

A large, abstract graphic composed of several teal-colored curved lines and arcs, creating a sense of movement and depth. It frames the main title and extends across the upper half of the page.

Project Evaluation Report

FICTIONAL SAMPLE ONLY

ENDEUDO

Private and Confidential - for the Client only

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Main Recommendations

Team

Make stronger use of the leadership team with a video showing them at work and showing how it applies to the Endeudo's roadmap, drawing on their track-record and experience to date. Endeudo's technology consists of several distinct key technology components:

- Permissioned private blockchain utilising Quorum
- Suite of public Ethereum smart contracts, including its token (ERC20)
- Cold Storage Vault
- Web portal providing convenient user interfaces to the underlying smart contracts and ledgers

While the technical team appears to be strong in the front-end UX development (Node.js, HTML/CSS3/JS) and centralised databases (MySQL, Postgres) that will be required to run the web portal, it seems to lack the required experience in the blockchain components. We recommend hiring engineers with skills in configuration and deployment of permissioned blockchains, ideally with prior experience with Quorum. Additionally, a strong Solidity development team will be required to code and maintain the extensive suite of smart contracts required to fuel the business model. This should be reflected in the roadmap and use of funds but the project would benefit pre Token-Sale with a key hire/addition to the team in this area.

Additionally, we recommend to employ a cyber-security specialist, skilled in PKI cryptography to define and maintain cold storage vault security policies and ensures compliance with the latest best practices in cybersecurity and protection of digital assets.

Funds Allocation

Allocation of funds should be reviewed with respect to aligning the use of funds and the Founders' allocation such as:

- Funds allocated to the Founders could be held in escrow against time release and achievement of defined milestones.
- Funds for Platform Development and Operational Costs should be held in escrow and released according to the roadmap.
- There should be more clarity regarding how are Founders and Advisors are getting remunerated.

Token Distribution

There should be consideration given to a vesting schedule and/or lock up period for tokens distributed to Founders and Advisors (e.g. 18 months with periodical releases every three to six months and/or on the delivery against specified milestones). This will be useful to align the interests of the founders and the contributors, as well as to prevent a significant price drop in case someone from the Team decides to sell before key milestones have been achieved.

Tokenomics

As currently designed, the token may have a very high velocity, as there is little incentive for adopters of the platform to hold it for a longer period of time. It's function - an exclusive medium of exchange, may put the project at a disadvantage to competitive services that do not have such a limitation. We recommend (keeping open the potential to) accept other mainstream currencies and/or to design the token utility function as a core feature of the network (e.g.

a staking mechanism for reputation management of lenders/borrowers). We can discuss this further with you.

Regulatory

Further legal advice is required with respect to (i) the company's ability to perform lending operations in or targeted its key markets and (ii) the use of funds related to lending capital. Consideration of a change of use of funds and/or a redesign of the project around a security token sale may be required. Rockchain can assist in the instructions.

GBX Eligibility

Additionally, we present the current compliance gaps against the GBX rules (whitepaper, token sale terms) at Appendix 1.

Product

Considering Endeudo's ambition to deliver a holistic ecosystem with an exchange, an e-wallet, a credit/debit card, and a merchant system, we recommend that:

- The development roadmap is reviewed and adjusted based on the input of people with experience developing similar products and factoring in certain challenges we have outlined in the Product section below.
- The team focuses on building the most important product first (and then work on the other products), so they can start operations as early as possible.
- The references to future products and services are more clearly separated as ambitions subject to further regulatory approval and market conditions in the White Paper. A suggested markup is provided herewith.

Technology

Based on the requirements according to Endeudo's business model, the current state of DLT technology and the high price and risk in developing bespoke blockchain technology, we recommend considering the following as a source of inspiration and underlying technology protocols to base a lending platform on:

- Dharma Protocol
- Permissioned Ethereum version (i.e. Quorum). We can discuss this in more detail.

Community and Adopters

Efforts to grow the social media presence of the project should not be focused on increasing the number of members, but on getting members who are actually interested in using Endeudo's platform and/or buying EDD tokens. To do this, we strongly advise to have a dedicated community manager to respond to questions, release updates and actively interact with members of the community.

