

Look Lateral Art Provenance and Liquid Art Market

White Paper v09. --- PRE-SALES DRAFT --- 27 December 2017

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Art is a growing asset class worth approximately \$60 billion each year in revenue.

As art and technology enthusiasts, it is the values of the Renaissance that still drive us: reason, exploration, science, innovation and disruption. Look Lateral's mission continues the audacity of our Italian intellectual and artistic heritage: to enable global, open access to the art market for everyone. We want to create and maintain a continuous flow of art and liquidity to the marketplace, seek to transform the current art market into open access with increased liquidity and higher availability of art. We want to make the art market a more transparent, liquid market platform with universal access it since its beginnings.

Our approach will harness the power of the latest iteration of blockchain technology and solve today's limited spread of information in art value, while relying on a secure Provenance System that ensures the accurate pricing of art assets. It will encourage more participation in the art dealer and investor ecosystem, whose participation increases proportionally with a more liquid art market.

This global venture has the backing of experts in the global art, technology and finance sectors with experience and knowledge of the mechanisms that regulate the ecosystem gravitating around art.

"I feel I have a mission. The mission to open the art market to everybody. The mission to spread art. And I am a truth fan. I'm looking for truth. Truth to know everything about an artwork. Truth to know that the truth I have is linked to true artwork. Truth to know the true value and the true price of an artwork."

Niccolò Filippo Veneri Savoia
Look Lateral Founder & CEO

CHAPTER 2 SUMMARY

Who

LOOK LATERAL, of course! Look Lateral is a blend of art professionals, industry leaders and leading academics focused on the business of contemporary art in Europe — now advancing our brand with the addition of a US-based FinTech company.

What

Our masterpiece is a digital platform for contemporary art where the works are priced, tagged and tokenized.

How

PRICING the artwork: thanks to our unique pricing and indexing algorithms we're able to constantly update and publish information regarding art asset evaluation, thereby enabling full transparency for the artworks in our platform.

TAGGING the artwork: thanks to our signature tag — embedded on the back of paintings and photos, or under sculptures or on certificates — there is now an easy way to identify the work and to instantly access all the PROVENANCE information stored in our database; information that is constantly updated by the art community.

TOKENISING the artwork: thanks to DragonChain technology, it's now possible to sell an entire work of art, or sell it in tokens (or, "portions") against dividends or other rights. To do this, we are creating a simple, fast and safe place to buy and sell portions of a piece. Say hello to FIMART, our Financial Market for Art Regulated Tokens.

Why

The art market needs more transparency, accessibility and liquidity to grow and to flourish by allowing everyone the opportunity to invest in art.

How we are going to make money

Our revenues come from: the tokenisation process, transactions on works and tokens, the sale of pricing and tagging services, the provenance system, memberships and data management services.

When

Now!

CHAPTER 3

OUR MODEL IN A NUTSHELL

Look Lateral's vision is to enable global, open access to the art market via a blockchain-based technology platform that allows secure participation in art both as an asset class and as a cultural asset.

We offer an all-in-one solution to deal with problems affecting the secondary art market. Look Lateral's efforts to solve issues in this market such as transparency, illiquidity and access in the global art market have continued uninterrupted from when it first opened its doors in 2007. Our deep knowledge of the art world has led us to identify solutions across multiple dimensions in the whole value chain of fine art: provenance, pricing, trading, information.

Look Lateral solution relies on a robust and failsafe, five-layer blockchain technology infrastructure that allows us to create, manage and distribute products and services for users at different levels. The services offered by Look Lateral will include a tagging, provenance, pricing and the tokenization of artworks.

Our technology is a flexible, mixed public/private blockchain product, *Dragonchain*.¹ Dragonchain technologies have powerful features that enable the ability to manage data and value transactions, across a multi-tiered technology stack.

Look Lateral's services include a Tagging and Provenance System and a comprehensive suite of pricing/indexing algorithms that enable the tracking of global art trends and individual art valuations. We also offer the management of art tokens through an APO (Art Public Offering) via *FIMART (Financial Market Of Art-Regulated Tokens)*, an OTC (Over The Counter) decentralized trading platform.

Resolving the transparency, illiquidity and access in the secondary art market requires a three-pronged approach. Currently, a secondary art market arises after the first artwork's sale, and it is notoriously influenced by a restricted number of stakeholders. In our model, the secondary market arises after the launching of an APO, where portions of an artwork are sold against tokens. Thus, for example, the owner of an artwork may retain 51% of it (and enjoy physical possession), with the remaining 49% sold to art-token investors against price, yields or voting rights.

FIMART, our OTC marketplace, is a blockchain facility that hosts the trading of different categories of assets arising through this process of artwork dematerialization. Examples of tradable assets within FIMART are, thus, art pieces that can be traded as tokens, but also

¹ Please see <https://dragonchain.com>.

dedicated derivatives instruments referenced to the behaviour of our dedicated art index values.

This OTC platform is the most reliable environment to support transactions in art assets, and ensures that access to art is granted to every member of Look Lateral's technology platforms. FIMART removes issues regarding conflicts of interest or value manipulation that could possibly arise through the advice of "middlemen." Price transparency is ensured by the application of an objective, proprietary indexing methodology. Our blockchain-based platform links to real-time data via our Signature Tags. The Signature Tags are linked to digitally-encrypted keys and complex datasets that certify the proof of provenance of artworks. Provenance assigned to any artwork is provided by the same users upon an incentive mechanism.

Introduction to LOOK

Each transaction on the Look Lateral platform is powered by the utility token "LOOK". The "LOOK" utility token can be purchased, traded and exchanged internally and externally to the Look Lateral platform. The "LOOK" token value is moored to its utilization and will be possible to obtain by exchanging the major cryptocurrencies and possibly fiat currencies after the completion of platform development.

The "LOOK" has inherent functionalities, including: (i) access to our provenance system, (ii) access to experts' opinions on pricing and authenticity, (iii) access to services rendered by LookLateral pricing and indexing algorithms, where members may be informed about price histories and forecasting, (iv) ability to access FIMART through tagging and against art-related tokens, (v) education, where art professionals will educate the crypto-community, and where the crypto-community will educate FIMART members in the art world; (vi) promotion of emerging artists.

CHAPTER 4 BACKGROUND

A brief history of the art market

The art ecosystem has changed a lot in the last decades, moving towards a distinct kind of involvement with the market, one driven by a different approach of art lovers.

In the last century, art collectors were a restricted circle of people, quite often rich and well educated, who went directly to a gallery and started a relationship with the gallery owner and his attitude toward art, that was based on mutual trust. At the end of the century, the amount of people involved in contemporary art increased considerably, and people started to approach art in a different, faster way. They went to galleries less frequently, mainly for vernissage and art events, because of the low cost of air travel and the influences of globalization. And art collectors had begun to travel more around the globe.

