityEats, Inc., a Delaware corporation, Prequel LLC, a limited liability company formed in the District of Columbia and EagleBank, a Maryland State Chartered Bank with offices located in the District of Columbia (hereinafter called the "Escrow Agent").

### WITNESSETH:

WHEREAS, EquityEats, Inc. and Prequel LLC (hereinafter called the "Nonbank Parties") desire to establish an escrow account with the Escrow Agent for the purpose of holding funds to be issued to the Nonbank Parties upon the successful raising of \$200,000 through a securities offering; and

WHEREAS, the Escrow Agent has agreed to establish such an escrow account for the benefit of the Nonbank Parties and to act as the custodian of the Escrow Fund (as hereinafter defined), subject to the following terms and conditions.

NOW, THEREFORE, in consideration for the mutual promises and covenants set forth below, it is agreed as follows:

1. ESCROW ACCOUNT: From time to time, investors will deposit with Escrow Agent certain funds to be held in an interest-bearing escrow account (the "Escrow Account"), which Escrow Account shall open and maintained at Eagle Bank, in Washington, DC, in the name "Eagle Bank, Escrow Agent, in reference to Prequel LLC." Funds deposited into the Escrow Account shall bear interest at the money market savings rate in effect at the bank from time to time. All interest earned on the funds now or hereafter deposited in the Escrow Account shall be reported against the Nonbank Parties' taxpayer identification number, 47-2537868. Amounts from time to time on deposit in the Escrow Account, including interest from time to time earned thereon, shall be referred to herein as the "Escrow Fund".

2. DISTRIBUTIONS: Upon the funds in the Escrow Fund reaching \$200,000, the Escrow Agent will disburse the entire Escrow Fund to the Nonbank Parties. If the funds in the Escrow Fund do not reach \$200,000 by July 1, 2014, the funds will be returned to the initial investors with accrued interest.

3. LIMITATION OF RESPONSIBILITY AND LIABILITY: The Escrow Agent:

(i) shall have no liability for its actions (or failure to act) hereunder or in connection herewith, except as the same may arise as the result of its own gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction;

(ii) shall be authorized to rely upon all written notices, instructions or other communications of either, both or all of the Nonbank Parties, or of any other person or persons it believes to have been authorized to act on behalf of either, both or all of the Nonbank Parties, which appear to be valid on their faces and which it believes to be genuine;

(iii) shall have no implied or inferred obligations or responsibilities hereunder, nor shall it have any obligation or responsibility to collect funds or seek the deposit of money or property;

(iv) may consult with legal counsel of its choice, at the expense of the Nonbank Parties, with regard to any legal question(s) arising in connection with its duties or responsibilities hereunder, and shall have no liability or responsibility by reason of any action it may take or fail to take in accordance with the opinion(s) of such counsel; shall be authorized to rely on its own good faith determinations as to questions of fact; and

(v) shall be entitled to comply with any final order, judgment or decree of a court of competent jurisdiction, and/or with consistent written instructions from both or all of the Nonbank Parties.

In no event shall the Escrow Agent be liable for any consequential, punitive or special damages, or for an amount in excess of the value of the Escrow Fund determined on the date(s) of deposit, less all withdrawals. The Escrow Agent shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder, by reason of any occurrence beyond its reasonable control (including but not limited to any provision of any present or future law or regulation, or order of governmental authority, or due to acts of God, war, terrorist attack, insurrection or domestic violence, or unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility).

4. COSTS AND EXPENSES; INDEMNIFICATION: Each of the Nonbank Parties hereby jointly and severally agrees to pay reasonable legal expenses, including legal fees and costs of suit, which the Escrow Agent may incur as a consequence of its having agreed to serve as escrow agent pursuant hereto, except as the same may arise as the result of its own gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction. The Escrow Agent is authorized to charge all such expenses against the Escrow Fund, if not promptly paid or reimbursed by the Nonbank Parties. As security for the obligations of the Nonbank Parties, each of the Nonbank Parties hereby jointly and severally grants the Escrow Agent a lien upon and security interest in the Escrow Fund. Additionally, each of the Nonbank Parties hereby jointly and severally indemnifies, and agrees to defend and save the Escrow Agent, and its current and future officers, directors, employees and agents harmless from and against, any and all claims, demands, losses, damages, liabilities and costs, including without limitation, all out-of-pocket expenses, legal fees and costs of suit, now or hereafter incurred, arising out of, in connection with, or resulting from the Escrow Agent's actions (or failure to act) under this Agreement, except as the same may arise as a result of the Escrow Agent's own gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction.

5. Notices. Any notice, request, instruction, document or other communication to be given hereunder by any party hereto to any other party hereto shall be in writing and validly given if: (i) delivered personally; (ii) sent by telecopy (followed by a copy by mail or overnight express); (iii) delivered by overnight express; or (iv) sent by registered or certified mail, return receipt requested, postage prepaid, as follows:

To Nonbank Parties, at  
Prequel LLC  
1300 N St NW, Apt 405  
Washington, DC 20005  
Attn. Andrew Harris

To Escrow Agent, at  
EagleBank  
1725 I Street, NW  
Washington, DC 20006  
Attention: \_\_\_\_\_  
Facsimile No. (202) 292-1654

or at such other address for a party as shall be specified by like notice. Any notice which is delivered personally, by telecopy, or sent by overnight express in the manner provided herein shall be deemed to have been duly given to the party to whom it is directed upon actual receipt by such party. Any notice which is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the third business day after the day it is so placed in the mail.