Market

The expected market penetration within the first 2 years of operations should be reviewed and adjusted to a more realistic scenario. Using a bottom up approach can be helpful to achieve a better forecast.

Document consistency

The team needs to make sure that the information is consistent across the whitepaper, the pitch deck and the website. The inconsistencies that we have identified are set out at Appendix 3 - Inconsistencies in the Documents.

Executive Summary

The key sources that have been used to produce this report include: client-produced documents (whitepaper, website, business plan, presentations, and internal memos), interviews with the management team, and public information (external research, news sites, and online publications).

Description of the Project

Endeudo.com is offering the tools, expertise and technological resources to provide an innovative solution for traditional lenders to accept crypto assets as loan collateral.

Similarly, Endeudo allows borrowers to freeze their crypto assets in a secure Cold Storage Vault and use them as collateral in exchange for a loan in fiat currency.

Endeudo uses smart contracts and multisig features to release the funds from the Cold Storage Vault.

Team

Based on the current team structure, it appears that Endeudo has people with strong financial and marketing backgrounds, but should consider strengthening the team in certain areas - see Main Recommendations.

Endeudo's core team is composed by Richard Rennet (CEO) with 20+ years of experience in the financial industry, Felicia Jeanneret (CMO) with 10+ years managing marketing campaigns for FMCG companies, and Arthur Martel (COO) former commercial banker with more than USD 2 billion allocated in personal loans.

Summary of the Token Sale - Current plan

Number of Tokens	1,000,000,000
Price per Token	0.1 £
Estimated Market Cap	100,000,000 £
Hard cap	35,000,000 £

Token Distribution

Contributors	35%
Reserve & Incentive Fund	30%
Bounty	5%
Founders & Advisers	30%

Funds Allocation

Lending Platform Capital	35%
Platform Development	10%
Operational Costs	15%
Bounty & Referrals	10%
Marketing & Promotions	10%
Founders & Advisers	20%

Token

EDD is presented as a utility only token used to access Endeudo's Cold Storage Vault, to deposit and withdraw crypto assets as collateral. Borrowers wishing to pledge their crypto assets to obtain a loan must use Endeudo's Cold Storage Vault and pay the fees in EDD.

GBX Eligibility

The project is capable of being accepted by the GBX for a Utility Token Sale only where (a) the Main Recommendations above are addressed and (b) the guidance in the Regulatory Assessment is followed. In particular, addressing the use of funds that are likely to take this project beyond a pure utility token.

Product/Prototype

Endeudo wants to build an exchange, an e-wallet, and a crypto credit/debit card. Endeuda does not have a product, a beta, or a prototype yet.

Community/Adopters

Endeudo has managed to grow a significant social media community in a very short period of time (Telegram +/- 20,000, Facebook +/- 10,000, and Twitter +/- 10,000). However, members of this community are not really active or engaged with the project, which leads us to believe that most members joined the community as part of the bounty program or through a different incentive (not necessarily to participate in the Token Sale).

Market

Size: In the UK alone, the consumer credit market reached £1.6 trillion in 2017.

Competitors: Besides the traditional financial institutions, there are multiple competitors offering lending alternatives with crypto assets as collateral e.g. Cryptolend, Bitloan, Ethercollateral and some established banks are trialing this e.g. Standard Bank in its Token Loan program.

By partnering with traditional lenders, Endeudo seems to be well positioned in terms of regulatory compliance. Confirmation of the licensed status of each lender will need to be confirmed and additional early adopters can only strengthen the offering.

SWOT Analysis

Strengths

1. Network of traditional lending partners
2. Lending fiat currencies against crypto assets as collateral
3. Holistic ecosystem with exchange, e-wallet, credit/debit card, and merchant system
4. Shared revenue to token holders, who will receive 30% of the vault fees (in EDD)
5. Option for merchants to receive fiat and/or crypto

Opportunities

1. With more people entering the crypto ecosystem every day, there will be a wider market for this offering
2. Loans in crypto assets with other crypto assets as collateral
3. New investments in property, real estate funds, structured funds, and listed bonds
4. Expansion to other geographies