The amount of art fairs around the world had increased steadily, and art-buyers were tending to visit them more frequently. They went for the purpose of connecting to as many important galleries as possible on one trip. Art collectors now had an opportunity to see trends, compare prices and visit related events nearby. These urban areas became more and more important, underlined by accurate programs which increased their visits to private collections and private foundations.

Almost each important city at the beginning of this century had its own art fair. In the same weekly period, we saw galleries which hadn't been accepted to the main venues. Young galleries or particular genres spawned in this period: drawing, photography and art books. Almost every week of the year was filled with art fairs, which received an enormous level of importance. It has reached critical mass as a kind of gallery owner quality ranking. The best galleries participate in the most important art fairs, and getting in to these fairs has begun more and more difficult.

The art market now

Due to increased globalization of the art system, some of the big galleries started to open spaces in different countries. They did so to reach more people and to find other possible solutions to navigate within these foreign tax systems, given that transactions occurred more frequently and with stricter rules than in the past. With these huge changes, the faster

approach to art and the larger amount of collectors involved, there have been huge consequences. Gallery owners had to request more works from artists, who in turn, started to acquire more assistants and incur a huge production infrastructure. Due to these issues, flow in the secondary market increased, and some players like secondary market dealers and auction houses started to make a fortune.

In most cases, a primary market art gallery has a lot of expenses, principally, the promotion of the artist at fairs, magazines, dinners and events, largely due to costs from the production of the works and the fact that sales are divided by 50% with the artist.

Secondary markets avoid all these expenses. Someone simply buys the work and tries to resell the work for more than she paid for it. This increasing importance of the auction houses generated a huge flow of new *œuvres* in the market, and the simple awareness that reselling works of art is easy. Currently, auction houses are also the most recommended way to decide the market price of an artist. Art works' cost on the market amounts to what was paid for similar pieces in the last auction. But, the success of an auction is unpredictable, and depends on the participants. Instagram, Facebook, Pinterest and online intermediaries such as artnet.com or artprice.com have become crucial for art collectors who started to buy art bidding via telephone, online or via email, anticipating a trend that moves steadily towards technology and on line deals in the world of art commerce.

Enter Look Lateral on the world art scene. We are continuing, in the spirit of our Renaissance ancestors, to innovate and dream of a better, more collaborative future. Of all for art. And art for all.

At Look Lateral, we don't just protect where your art came from. We protect your art's future.

Numbers and players

- Approximately 38 million transactions take place within the market each year;
- Around 40,000 professionals (galleries and merchants) mainly located in Europe (53%), The Americas (37%), and Asia (10%);
- Traditionally dominated by London and New York; as magnets for the wealthy, traditional auction houses continue to thrive there though all are adapting to changing conditions including the benefit brought from investment in digital and virtual presence.

The current constituent players within the market consists of

- **Auctions Houses** – mainly handling transactions between private parties;
- **Galleries** – the main player, managing buying and selling, as well as releasing new artworks;
- **Private Collectors** – an individual or entity owning art. Driven either by passion or

investment in assets of high artistic value;

- **Museums** – own and make art available to the public. Mostly preserving their value and delivering comprehensive services to society;
- **Archives and Foundations** – preserve and generate artistic knowledge, and manage artists' historical memory;
- **Experts, Curators and Technicians** – insiders, caring for everything linked to the artistic and technical sides.

Today's market is characterized by the increasingly important role played by the secondary art dealers, such as galleries and private merchants. Often small-to-medium- sized players, who are becoming more capable of interacting globally and of managing complex transactions.

Even for leading contemporary art galleries, online prices generally fall in the lower end due in part to concerns surrounding authenticity and provenance.

- 79% of online buyers spend less than \$5,000 per piece online, up from 78% in 2016 and 67% in 2015
- 60% of galleries said online buyers are getting more confident at buying art at higher prices
As internet-enabled generations become accustomed to shopping online, related sales will also grow, though provenance and price transparency will continue to be an issue until these issues are resolved.
- Dealers with most newly-acquired buyers were those who cater to a younger demographic (< 30 years old). (Macch Dealer Survey 2017)

Art buyers do have access to much varied art data and opinions though only a few clicks or swipes away, and are eager to search. This now brings to the fore the question of trusted sources, and the validity of the sources and opinions offered

Fairs

Art Fairs are essential to gallery and dealer sales with estimates placing attendance as high as 41% across the industry players. Their costs though are a major operational and financial commitment, ranking in the top three business concerns, alongside acquiring new clients and works (TEFAF 2017). Fairs importance to the dealer community is simple as it allows all participants the best opportunity at present to meet face to face not only with existing clients maintaining and developing personal relationships which are core to the art professional, but the creation of new customers.

Art Market: Issues & Changes

Outside of the auction houses' need for exposure, the market's golden rule has been its limiting and control of art for its benefit. With the internet, and given that a business' main concern is finding new clients, the continued covert approach seems counterintuitive.

Traditionally self-imposed market issues – limited access for most and many pieces' rarity – make for a patently illiquid market. Pricing and valuation information is limited, which leads to inaccuracies and interested buyers missing out. This lack of transparency also dissuades new market entrants, thus continuing this circle. In every sense, these issues create a vicious circle which affects everyone.

Today, price discovery is often based on limited information, including:

1. Estimates from a small number of invited experts
2. Limited buyer participation
3. Relatively small and strict selling timeframes, e.g. auctions

These factors continue to limit the market's potential, but still allow established stakeholders to profit at its expense. As such, only those able to dispose of a certain fortune can participate.

The current practices of provenance and authentication mechanism in particular require resolution to allow for greater trust in the market. In part this is due to a scarcity of original documents, limited public archive access and a lack of agreement among art experts. There is no single-source of truth, nor incentive for those with information to provide it to the community in a transparent way. These issues result in wide-ranging prices in a similar way to other rare markets.

Change

Small-to-medium-sized players are becoming increasingly capable of transacting online and thus interacting globally, assisting in the decline of previous held status-quo, redefining how modern galleries operate.

- In 2016, 8% of total art auction sales took place online (The On Line Art Business TEFAF 2017);
- 65% of Auction houses have an online presence to reach a wider audience and enhance sales;

Art has always been, and should continue to be personal. It should allow all players in the market to take advantage of positive changes and use it to spend more of their time on the very personal and unique nature of art and interactions with customers and growing their ability to communicate with the public.

MARKET NEEDS

Our project starts from clear and heartfelt market needs and provides members with greater transparency, more accessibility and increased liquidity of the contemporary art market.

Transparency

Scarce viability of original documents, limited public access to archives, incongruences among experts when authenticating work; the utter lack of information available to accurately authenticate contemporary art can lead to false authenticity assertions and potentially fraudulent pricing.

There is no existing single source of truth, nor incentive for sharing information in a way that promotes transparency on a large scale. We aim to change that.