6. RIGHT OF ESCROW AGENT TO REFUSE TO ACT: In the event of any ambiguity or uncertainty hereunder or in any notice, instruction or other communication received by the Escrow Agent hereunder, the Escrow Agent may, in its sole discretion, refrain from taking any action other than retaining possession of the Escrow Fund, unless the Escrow Agent receives written instructions, signed by all of the Nonbank Parties, which eliminates such ambiguity or uncertainty.

7. DISPUTES AMONG NONBANK PARTIES: In the event of any dispute between or conflicting claims by or among the Nonbank Parties and/or any other person or entity with respect to all or any part of the Escrow Fund, the Escrow Agent shall be entitled, in its sole discretion, to refuse to comply with any and all claims, demands or instructions with respect to the Escrow Fund so long as such dispute or conflict shall continue, and the Escrow Agent shall not be or become liable in any way to the Nonbank Parties for failure or refusal to comply with such conflicting claims, demands or instructions. The Escrow Agent shall be entitled to refuse to act until, in its sole discretion, either (i) such conflicting or adverse claims or demands shall have been determined by a final order, judgment or decree of a court of competent jurisdiction, which order, judgment or decree is not subject to appeal, or settled by agreement between the Nonbank Parties, as evidenced in a writing satisfactory to the Escrow Agent, or (ii) the Escrow Agent shall have received security or an indemnity satisfactory to it sufficient to hold it harmless from and

against any and all losses which it may incur by reason of so acting. The Escrow Agent may, in addition, elect, in its sole discretion, to commence an interpleader action or seek other judicial relief or orders as it may deem, in its sole discretion, necessary. The costs and expenses (including reasonable attorneys' fees and expenses) incurred in connection with such proceeding shall be paid by, and shall be deemed a joint and several obligation of, the Nonbank Parties.

8. RESIGNATION BY ESCROW AGENT: Upon sixty (60) calendar days' prior written notice to each of the Nonbank Parties delivered or sent as required above, the Escrow Agent shall have the right to resign as escrow agent hereunder and to thereby terminate its duties and responsibilities hereunder, and shall thereupon be released from these instructions. Upon resignation by the Escrow Agent, the Escrow Agent shall provide the Nonbank Parties with sufficient information concerning the status of the Escrow Fund to enable them to inform a successor escrow agent as to the status thereof.

9. TERMINATION OF ESCROW AGREEMENT: The Escrow Agent's responsibilities hereunder shall terminate at such time as the Escrow Fund shall have been fully disbursed the Escrows Fund pursuant to the terms hereof, or upon earlier termination of this escrow arrangement pursuant to written instructions executed by the Nonbank Parties. Such written notice of earlier termination shall include instructions to the Escrow Agent for the distribution of the Escrow Fund.

10. ENTIRE AGREEMENT: This Agreement contains the entire understanding by and among the parties hereto; there are no promises, agreements, understandings, representations or warranties, other than as herein set forth. No change or modification of this Agreement shall be valid or effective unless the same is in writing and is signed by all of the parties hereto.

11. APPLICABLE LAW, SUBMISSION TO JURISDICTION; SUCCESSORS AND ASSIGNS: This Agreement shall be governed in all respects by the internal substantive laws of the District of Columbia (and not its choice of law rules), and shall be binding upon and shall inure to the benefit of the parties hereto, and their respective heirs, executors, administrators, personal representatives, successors and assigns. Each of the Nonbank Parties hereby submits to the personal jurisdiction of the courts of the District of Columbia, whether federal or local, and agrees that all proceedings relating hereto shall be brought in courts located within the District of Columbia.

12. WAIVER OF JURY TRIAL: Each of the parties hereto waives its right to a jury trial with reference to any and all proceedings, legal or equitable, that may be brought with reference to the rights, duties or obligations of any of the parties hereto.

13. INCORPORATION OF RECITALS: The recitals set forth at the beginning of this Agreement are incorporated herein and made a part hereof by this reference.

IN WITNESS WHEREOF, the parties hereto have caused their respective hands and seals to be set hereto with the intention of being bound effective in all respects as of the date and year first hereinabove written.

WITNESS:

Prequel LLC, a limited liability company



By:

Name: Andrew Harris

Title: Officer of manager, EquityEats, Inc.

By: \_\_\_\_\_

Name: Johann Moonesinghe \_\_\_\_\_

Title: Officer

WITNESS:

EquityEats, Inc., a corporation



By: \_

Name: Andrew Harris

Title: Officer

By: \_\_\_\_\_

Name: Johann Moonesinghe \_\_\_\_\_

Title: Officer

ESCROW AGENT:

EAGLE BANK

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_