Weaknesses

1. 55% collateral might not be enough to cover a significant drop in the price of the crypto assets
2. It is not clear how the vault fees will be reviewed. This causes uncertainty in the future of the project
3. No product or prototype available to the public
4. No development team to build the product

Threats

1. Traditional players (banks, lenders) might be incentivised to enter the market
2. Negative regulation to the crypto ecosystem
3. Market fluctuations can significantly affect the value of the collateral
4. Not being able to find the right people to develop the products
5. Any issues developing the products can cause significant delays in commencing the operations

Key Risks

■ Product

Endeudo is expecting to start their lending operations and launch their first product by Q2 2018. Considering the lack of technical people in the team and that there is not even a prototype yet, there is a high probability that Endeudo will not deliver the product in time, causing delays in the overall plan.

■ Regulatory

Endeudo's intended use of some of the fundraising proceeds to use as lending capital needs further legal analysis for compliance within a utility token.

■ Resources for development

Considering that Endeudo is aiming to build multiple products and that only 10% of the resources (£3.5 million) from the Token Sale are going to be allocated for product development, we believe that there is a high probability that the company will require additional funding.

- **Pre-ICO discount**

Given the 50% discount for pre-ICO investors, once the token starts trading in exchanges there is a risk that it experiences a substantial sell off, causing a meaningful drop in the market price of the token.

- **Expectations**

Endeavour is expecting to reach 1% share of the consumer credit market in the UK within 2 years. This is a very ambitious goal (£16 billion in loans) and there is high risk that the company does not manage to achieve this objective.

- **Market volatility**

Considering the normal price fluctuations in the cryptocurrencies market, it is not certain that a 50% collateral will be enough to cover a significant drop in the price of the cryptocurrency used as collateral.

Full Report

Project

Interviews: history of the project. Detailed description of the project and the business model. Is it completely new? What is the uniqueness of the project? What is their value proposition? What is the problem that they are solving? How will the project benefit from the use of the Internet to earn money and from the future developments? Do they have any historical milestones, such as patents, etc. Has the project been used in other settings than the current one? The credibility/reputation of the company. Has the project been audited?

Project History

How did the organization history, not just what they say in the IR? Do they have any other past successful work on the project? What have they achieved so far? What other milestones are ahead for all other users or future? What were the previous challenges? What are the current/future challenges? Consider technology, performance, development, team, community, adoption, financing and many of the addressable market and existing factors etc. What is the explanation for the idea still in a viable or struggling existing business?

Product

Information about the product. What is the current stage of development for the product? Prototype, alpha test, beta, etc. How is the product going to work in a mobile app, website, hardware, etc. Is something different about description of the technology being used?

Marketing

What are they building? Creative and key information is it available? Do they have a plan for the next 12-18 months or beyond?

Industry/Company

Details of incorporation, such as legal jurisdiction, physical address, etc. Is there any reason for choosing that jurisdiction? Legal structure of the company and the group including management. Who are the shareholders and what are their legal rights or their rights to get or control voting proceedings? Other contractual elements or history and background to create potential impact on the project. Do they have any relevant financial information for the project, the company, the group, or closely associated/founder businesses? Do they have any trade secret? Details of any regulatory factors the project needs. Details of any intellectual property.

Continuingly Adopted Recommendations

Item	Reference	Comments
Item 1: Board of Directors	Board of Directors	Agree with the Board of Directors
Item 2: Board of Directors	Board of Directors	Agree with the Board of Directors
Item 3: Board of Directors	Board of Directors	Agree with the Board of Directors

Financial

Summary of the financial position, existing capabilities, and recommendations of the position of the company, project, and program and future.

- Analysis of the existing performance of the company.
- Assessment of current business model position.
- Analysis of budget integrity, financial model, and mapping against budget level and existing potential for the financial modeling and forecasting process.
- Existing financial model.
- Business generating model.
- Financial infrastructure including systems, resources, and personnel.
- Analysis of systems of management and control throughout the company, the entire unit, the development of the project, and the operation. Includes recommendations of the position.
 - Existing systems.
 - Budgetary control function in particular in year 10 development phase and in line with other major cost items.
 - Management reporting recommendations.
 - Financial reporting recommendations.
 - Regulatory capital management.