Accessibility

Today, contemporary art dealers, collectors and lovers alike face many difficulties in fully understanding the works and, above all, their value. They're afraid of venturing into a field that is too unstable, even schizophrenic, and are likely to misuse funds.

The consequences are high; many take a step back and choose not to enter the art market.

Liquidity

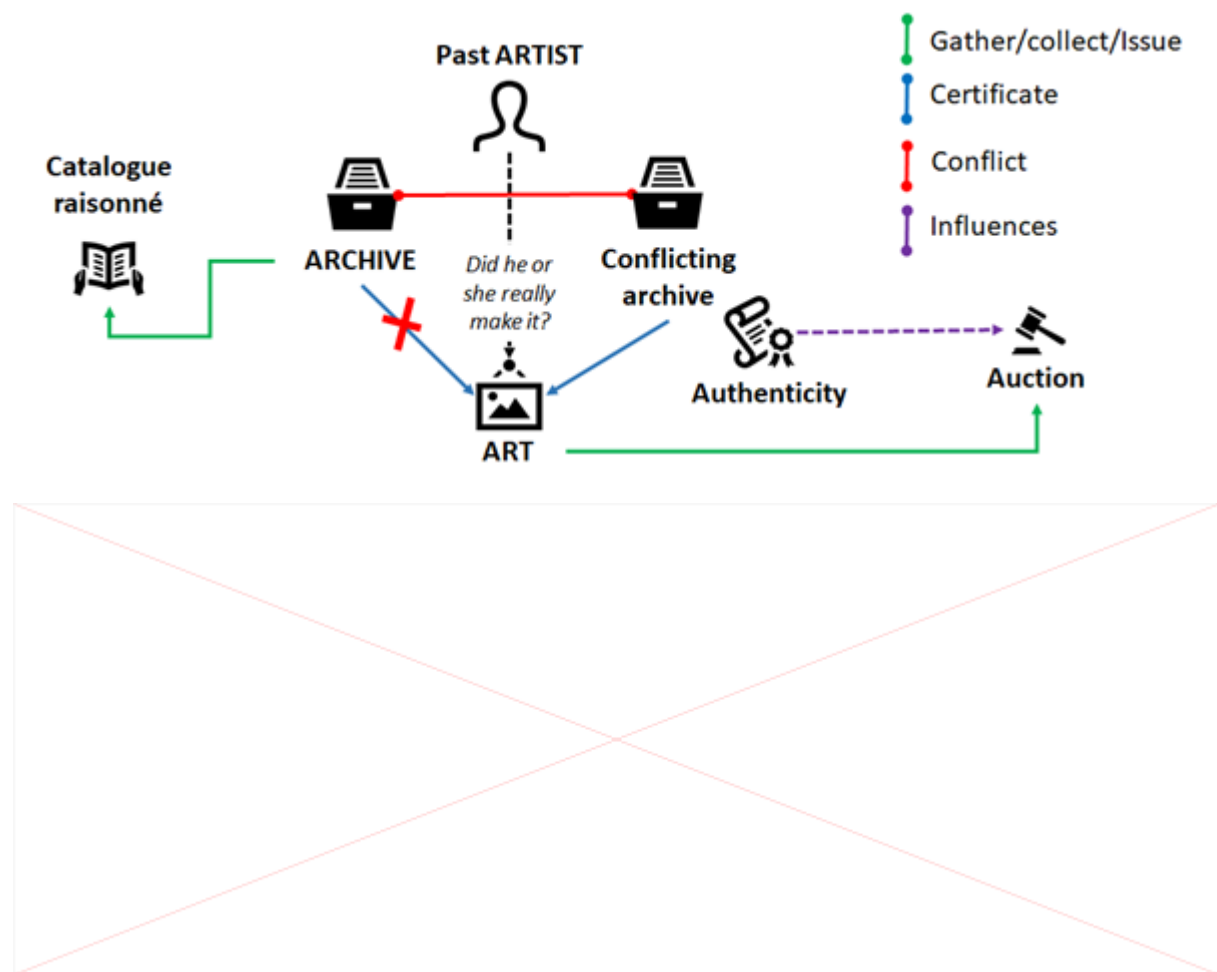
Ideally, the contemporary art market would be more — well, fluid. The rare nature of artwork and its recognized quality or value makes for a patently illiquid market. Limitations due to supply, scant access to valuation information, and inaccuracies in pricing result in missed sales opportunities to otherwise interested buyers.

This lack of transparency and accessibility restricts the market (currently \$65B) to relatively few participants, limiting its scale. Those currently not in the market are discouraged from entering while owners of works of great value are struggling to easily find buyers able to spend large sums.

Market price

In today's arts market, price discovery is at once based upon incomplete or limited information as it is based upon: (1) estimation by a relatively small number of experts, (2) bidding by a very small subset of potential buyers, and (3) within a single or sparse time limited auction. Unrelated to liquidity, the market price is being affected by limiting the demand component to action by a small buyer population for a very constrained period of time. Due to these factors, a relatively small number of stakeholders can impose undue influence on market price.

Example: conflict of attribution may affect auction outcomes



OUR SOLUTIONS

In the Look Lateral Arts Provenance and Liquid Arts Market, further liquidity in the market may be provided for rare art assets, and transparency and incentivizing have a positive effect on the question of provenance.

In the Provenance Marketplace, an "information marketplace,"² all parties are incentivized to provide and offer expert opinions on any background information related to a registered work of art. This will provide a trustworthy source of all available information and opinion from the art world concerning the work itself. After sufficient proof of provenance has been demonstrated, the artwork is allowed to be securitized into art derivative assets in FIMART (Financial Market of Art Regulated Tokens) via an Art Public Offering (APO).

This allows for the open trading of liquid assets tied to the artwork on an Over-The-Counter trading facility.

The Provenance market listing is initiated by the owner or curator of the piece, incentivized to do so with the goal of successfully listing the artwork in the liquid market. This originating party is responsible for documenting all held information including physical tagging and proof of provenance.

These marketplaces will leverage powerful Dragonchain technologies, a hybrid public/private blockchain technology stack, and a utility token based upon an Ethereum ERC-20 smart contract, to provide controlled transparency and security for all activity and parties on the platform.

Our solutions regard interconnected spheres of influence that revolve around pricing, tagging, provenance and a marketplace for tokenized assets, FIMART, described next.

A provenance system is a common, trusted, and safe mechanism that introduces transparency in a market currently driven by only a few stakeholders worldwide.

