

PARALLAX DIGITAL

AUGUR [REP] VALUATION REPORT SUMMARY

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Augur [REP] Valuation Report Summary – April 2, 2018

Application: Augur **REP Market Cap:** \$298M
Cryptoasset: REP **REP Current Price:** \$27.12

Purpose: [Augur](#) is a ‘Decentralized [Predictions Market](#)’ application where users trade on the outcomes of any future event for a 1% fee. Augur is enabled by the cryptoasset [REP](#). Its purpose is to democratize and decentralize finance. Here is Augur’s 2-minute [intro video](#).

Potential: A large, accessible and [censorship resistant](#) predictions market will improve event forecasting and information quality on a global scale. In such a market, all individuals with access to good information are economically incentivized to trade on it. Markets absorb this [asymmetric information](#) provided by traders in the form of price and volume and symmetry is restored. Prediction markets tap into the ‘[wisdom of the crowd](#)’ and create a world with more accurate, relevant and robust information. The total potential market capitalization for predictions is over \$1,200T and is made up of sports gambling, online gambling and financial derivatives:

- The global market for sports gambling is valued at up to [\\$3T](#)
- Online gambling is a high-growth, global market approaching [\\$1T](#)
- Financial derivatives markets are valued as high as [\\$1,200T](#)

People: Augur was founded by [Joey Krug](#), who also led the software development team for the Augur project. Recently, it was announced that Joey would be joining Pantera Capital as a partner in their cryptoasset fund. Pantera has committed a significant portion of this fund’s capital pool to provide initial liquidity to the Augur network. This will give Augur significant advantages in its efforts to scale by helping to create network effects, deepen liquidity pools, optimize market efficiencies and stress test the technology early on.

Augment Partners (AP) has also committed to deploying commercial applications which leverage Augur. Ron Bernstein, the former CEO of centralized predictions markets [InTrade](#) and TradeSports, leads AP and serves on Augur’s advisory board.



How Reputation Tokens Work

by Tony Sakich



1. Event Occurs

An event occurs that is being wagered upon in a market created on the Augur network.



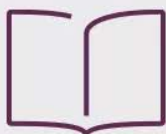
2. Outcome Reported

Outcome results are reported by Reputation (REP) holders to Augur in two steps.



3. Reporting: Pt 1

REP holders privately and securely submit outcome results to the Augur network.



6. Payout

Those who wagered correctly are paid out for their predictions.



5. Consensus

Upon completion of reporting period, consensus is achieved, leading to two financial events.



4. Reporting: Pt 2

About 1 month later, a second report is publicly submitted in plain-text, for all to see.



7. Fee Distribution

Honest and active reporters receive trading fees proportionate with REP holdings.



8. Liars Pay!

Dishonest & negligent reporters lose REP, which is redistributed to honest and active reporters.



9. Just Predicting?

REP is only necessary for those wishing to report, not for those just wishing to wager.





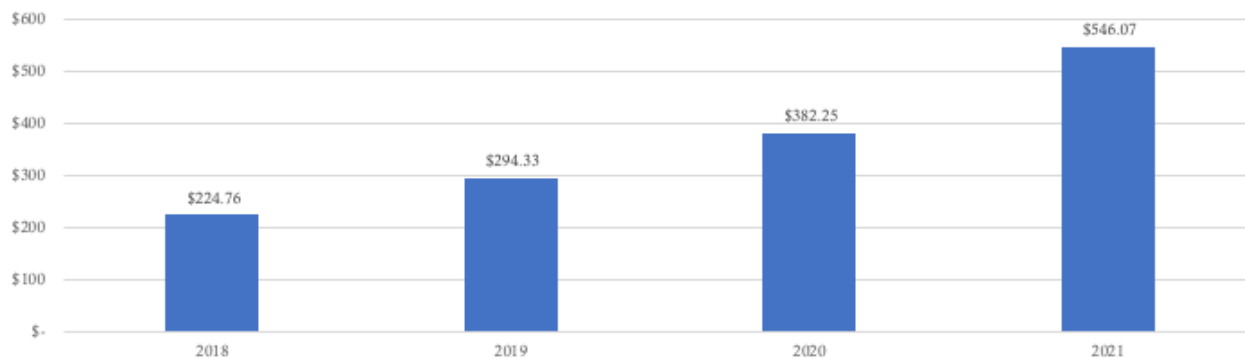
	Market Penetration %			
Global Market	2018	2019	2020	2021
Sports Gambling	0.1500%	0.2750%	0.5000%	1.0000%
Online Gambling	0.7500%	1.3750%	2.5000%	5.0000%
Financial Derivatives	0.0003%	0.0006%	0.0010%	0.0020%

	Market Share \$B			
Global Market	2018	2019	2020	2021
Sports Gambling	4.5	8.3	15.0	30.0
Online Gambling	7.5	13.8	25.0	50.0
Financial Derivatives	3.6	6.6	12.0	24.0
TOTAL \$B	\$ 15.6	\$ 28.6	\$ 52.0	\$ 104.0

	2018	2019	2020	2021
Mkt Share \$B	\$ 15.60	\$ 28.60	\$ 52.00	\$ 104.00
REP Fees %	1%	1%	1%	1%
REP Fees \$B	\$ 0.16	\$ 0.29	\$ 0.52	\$ 1.04
REP Active Units %	100%	100%	100%	100%
REP Active Units	11,000,000	11,000,000	11,000,000	11,000,000
REP Fees/Active Unit \$	\$ 14.18	\$ 26.00	\$ 47.27	\$ 94.55

	2018	2019	2020	2021
Discount Factor	1.4	1.96	2.744	3.8416
REP Fees/Active Unit \$, net	\$ 10.13	\$ 13.27	\$ 17.23	\$ 24.61
Valuation Multiple	22.19	22.19	22.19	22.19
REP Projected Price, net	\$ 224.76	\$ 294.33	\$ 382.25	\$ 546.07

REP Price Predictions



	2018	2019	2020	2021
REP Projected Price	\$ 224.76	\$ 294.33	\$ 382.25	\$ 546.07
REP Projected ROI \$	\$ 197.64	\$ 267.21	\$ 355.13	\$ 518.95
REP Projected ROI %	629%	885%	1209%	1814%