Financial Recommendations

Item	Reference	Comments
Item 1: Board of Directors	Board of Directors	Agree with the Board of Directors
Item 2: Board of Directors	Board of Directors	Agree with the Board of Directors
Item 3: Board of Directors	Board of Directors	Agree with the Board of Directors

Legal

Comments drawn from the legal advice provided. Consider whether we would also benefit from producing a template for how we want that advice to be structured or whether other questions must be included in Requests under 20.

- The Times
- The activities of the company/organisation
- From the perspective of
 - Home jurisdiction (Gibraltar)
 - Any foreign jurisdiction (judgement to be used where additional opinions will be needed)
- Required documentation
- Costs

Legal Recommendations

Issue	Reference	Comments
How to obtain legal advice	Search and request provision of legal advice	How to obtain legal advice and the request for legal advice and the request for legal advice
Provision of legal advice	Is document legal advice	Document legal advice
How to obtain legal advice	Is document legal advice and the request for legal advice	How to obtain legal advice and the request for legal advice

Security

Information and Communications Technology policy review. Cybersecurity policy review. Digital rights and management policy review.

Security Recommendations

Issue	Reference	Comments
How to obtain legal advice	Search and request	How to obtain legal advice
Provision of legal advice	Is document legal advice	Provision

Market

What are the major customers? Are they going to buy the idea in the short-term? Are they going to buy the idea in the secondary market? Consider: targets, the focus, product substitution, bargaining power of suppliers, bargaining power of customers, existing competition, and threat of new entrants.

Market size

What are we considering as the market? Is it the market we want to launch ourselves? Potential target, addressable market. Are we confident that the language used in the marketing message and the way this presents their value add are not creating any new false confidence or false or confused message?

Market trends

Include the most trends of the market.

Marketing fit to Market Strategy

What are the customer target group? Demographic, market entry, sales & marketing channels. Do they have a good solution? Does Market? What marketing channel are they using? Do they have the material to market language? Do they have a sales experience the project? How promotional are they? Do they do

the work themselves? Do they attend conferences and events? Description of the launch programme. Do they do this work with an agency or will they have the growth team, market, etc.

Competitive Analysis: Traditional Economy

What are the current solutions? What offers these solutions? Are you happy using the existing solutions? What are the advantages and disadvantages of using a distributed solution? What is the degree of fragmentation, level of intermediaries, price transparency, degree of automation, and degree of centralisation of the current competition? To what degree of centralisation do you think it is going to go? Do you think distributed networks.

Market Progress in the Future: Disruption

Monitor and describe other market progress in meeting the same problem under different or similar solution.

Other Market is available

Is each of others as have comments or offering? If so, why? Many other projects are not thinking about this and may be infringing this work. We or others if it is being available producing their work.

Market Recommendations

Issue	Reference	Comments
How to deliver your idea	Market entry strategy	How to deliver your idea
Product/service/offerings and/or solutions	Customer entry strategy	How to deliver your idea and/or solutions
Market entry strategy	Market entry strategy	How to deliver your idea and/or solutions
How to deliver your idea and/or solutions	Product entry strategy	How to deliver your idea and/or solutions
Market entry strategy	How to deliver your idea and/or solutions	How to deliver your idea and/or solutions

Official resources

Website: www.unibirmingham.ac.uk
 WhatsApp: www.unibirmingham.ac.uk/whatsapp
 Twitter: [www.unibirmingham.ac.uk](https://twitter.com/unibirmingham)
 Facebook: [www.unibirmingham.ac.uk](https://www.facebook.com/unibirmingham)
 LinkedIn: www.linkedin.com/company/unibirmingham
 YouTube: www.youtube.com/unibirmingham
 Instagram: www.instagram.com/unibirmingham
 News: www.unibirmingham.ac.uk/news
 Events: www.unibirmingham.ac.uk/events
 Finance: www.unibirmingham.ac.uk/finance
 HR: www.unibirmingham.ac.uk/hr
 IT: www.unibirmingham.ac.uk/it
 Legal: www.unibirmingham.ac.uk/legal
 Quality: www.unibirmingham.ac.uk/quality
 Research: www.unibirmingham.ac.uk/research

Appendices

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