The Look Lateral System relies on four pillars:

1. *Pricing.* A given asset can be matched against a hedonic pricing system to obtain a realistic estimation of its value. The pricing system organizes the information available in different databases and combines with big data to output a series of indexes
2. *Tagging.* The physical assets are given a physical tag. The tagging technology is chosen with a specific sensitivity towards different substrates such as canvases, sculptures, or objects. Tagging is also selected to comply with the limitation of not compromising the integrity of the original substrates or interfering with any aesthetic attributes of an artwork.
3. *Provenance.* The labelled physical asset is then pegged into Look Lateral's dedicated DragonChain blockchain technology stack. Information about the asset begins to percolate: a "bounty" is offered by the artwork owner, which rewards those who provide reliable information about the asset. The next pillar regards assets that obtain

² Information markets (also, prediction markets, decision markets) are markets created for the purpose of gaining information from interested parties in possession of information related to the issue.

a sufficiently high Provenance score and satisfy legal and quality compliance regulations.

4. *Listing, trading and information production.* The asset is now “listed” on FIMART through an APO that determines governance rules and approximate pricing obtained through Look Lateral indexing algorithms, thereafter applied to provenance scores and additional information in our database. The art is tokenized through an initial allocation mechanism, and minority shares in the works are traded into FIMART against yields and/or other rights that are pre-specified in artwork governance rules. Updated information about the art work’s authenticity and provenance keeps flowing into the blockchain, and crypto-indexes are constantly updated with this information, transaction prices and any additional data. Granular data may be exchanged or purchased for a market price that is denominated in “LOOKS,” the token that powers the economic system in the Look Lateral Provenance System.

The Look Lateral Provenance System is a market tool that promotes incentives for telling the truth about the provenance history of works of art, and allows us to solve the many conflicts of interest that may arise in relationships among typical stakeholders involved in the current secondary art market. A particularly acute problem arises when conflicts arise regarding the authenticity of a piece or a conflict of attribution. These conflicts may seriously undermine auction outcomes—the current influencer driving current market practice.

Details regarding (i) pricing and indexing algorithms and (ii) FIMART are explained next.

Pricing and indexing algorithms

FIMART membership allows access to robust estimation of listed artwork values by exploiting a proprietary technology. (Exhibit III provides details on this methodology and examples of indexes that are already maintained by Look Lateral). To summarize, the technology relies on hedonic estimates of general trends of value in a set of artworks, and arrives at price estimates for single artworks on a given dataset. In short, the methodology consists of four phases:

1. Acquisition of data and metadata related to a given author (e.g., our Crypto-Provenance scores, auction prices, vintage years, creation techniques, dimensions of the artwork, number of transactions, etc.). Data is organized into a database.
2. Calculation of dedicated indexes that extract general trends (regarding the value) to a certain author in terms of price changes through time.
3. Estimate of the value of any artwork in the space covered by a given index.
4. Acquisition of detailed information made continuously available through the Provenance and trading system – FIMART, opened to the public after an APO.

Pricing and indexing data is objective and, therefore, its production is immune from any form

of conflict of interest that typically occur in relationships among traditional art stakeholders. This proprietary data is accessed after the payment of a fee denominated in “LOOKS.”

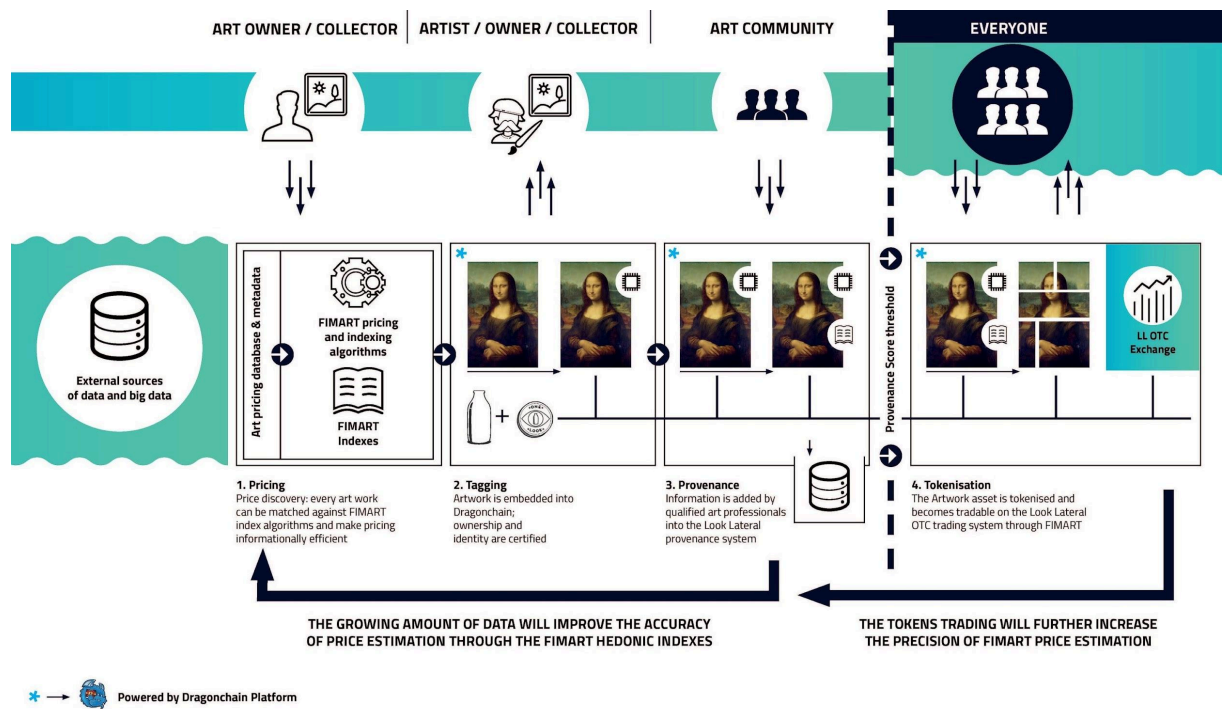
FIMART membership also allows one to access beta versions of pricing algorithms and indices that expand our methodology to include the use of big data analytics, Bayesian modelling, and artificial intelligence in the domain of pattern recognition. Access is available upon the payment of a fee denominated in “LOOKS.” The spending of LOOK utility tokens enable indeed each process within the Look Lateral platform permitting the economic sustainability.

FIMART— Financial Market of Art Regulated Tokens

FIMART is an OTC (Over The Counter) market facility that allows for trading tokenized art assets after an APO. This market is the means designed to create liquid art assets. An asset can be listed only once it reaches a sufficient Provenance score that triggers sufficient thresholds and complies with substantive legal and quality criteria. The APO is a process through which tokens are generated for the purpose of being traded. Trading occurs after the token sale:

1. Tokens are generated as a part of the APO according to an internal offer schedule and governance rules such as yields and voting rights. The initial offer price of artwork tokens is established through approximate values calculated by Look Lateral pricing and indexing algorithms, as previously explained.
2. Token are generated as DragonChain smart contracts and can be traded on the Look Lateral internal OTC environment 24/7. The DragonChain blockchain technology stack ensures that the trading system is protected against the private and public nature of transactions occurring in the market facility.
3. After the public listing event, the price of art-tokens will reflect effective market flow as exemplified by movements and depths of the bid and ask sides in an order book. Market orders and limit orders are filled through pre-specified FIMART rules of governance, and may be managed through designated markets makers.
4. Physical leasing of an artwork may also take place at a price depending on market forces and a specific set of rules pegged into the art-token smart contract.
5. The FIMART environment allows access to combined indexes tracking common art categories (artists, epoch, styles) to inform investment decisions and simplify members' access to art.

