

This fragment, the eleventh most deceptive among The We Company's S-1, was assessed by D.A.T.A. as **-29.4%** features much of the language that led to it pulling its IPO. Namely, it discusses its relationship with Softbank Group Capital Limited and its relationship to The We Company as a principal stockholder. It also discusses multiple other subsidiaries.

#### BEGINNING OF EXCERPT

##### Note 5. Noncontrolling Interests

During 2018, the Company launched a fund (the "Creator Fund") that will make investments in recipients of WeWork's "Creator Awards" and other investments through use of a venture capital strategy. A wholly-owned subsidiary of the Company is the managing member of the Creator Fund. As of December 31, 2018, the Creator Fund had received contributions from Softbank Group Capital Limited totaling \$44.7 million, representing 99.99% of the interest of the Creator Fund. An affiliate of Softbank Group Capital Limited is a principal stockholder with representation on the Company's board of directors. During 2018, the Creator Fund purchased certain investments that had been previously warehoused by WeWork on behalf of the Creator Fund for \$12.1 million, as a result of these purchases, the Company recognized a \$1.2 million increase to additional paid in capital, which represents the difference between the cash received and the carrying value of the investments transferred. See Note 9 for additional details of investments acquired by the Creator Fund. The portion of consolidated equity attributable to the interest of the Creator Fund's investors in the Creator Fund is reflected as noncontrolling interests, within the equity section of the accompanying consolidated balance sheet as of December 31, 2018.

During 2018, the Company formed a 50% owned and consolidated joint venture entity ("WeWork Waller Creek") to facilitate an investment in an unconsolidated joint venture ("Waller Creek") that acquired a parcel of land in Texas. See Note 9 for additional details. The Company is the managing member of WeWork Waller Creek, which owns 5% of Waller Creek. As of December 31, 2018, the Company and the other WeWork Waller Creek investor have each funded \$3.2 million related to the closing of the land purchase. The portion of the consolidated equity attributable to the interest of WeWork Waller Creek's other investor is reflected as a redeemable noncontrolling interest, within the mezzanine section of the accompanying consolidated balance sheet as of December 31, 2018.

During 2018, a consolidated subsidiary of the Company ("ChinaCo") sold to investors \$500.0 million of Series B Preferred Stock at a price of \$18.319 per share and a liquidation preference of \$18.319 per share. During 2017, ChinaCo sold to

investors \$500.0 million of Series A Preferred Stock at a price of \$10.00 per share and a liquidation preference of \$10.00 per share. The portion of consolidated equity attributable to ChinaCo's Series A and B Preferred shareholders are reflected as redeemable noncontrolling interests, within the mezzanine section of the accompanying consolidated balance sheets as of December 31, 2017 and 2018. See Note 6 for a discussion of the Class A Ordinary shares issued during 2018 by ChinaCo in connection with an acquisition. There were no Class A Ordinary shares

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WEWORK COMPANIES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

outstanding as of December 31, 2017. The portion of consolidated equity attributable to ChinaCo's Class A Ordinary shareholders are reflected as noncontrolling interests, within the equity section of the accompanying consolidated balance sheet as of December 31, 2018.

Pursuant to the terms of the shareholders' agreement of ChinaCo, as long as certain investors remain shareholders of ChinaCo, ChinaCo will be the exclusive operator of the Company's businesses in the "Greater China" territory, defined in the agreement to include China, Hong Kong, Taiwan and Macau. After the fifth anniversary of the later of (i) the initial ChinaCo Series B Preferred Stock closing date and (ii) the date of ChinaCo's latest bona fide financing transaction (or set of related transactions) in which ChinaCo receives gross proceeds of at least \$50.0 million, the Company may elect to purchase, at fair value, all ChinaCo shares held, other than any interests issued in connection with an equity incentive plan. The Company may elect to pay the buyout consideration in either cash, shares of WeWork's Class A Common Stock, or a combination thereof. For a period of one year (which one year period may be tolled in certain circumstances) following the fifth anniversary of the later of (i) the initial ChinaCo Series B Preferred Stock closing date and (ii) the date of ChinaCo's latest bona fide financing transaction in which ChinaCo receives

gross proceeds of at least \$50.0 million, the lead investor in the ChinaCo Series B financing will have the right to elect to have ChinaCo complete a liquidity event, which may include, at our option, an initial public offering of ChinaCo, a sale of ChinaCo, a sale of Series B Preferred Stock held by participating Series B Preferred Stockholders of ChinaCo, or a purchase of such participating holders' interest in ChinaCo by the Company or by ChinaCo. The lead investor will only be able to exercise this liquidity event right if it retains all of its holdings of Series B Preferred Stock of ChinaCo that it acquired in the ChinaCo Series B financing or otherwise.

During 2017, a consolidated subsidiary of the Company ("JapanCo") entered into an agreement with investors for the sale of a 50% membership interest in JapanCo for an aggregate contribution of \$500.0 million which will be funded over a period of time. As of December 31, 2017 and 2018, JapanCo had received contributions totaling \$200.0 million and \$300.0 million, respectively. Pursuant to the terms of the agreement an additional \$100.0 million is required to be contributed in each of 2019 and 2020. The portion of consolidated equity attributable to the outside investors' interests in JapanCo are reflected as redeemable noncontrolling interests, within the mezzanine section of the accompanying consolidated balance sheets as of December 31, 2017 and 2018. As long as the investors remain shareholders of JapanCo, JapanCo will be the exclusive operator of the Company's WeWork branded co-working businesses in Japan. After July 13, 2024 and, prior to that date, in the event of default on the contributions to be made, the Company may elect to purchase, at fair value, all JapanCo membership interests held, other than any interests issued in connection with an equity incentive plan. The Company may elect to pay the buyout consideration in either cash, WeWork shares, or a combination thereof.

During 2017, a consolidated subsidiary of the Company ("PacificCo") entered into an agreement with an investor for the sale of \$500.0 million of Series A-1 Preferred Stock at a price of \$10.00 per share and a liquidation preference of \$10.00 per share on terms and subject to conditions substantially identical to the terms and conditions of the ChinaCo transaction described above. The initial closing occurred on October 30, 2017 and all of the PacificCo Series A-1 Preferred Stock was issued at that time, however the Company received contributions totaling \$200.0 million at the initial closing and an additional \$100.0 million during the year ended December 31, 2018. Pursuant to the terms of the agreement an additional \$100.0 million is required to be contributed in each of 2019 and 2020. The portion of consolidated equity attributable to PacificCo's Series A-1 Preferred shareholders are reflected as redeemable noncontrolling

interests, within the mezzanine section of the accompanying consolidated balance sheets as of December 31, 2017 and 2018. As long as the investor remains a shareholder of PacificCo, PacificCo will be the exclusive operator of the Company's businesses in selected markets in Asia other than those included in the Greater China and Japan territories described above, including but not limited to Singapore, Korea, the Philippines, Malaysia, Thailand, Vietnam and Indonesia. After October 30, 2024, the Company may elect to purchase, at fair value, all PacificCo shares held, other than any interests issued in connection with an equity incentive plan. The Company may elect to pay the buyout consideration in either cash, WeWork shares, or a combination thereof.

END OF EXCERPT