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Overview

Terra is the leader in decentralized stablecoins. Terra's largest stablecoin, \$UST, has a market cap of \$2.7B and is the 5th largest stablecoin by market capitalization. Currently, Terra is the 4th largest network by total value locked (TVL). Terra (\$LUNA) first entered the market in January 2018. The network's founders, Daniel Shin and Do Kwon sought to create a new type of digital currency that could reflect the flexible nature of the digital economy.

Currently there are many issues facing the world's top stablecoins. It is entirely centralized, and does not have ways of integrating cross-chain movement. The Terra protocol aims to remove technical limitations on stablecoin assets through its open financial infrastructure by implementing cross-chain stablecoin interoperability. Terra will be the most connected blockchain, and \$UST is the asset that paves highways to all blockchains.

The decentralized, open-finance ecosystem is exploding and Terra already has thousands of teams already building on it. The network is designed to run on multiple chains, connected by the **Cosmos SDK**. Developers have announced plans to expand their protocol to include other top blockchains in the near future, currently supporting ETH & SOL as of Jun '21.

Highlights

The Token: \$LUNA is the native coin to the Terra ecosystem. It is used as a collateralizing mechanism to secure the price-stability of network stablecoins and is critical in locking value through staking. Because \$LUNA is burned from seigniorage, the supply of \$LUNA will decrease as the Terra ecosystem grows.

Since it is not collateralized -- its tokenomics are highly-reflexive, whereby broad adoption of Terra's DApps --> translates to demand for \$UST --> which leads to supply reduction of \$LUNA --> which ultimately drives up the price of \$LUNA.

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Governance: Community-based governance mechanism where validators gain voting rights based on the amount of terra owned. Community governance mechanisms are ideal because they provide majority consensus support for decisions on product features, iterations, and ecosystem proposals.

Raise Details

- **Stage:** Token Sales
- **Asset:** \$LUNA
- **Raise amount:** \$1B round
- **Valuation:** \$38B
- **Circulating Token Supply:** 432,071,611.89
- **Our Terms:** 40% discount to 1-month TWAP, 4 year vest, 25% unlock each year
- **Allocation:** \$10M+
- **Notable Lead and Co-investors:** Jump Capital (\$300m), Binance (\$300m), 3AC
- **Timeline:** End of November for verbal and December for wires
- **Data Room** [REDACTED]

Reason for Funding: To raise capital for the formation of a protocol-controlled reserve in order to ensure faith in the peg of UST and have liquidity for the peg.

Previous Rounds

\$32 million seed round (August 2019): led by Binance Labs, Dunamu, Huobi Capital, OKEx

\$25 million series A (January 2021): led by Pantera Capital, Coinbase Ventures, Galaxy Digital

Undisclosed funding round (2019-2021): led by Kakao Ventures, HashKey Capital, LuneX Ventures

Non-Tech Assessment

Category	Brief Assessment	Decision (Pass/Fail/TBD)
Team	Institutional grade backgrounds. 10+ years of combined blockchain experience.	Pass
Partnerships	300+ partnerships with leading blockchains, DeFi apps, NFT infrastructure, staking tools, e-commerce projects	Pass
Innovativeness	Solving real world problems. Creating an interoperable stablecoin.	Pass
Development stage	Fully developed, scaled, and mass-adopted	Pass
Documentation (Github) - Audit?	4 security audits done by leading security firms	Pass
Social Presence	Existent and verified	Pass
Token use and structure	The token model creates a positive feedback cycle. Seigniorage, token staking, & algorithmic price-stability	Pass

1. Team

Do Kwon and Daniel Shin previously founded multiple different projects ranging from e-commerce, decentralized networking, and startup incubators. TerraForm Labs currently has 56 employees. The development team (23) has an impressive background, coming from Microsoft, Google, uPort, and Flexport. As well as many recent computer science graduates from Stanford, University of Pennsylvania, Princeton, and Columbia.

Decision: Pass

2. Partnerships

Terra launched with and has the support of the “Terra Alliance,” which consists of 15 large e-commerce companies in Asia that collectively process 25 billion USD in annual transaction volume and has 45 million users. It already has robust integrations with many big players in

DeFi, NFTs, e-commerce, and a myriad of other protocols (Anchor, Mirror, Cosmos, Tendermint SDK, Pylon, Chai, Nebula).

Decision: Pass

3. Innovativeness

Although stablecoins have been around for a while, they have experienced many issues ranging from basic , centralized timing delays, and the lack of cross-chain movement. Decentralized, price-stable, algorithmic stablecoins is an innovative concept. Through an interoperable and composable network of DeFi applications, conducive and turnkey stablecoin infrastructure, mint/burn function that expands/contracts the \$LUNA supply, and the improvement of on/off-ramp exchange infrastructure, *Terra's expanding range of DeFi apps is burgeoning in growth and is going to attract a plethora of liquidity and Dapps into its ecosystem.*

Decision: Pass

4. Development Stage

Terra's core offerings are already launched, adopted, and successfully scaled. Protocol enhancements and iterations have been ongoing since launch and have been successful.

Decision: Pass

5. Documentation

Although decentralization is not a top priority of the Terra Network, most of the attack models that we see with other blockchains will not be an issue for Terra. Generally, the blockchain follows good usage of the Cosmos-tendermint blockchain and the \$LUNA tokenomics & built-in incentive systems holds the most value in the Terra ecosystem. Security audits done by Quantstamp, Sentnl, Solidified, Cryptonics.

Decision: Pass

6. Social Presence

Verified on twitter. Large network presence in multiple Terra ecosystem subgroups (reddit, telegram, discord)

Decision: Pass

7. Token Use & Structure

\$LUNA supply tends to decrease when the ecosystem grows (because Luna is burned from seigniorage), and it tends to increase when the ecosystem shrinks (because new Luna is issued to buy back Terra). \$LUNA is used as a collateralizing mechanism to secure the price-stability of the network's stablecoins. Additionally, \$LUNA is critical in locking value within the Terra ecosystem through staking. As the usage of UST increases, \$LUNA becomes more scarce due to the arbitrage mechanism, and non-inflationary supply of \$LUNA.

Decision: Pass