Information acquisition, pricing and tokenized offering and trading are powered by the



“LOOKS” utility token, which also is the mean of fees payment within the Look Lateral platform.

CHAPTER 5 TECHNOLOGY

Introduction

Dragonchain was selected for the Look Lateral system as it allows the secure handling of sensitive information whilst simultaneously ensuring the immutable exposure of important market information to an enterprise ready public blockchain whilst not relying on crypto currency mining for encryption difficulty.

It is important to note that Look Lateral's private tokens sale is utilising ERC20 for raising, distributing and assuring liquidity before, during and after the Look Lateral token sale. All transactions from the token sale will also be mirrored into the Look Lateral's DragonChain so an auditable record from is visible in bother Token Transaction, and Look Lateral's FIMART platform.

Architectural Components

Dragonchain's architectural component make it uniquely suitable for Look Lateral. The components are as follows:

1. Ease of integration of existing systems
2. Ease of development for traditional engineers and coders unfamiliar with blockchain, distributed systems, and cryptography
3. Client server style and simple RESTful integration points for business integration
4. Simple architecture (flexible and usable for unforeseen applications)
5. Provide protection of business data by default
6. Allow business focused control of processes
7. Fixed length period blocks
8. Short/fast blocks
9. Currency agnostic blockchain (multi-currency support)
10. No base currency
11. Interoperability with other blockchain's public and private (Dragonchain is interoperable between other blockchain technologies (Ethereum, Bitcoin, Hyperledger) and the management of the physical attributes required maximizing the platform's scalability and facilitating further development opportunities for Look Lateral).

Exhibit I provides additional details regarding Dragochain covering Proof, Transaction Classes. Context Based Blockchain Verification, Smart Contracts, Audit, and Dragonchain/Look Lateral rollout.

Design of a *Provenance* market

Provenance: a French term for the history of ownership of a valuable object; used as a guide to authenticity or quality.

System

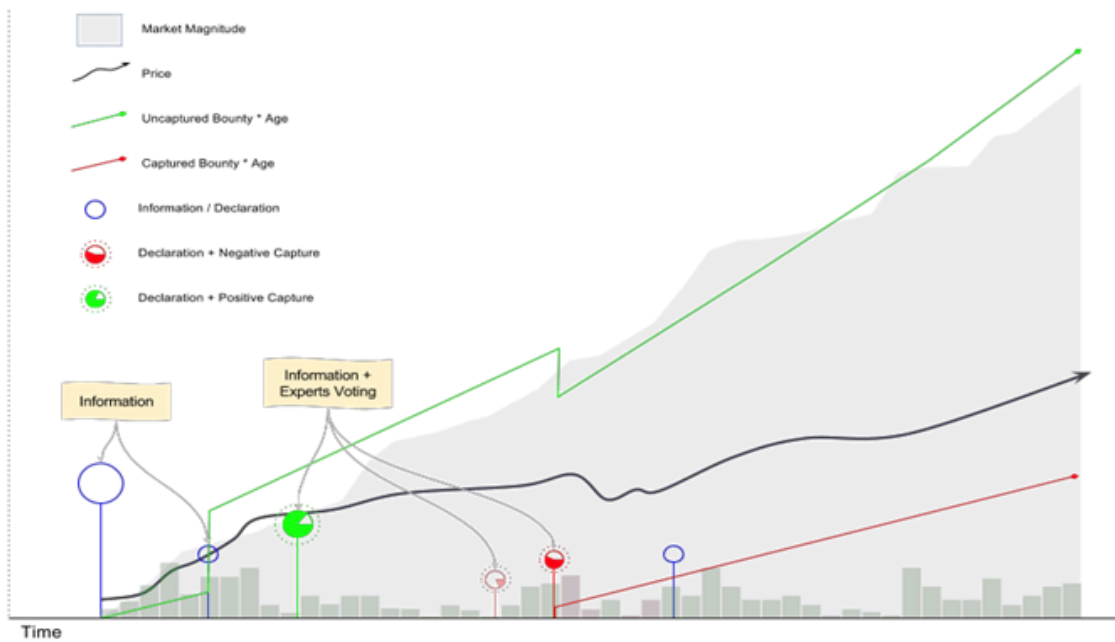
The Provenance marketplace system will use prediction markets and information market mechanics to approach truth in estimation of authenticity. It will incentivize addition of provenance information to the blockchain. It will incentivize disclosure of expert opinion regarding truth of provenance. It will produce a proprietary *Provenance Score* based upon all currently known information, and the magnitude of bounty and wagers against the truth of that information in the provenance marketplace.

In the provenance system, a work will be declared in an origin transaction onto the blockchain. This transaction will declare various pieces of information important to the community such as identity information, physical tagging information, security information, etc. The item will receive a “bounty,” wherein the owner may assign an amount of LOOKS from which providers of independent provenance information (of positive or negative finding) will be paid. In this manner, the owner is incentivized to provide accurate and truthful information as this bounty is placed at risk and may be claimed with information deemed truthful by the community of experts.

When an expert makes an independent provenance declaration, other experts are paid from the bounty pool to vote their opinion of the truth and value of the declaration or information. If an independent declaration asserts and demonstrates that the item is not authentic and the community of experts agree, the bounty may be claimed by the expert. In this manner, the greater the bounty and longer the time (bounty * time), the greater the provenance score. All users can use LOOKS to express interest and general opinion on the authenticity or artistic and economic value of an individual asset.

Experts and the community add *provenance declarations* to the blockchain over time.

Experts are incentivized or paid from the bounty to weigh in on the authenticity and value of provenance declarations. These declarations are time limited and voting is limited to registered experts.



Incentives

- The owner is incentivized to provide an authentic piece, and accurate information about it;
- The holder of valuable and authentic information (e.g. archival documentation) is incentivized to share it in the marketplace;
- The expert is incentivized to share independent expert opinion on provenance declarations;
- Other users are incentivized to evaluate all information (raw and expert) and speculate on the outcome. This function is not limited to experts and serves as an expression of interest in the asset. These users will obtain option rights to purchase tokens at time of listing (APO) in FIMART.
-

Bounty

Minimum bounty may be set for listing and based upon recurring performance as reputation of the owner. Owner may apply inflated bounty to improve provenance score and to incentivize addition of quality information. After sufficient provenance score is achieved, the owner may recapture some bounty. Some minimum bounty will be required at all times and may not be withdrawn whilst the item is listed based upon the financial market cap in order to facilitate the collection of new information over time.

