Citron RESEARCH

December 29, 2013

Research Appendix 2:

Related Party Revenue Transactions – Background Info

Aon Risk Services

"In 2009, we entered into a referral agreement with Aon Risk Services Central, Inc. ("ARSC"), which is an affiliate of one of our investors. Such agreement compensates ARSC for customer referrals based on revenues we generate related to those customers. A warrant to purchase 20,000 shares of our common stock was issued pursuant to the referral agreement in the year ended September 30, 2010. We are obligated under the referral agreement to issue to ARSC warrants to purchase up to an additional 207,500 shares of common stock based on the achievement of various milestones. In addition, in 2010, we and ARSC entered into a service agreement, pursuant to which we were paid $1,000,000 in advance for software development services to improve ARSC's software. This payment was deferred and recognized as revenue as development services were provided. The deferred revenue balance accrues interest and is increased by a portion of the referral fees due to ARSC; the remainder of the referral fees due is paid in cash. The deferred revenue balance was $538,000 and $655,000 as of September 30, 2011 and September 30, 2012, respectively. We also provide hosting services to ARSC for a fixed annual fee of less than $120,000. As of March 31, 2013, Aon Risk Services Companies, Inc., an affiliate of ARSC, beneficially owned approximately 6.0% of our outstanding common stock. See "Principal Stockholders." Each of Aon Risk Services Companies, Inc. and ARSC is a subsidiary of Aon plc. Under our bylaws, Aon plc also has the right to appoint a director to our board of directors until the completion of this offering."

http://www.sec.gov/Archives/edgar/data/1565337/000104746913004008/a2213949zs-1.htm

From AICPA guidelines:

9. The objectives of the auditor are to

   a. obtain an understanding of related party relationships and transactions sufficient to be able to

      i. recognize fraud risk factors, if any, arising from related party relationships and transactions that are relevant to the identification and assessment of the risks of material
      misstatement due to fraud.

      ii. conclude, based on the audit evidence obtained, whether the financial statements, insofar as they are affected by those relationships

10. For purposes of GAAS, the following terms have the meanings attributed as follows:

   Arm's length transaction. A transaction conducted on such terms and conditions between a willing buyer and a willing seller who are unrelated and are acting independently of each other and pursuing their own best interests.

   Related party. A party defined as a related party in GAAP. (Ref: par. .A1)

For the brave among you, here's the full AON agreement from the S-1:
http://www.sec.gov/Archives/edgar/data/1565337/000104746913004008/a2213949zex-10_26.htm

It's really clear from this document that there are real dollars of revenue involved. If you have a difficult time determining the exact dollar value of the entire relationship, so did we. It's a 19 page agreement, full of tables, contingencies, and numbers, covering multiple years.

From the 10-K filed 11-26-2013

Aon Risk Services

"On September 16, 2013, we issued a warrant to purchase 7,500 shares of our common stock with an exercise price of $13.25 per share to Aon Risk Services Central, Inc. ("ARSC") related to services performed in 2013 pursuant to a referral agreement we entered into with ARSC in 2009. Such referral agreement compensates ARSC for customer referrals based on revenues we generate related to those customers.

On September 20, 2013, we sold 20,000 shares of common stock to ARSC upon the exercise of a warrant with an exercise price of $13.25.

So we do know that as recently as last quarter, AON was still being compensated below-market stock for warrants it was receiving pursuant to prior agreements. The 20,000 shares conveyed by warrant in the above transaction carried a risk free $535,000 profit as of the $40 share price on that day. And the new warrant was worth over $200,000 based on that same share price.

In case this is confusing for all of you following the script, this is a perfect example of what is referred to by auditors as non-arms-length transactions, and is a serious fraud risk. The failure to disclose what parts of Textura's revenues are generated by AON, and how much they've paid and are paying for those referrals, is **a serious material reporting deficiency**. Investors simply can't judge the value of this revenue without knowing its hidden costs.

It is Citron's opinion that all of the operating statements in Textura's filings dating back to its IPO are now candidates for restatement, to segment out the revenue generated from and through each and every related-party, including each inside shareholder, and to disclose the full direct and indirect costs of all such revenues, including stock.