Blockchain transactions

- Asset identity (optional allow initial inclusion of bounty);
- Asset identity (optional allow initial inclusion of bounty).

Asset physical tagging (one or more physical identifiers to uniquely ID the asset in physical world) – can be NFC, Barcode, Device, high resolution imaging, other RFID.

- Asset bounty – commitment or withdrawal of value against asserted provenance of asset (can be posted multiple times to increase available bounty);
- Provenance declaration – addition of provenance data and request for bounty (from asset bounty) – (e.g. ownership change, historical evidence of location, evidence of creation, visual, photo, other scan/evidence, etc.);
- Value estimate declaration (expert and pricing algorithms);
- Listing request/bid/schedule – request or notice of scheduled listing into FIMART (optional details);

The following additional pieces of information become part of the blockchain endowment once the asset is listed into FIMART:

- Limit Order – trader posts share(s) to order book against asset or declaration;
- Market Order – trader buys tokens in order book.

Events

1. Owner or dealer declares information within “origin” transaction on blockchain to disclose identity, known provenance information, including or followed over time with further information.
 - 1.1. Time component included (with cost applied)
 - 1.2. Physical tagging and identity information
 - 1.3. Security information (may be protected)
 - 1.4. Insurance information (may be protected) with potential proof of insurance
 - 1.5. Bounty
 - 1.6. Used to incentivize experts and community to add compatible or contrary information and assertions
 - 1.7. Bounty paid out in fixed amounts for successful provenance declaration and for expert vote on provenance declaration.
 - 1.8. Uncaptured bounty and age are components of calculated provenance score
 - 1.1. Provenance token minting: smart contract based logic to produce count and initial price based upon bounty and index algorithmic estimates.
2. Participants may declare provenance information/data on the market that is compatible or contrary to the owner assertions in a *Provenance Declaration* transaction containing data considered to be valuable (e.g., ownership change, historical evidence of location, evidence of creation, visual, photo, other scan/evidence, etc.) and claim bounty if voting is successful (majority of participating experts vote in agreement).
 - 2.1. Only registered experts may vote in a Provenance Declaration issue.

- 2.2. This voting is limited to registered experts only to encapsulate the “expert opinion” of the declaration.
 - 2.3. Expression of Interest (optional feature)
 - 2.4. Any user with LOOKS may express interest in the expected listing of the item in the financial marketplace by placing LOOKS in the general Provenance market for the piece.
 - 2.5. Users that place LOOKS in the Provenance market provide the magnitude aspect of the Provenance score and such may be rewarded with either early access to the listing in the financial market. These users would however put LOOKS at risk in doing this.
 - 2.6. Settlement
 - 2.7. Time component and other criteria is a part of all declarations
 - 2.8. In general provenance market for an individual asset, the origin transaction will contain a time component to specify completion of the process of creating provenance. There should be a minimum and a maximum period and an associated transaction price. There should also be a Provenance score threshold that must be met to list the item in the financial market.
 - 2.9. In Provenance declaration, a time component will be added.
 - 2.10. Settlement of market decision will be calculated upon expiration of each declaration.
3. Listing - linking to FIMART (APO)
- 3.1. At time of expiration for the general provenance market, the owner may list the asset in the arts marketplace with an APO.
 - 3.2. Bidding or assigned schedule for listing.
 - 3.3. Legal components
 - 3.4. Physical world contracts
 - 3.5. Legal location considerations
 - 3.6. Share count
 - 3.7. Share initial price (function of provenance, index algorithmic estimates, and owner)
 - 3.8. Will be defined in a smart contract to allow transparent pricing and minting of tokens in FIMART.
 - 3.9. Owners of provenance tokens for the asset will be able to convert options to tokens in FIMART at time of APO listing.
 - 3.10. Share classes defined
 - 3.11. Voting rights
 - 3.12. Holding rights
 - 3.13. Dividends
 - 3.14. Viewing rights
 - 3.15. Right of first refusal
 - 3.16.** Other rights.

Tagging

System will utilize an abstracted tagging design that allows us to use multiple tag vendors for flexibility and to allow competition.

System is expected to rely on a few classes of tagging, such as (ordered from most secure/valuable to least):

- Multi-signature configuration;
- Devices that can cryptographically sign a message or transaction;
- Devices that will generate a deterministic ID string;
- Barcodes of various types;
- Identity labels.

Devices *may* be IoT enabled (Internet connected).

One or more devices may be attached to an item.

A given item may be tagged with a combination of one or more of the classes.

Tagging signature process will allow device/tag proof combined with the signing of one or more registered agents or authorities.

Scoring

Scoring relies on the following elements:

- Wagers on asset;
- Wagers on provenance declarations;
- Unrecovered bounty * age;
- Captured positive bounty * age;
- Captured negative bounty * age.

Possible elements to generate final provenance score representation:

1.

Total Magnitude (TM) of Market = (*cumulative asset and provenance declarations*)
(e.g. ≈36K)

2. Vote ratio (VR) = *total positive / total negative vote issues* (e.g., 75%)

3. Bounty ratio (BR) = (*Unrecovered bounty * age + captured positive bounty*) /
(*Captured negative bounty * age*) (e.g., 91%)

An example of Final Score Representation is TM * BR. In terms of the above examples, 36K * 91% = 32,760 PS (Provenance Score)

Pricing algorithms and indexing methodology

Critical information is produced along the chain as new events take place. For example, new scoring information may become available, thereby providing additional signals for asset evaluation. A large span of historical data is also available, both through internal and external data sources; for example, Artnet (artnet.com) is an information provider that is already a strategic partner in our initiative.

All such data are used to create algorithms for the price estimate regarding single artworks as well as art indexes that track general trends in the asset spaces that can be covered in the Provenance platform. Pricing and indexing art over time is critical to savvy investment choice as they help identify market developments, trends and correlations with market performances

of assets in the same or other asset classes.

For example, users of the Provenance market will be interested in understanding both global trends and certain segments in the art market, such as Impressionism, Dadaism, Cubism, or Pop Art. But users will also require information regarding the value of specific artworks or artworks produced by a single artist—for example, an index that tracks global trends of all paintings signed by Ed Rusha. Algorithmic estimates of such values help the assets transiting from the Provenance market to FIMART.

The data that are external to the blockchain are typically patchy because the art market is patchy in its transactions. Some commonly used art indices involve prices on repeat sales that are used to calculate the return between one sale and another on a single artwork and estimate the global trend that is common to all the artworks in the index basis. However, repeat sales account to a relatively small fraction of total sales that are external to the blockchain, and repeat sales indices are unlikely to represent robust estimates of trends in many market segments.

The proprietary index methodology in the Look Lateral Provenance market matches the best industry and academic standards and deals with the patchiness of external data. This methodology combines the vision of art advisors with abundant quantitative details provided by its dedicated team of analytics and scientists. Users of the Provenance market will benefit from indexing and pricing methodology that goes well beyond the repeat sales methodology. Look Lateral pricing and indexing methodology currently match the top high levels of the market for information in this space. Users of the Provenance market will also benefit from Look Lateral efforts of being at the forefront of research and innovation while insisting on its pioneering use of Crypto-Provenance scores that help improve price discovery and lead to a dedicated suite of Crypto-Art-Indices. Crypto-Art-Indices will pave the way to dedicated synthetic derivatives to be traded on FIMART.

Exhibit II provides additional details regarding the rationale behind Look Lateral indexing and pricing methodology with a few examples of indexes that Look Lateral is already maintaining.

Design of FIMART

FIMART is a dedicated marketplace for listing, part-tokenizing and trading an artwork. Its scope is the creation of a secondary market for art for assets that have already been allocated a Signature Tag and a Provenance Score. These assets are allocated an OTC ISIN number and will have both tradability and yield for a set period of time, and pegged against an indexing algorithm of open market value.

Listing

Listing to be called Art Public Offer (APO) – pattern of Initial Asset Offering (IAO).

Prerequisites to Listing

- Minimum provenance score from our Signature Tag required prior to listing (possibly based upon reputation [calculated by previous provenance performance or cumulative score])
- Listing schedule (potential bidding market with limited slots by asset class – e.g.

modern, historical, period, other)

Issuance APO/IAO and tokenized instruments

With the APO, we will be allowing the realization of value of the piece by creating a liquid market for an otherwise rare asset. This would include the ability to create value with otherwise unsellable items such as unmovable items. Securitizing rare assets into a liquid market will allow the owner to achieve more value given the effect of widening the potential market over space (worldwide) and time (24/7 continuous market). This marketplace mechanism is scalable with wealth generation occurring for each asset listed. Note that any additional signing or provenance materials that are applied to any artwork over the generational lifetime of that art will be added to the Signature Tag and Provenance Databases and included as part of the market data and indexing algorithm that is used. The asset will be tagged to a provenance identity in an issuance transaction that will include all technical and legal components, including schedule information.

Generally, the system will be tokenize art assets through periodically pre-determined rules, issuing tokens of it for public sale. Classes of tokens will exist with holding and other rights, and that common class will be publicly available in the market. Those common tokens may have other rights of viewing or dividend. Distribution of tokens will be configured based upon piece, estimated value, and owner requirements. Owner will retain some portion of tokens, some portion (likely fixed) will go to the system LL, and the balance will go to the open market.

The owner may go through the provenance system and decide not to list or postpone listing for better market conditions.

If the owner does sell the physical item, the legal agreement would tie the physical/holding class stock shares to the physical rights and actual sale. This would not directly affect the common/market shares though it may affect the price. Delisting would require a party to purchase 100% of market shares. Market tokens

Issuance will be templated to allow options on legal and technical components (for example):

- Jurisdiction of physical contract;
- Classes of stock/tokens + legal and technical definitions;
- Number of tokens/shares to be issued (by class);
- Distribution of tokens by class (e.g. 20% to owner, 10% to broker, 70% to public).

FIMART relies on types of Over the Counter derivative instruments, a trading platform component, and a containerization architecture.

- New Over the Counter derivative instruments can utilize both tokenized assets and listed ISO products to enable new tradable instruments and market data on the FIMART platform;
- The use of a component and containerization architecture also enables new tradable add-ons to the platform such as micro-trading of art assets;
- Use of the Dragonchain blockchain enables the art assets, provenance, and signature tagging to be 'auditable', and ties directly to the FIMART platform.

Market transactions

- Issuance (APO/IAO);
- Declaration of Information (any reporting of interest to public);
- Split;
- Market order;
- Limit order;
- Stop order.

Market Token/Cryptocurrency Configuration

Token Name: Set at listing based upon art piece naming/common name (e.g. Mona Lisa)

Symbol: None

Issuance: Configurable based upon art piece pricing and demand estimate

Cryptocurrency code: set at listing based upon art piece naming/common name (e.g. MONALISA or MONA)

Resolution: Atomic - token not inherently splittable as cryptocurrency

Trading platform

The FIMART platform will be built as a SaaS cloud based web platform with the following APIs:

1. Prices;
2. Index;
3. Market depth;
4. LookToken currency pairs;
5. Trading history;
6. DataSet distribution.

The FIMART platform will be modular in nature to enable both businesses and user to activate 'Add-on' features to:

- Convert FIMART returns from LOOKS to Fiat;
- Viewable audit rail of provenance back to artists first stroke;
- Primary market trading;
- Auction House access for primary market;
- Real time prices;
- Art market depth for FIMART market.;
- Price comparison against auction markets (e.g., Christies, Bonhams);
- Art Loan market comparison;
- Location based art purchase data.

The FIMART platform is available with a native Mobile SDK for integration to third party apps for the purchase of the Look art token, micro art pieces of art, exchanging art tokens for fiat currency, an art wallet, the FIMART Index.

Shown below is the core architectural features of the FIMART platform.



CHAPTER 6

OUR TOKEN

A token for the art market

LOOK is an ERC-20 Token Standard which enables functions on Dragonchain™ blockchain and has smart contract capability. The LOOK token has six main functions, which lend to its inherent utility:

- Access and right to participate in the provenance system;
- Access to experts who can provide professional opinions, pricing and authenticity;
- Access to an artist index, where members can see how artists' work have historically performed in the art markets;
- Ability to register art into FiMart via tagging and receive art-related tokens;
- Education opportunities where (i) members who are art professionals can educate members in the crypto space and (ii) members in the crypto community can educate members in the art world;
- Representation of emerging artists.

In order to use Look Lateral's services and enter the FIMART marketplace, individuals must first own LOOK (which they can purchase in Look Lateral's private tokens pre-sale or in the open market). As a requisite for purchasing, those seeking to own LOOK must also become members of FIMART.

Owning Look and holding FIMART membership also allows members to vote on actual and practical measures that affect the managerial operations of FIMART. FIMART members have the right to vote at member meetings on governance matters, such as the selection of FIMART Cooperative directors. FIMART members will also be entitled to vote on all other matters involving the LOOK's utility including: voting on which art professionals should serve as the main art advisors to the membership, which new artists to represent, how to prioritize which works should be tokenized first and the protocol surrounding the tokenization process, and the interoperability of different art-related tokens.

In addition, each action and transaction within Look Lateral and FIMART requires a small amount of Looks to power the transaction (i.e. gas fees). Looks can be used to pay for fees associated with specific transactions such as auctions, provenance, tokenization, advertising, and the tokenization of art during a high-transaction time slot. FIMART members may also use Looks to become preferred venders and have his/her tokenized art or art-related tokens

appear to other members at higher frequency, to purchase insurance on the art within FIMART, and to access and use the big data derived from the transactions on Look Lateral and FIMART.

Structure of the token sale

Under review to be compliant with legal requirements.

CHAPTER 7

LEGAL FRAMEWORK

The legal framework is still under review.

Dual Entity Structure – Look Lateral Inc. and FIMART Cooperative

Look Lateral is supported by two entities— (i) Look Lateral Inc. and (ii) FiMart Cooperative. On one side, Look Lateral Inc. is a Delaware corporation that provides the following services: (1) tagging (2) provenance, and (3) the pricing of art.

On the other side, FiMart Cooperative is a membership-based Washington cooperative that builds and oversees the FiMart Marketplace. The FiMart Marketplace is where FiMart member can view tagged art and participate in the buying, selling, or tokenization of art. In exchange for a variable membership fee, FiMart members can use Look, Look Lateral's cryptographic token, to (1) view tagged art, (2) tokenize art, (3) buy or sell art, and (4) trade art-related tokens. [Each member's status is contingent up his/her maintaining a minimum level of activity within the Marketplace.]

The Relationship Between Look Lateral, FiMart, and the Look Token

Look Lateral Inc. and FiMart Cooperative work in concert to provide the world with services and environment to be educated in and participate in the global art economy. Look Lateral will issue its cryptographic token, Look.

Look has six main functions, which lend to its inherent utility:

1. Access and right to participate in the provenance system;
2. Access to experts who can provide professional opinions, pricing and authenticity;
3. Access to an artist index, where members can see how artists' work have historically performed in the art markets;
4. Ability to register art into FiMart via tagging and receive art-related tokens;
5. Education opportunities where (i) members who are art professionals can educate members in the crypto space and (ii) members in the crypto community can educate members in the art world;
6. Representation of emerging artists.

In order to use Look Lateral's services and enter the FiMart Marketplace, individuals must first own Look (which they can purchase in Look Lateral's private tokens sale or in the open market). As a requisite for purchasing Look, those seeking to own Look must also become members of FiMart.

Owning Look and holding FiMart membership also allows members to vote on actual and practical measure that affect the managerial operations of FiMart.

FiMart members have the right to vote at member meetings on governance matters, such as the selection of FiMart Cooperative directors. FiMart members will also be entitled to vote on all other matters involving the Look's utility, such as voting on which art professionals should serve as the main art advisors to the membership, which new artists to represent, how to prioritize which arts should be tokenized first and the protocol surrounding the tokenization process, and the interoperability of different art-related tokens.

In addition, each action and transaction within Look Lateral and FiMart requires a small amount of Looks to power the transaction (i.e. gas fees). Looks can be used to pay for fees associated with specific transactions such as auctions, provenance, tokenization, advertising, and the tokenization of art during a high-transaction time slot. FiMart members may also use Looks to become preferred venders and have his/her tokenized art or art-related tokens appear to other members at higher frequency, to purchase insurance on the art within FiMart, and to access and use the big data derived from the transactions on Look Lateral and FiMart.

Relationship between Look Lateral, FiMart, and Dragonchain

Look Lateral's strategic partner, Dragonchain, has created the closed-loop environment where the art community and those seeking to enter the community can enter into secure, transparent transactions. When members want to record their transactions, or verify that a transaction has occurred, the data underlying the transaction or request will be posted on to a third-party public blockchain. Dragonchain also supports the activities that take place within Look Lateral and FiMart by acting as a bridge between the secure closed-loop environment and the public blockchain, allowing for faster transaction times.

Dragonchain will also facilitate Look Lateral's private token sale. To participate in Look Lateral's private token sale, individuals will need to first purchase Dragonchain's cryptographic token, Dragon. Individuals may use USD, BTC, or ETH to purchase Dragons. Dragon ownership will allow individuals to purchase Look, which is necessary to enter Look Lateral and to purchase FiMart membership.

Look Lateral's Private Token Presale

- Publish a white paper

Look Lateral has published this White Paper in connection with its private token sale and the launch of its Look Lateral platform and the FiMart Marketplace. In this White Paper, Look Lateral describes its protocol, while identifying the purpose and utility of Look. Look Lateral further provides detailed technical descriptions of its technology and includes transparent expectations for its total token supply and distribution schedules. [This White Paper has been reviewed by independent technical and business experts.]

- Commit to a development roadmap

Look Lateral has published a development roadmap, attached hereto as Exhibit A (the “Roadmap”). In its Roadmap, Look Lateral details the time and cost estimates for each state of its project, including a breakdown of estimated costs. Look Lateral identifies key members of the development team and the advisory board as well as the remunerations paid to these individuals. Look Lateral is also committed to report back to token holders periodically about its progress against the Roadmap.

- Use an open, public blockchain and publish all code

All of Look Lateral’s work is currently within the Dragonchain closed-loop network and the associated code can be found on GitHub. Before the launch of the Look Lateral platform and FiMart Marketplace, the FiMart will undertake an independent security audit. Upon launch, Look Lateral and FiMart’s transactions will be recorded on a public third generation blockchain using Dragonchain’s services.

- Use clear, logical and fair pricing in the token sale

Look Lateral will not use any pricing mechanism that increases over time and will ensure that all token purchasers pay the same price for the same number of tokens.

- Determine the percentage of tokens set aside for the development team

Look lateral has set aside ____tokens for the development team and advisors as compensation for their past and continued work on the Look Lateral platform and FiMart Marketplace. These tokens will be released incrementally and contingent upon their continued work on the project.

- Avoid marketing the token as an investment

Look Lateral is marketing its token as a utility token and the issuance of the Look shall be effected in a “private token presale.” Additionally, Look Lateral promotes its token based on its features and functionalities and not as an investment that will increase in value. [Further, in the terms and conditions/Membership Agreement of its private token sale, attached hereto as Exhibit B (“Terms and Conditions”)], Look Lateral provides the appropriate disclaimers about Looks are an asset and not an investment.]

Look Lateral plans to allow Look holders, as FiMart members, (i) participate in the building of the FiMart Marketplace before it goes live, (ii) determine the method of practice by which to vote on issues concerning the Looks and the Marketplace, and (iii) vote on these issues. Immediately upon purchasing Looks and FiMart membership in Look Lateral’s private token presale, Look purchasers, as FiMart members, will be able to use their Looks. To reduce the appearance that the purchase of Looks is based solely on the efforts of Look Lateral’s development team, Look Lateral has created an array of tasks that FiMart members have access to and can participate in before the Look Lateral platform and the FiMart Marketplace is completely launched:

- Access to art and art history lectures taught by industry professionals;
- Access to art collector tips and stories;

- Tutorials on tagging process; and
- Tutorials on procedures for verifying accuracy of information.

[Within FiMart, members will be able to communicate and coordinate with each other using the Marketplace's internal communication system] This system allows members and token holders to have concrete method for communicating and coordinating voting proposals with one another in order to have meaningful voting power on issues important to the FiMart and the Look. FiMart members, as holders of Look, will be able to immediately vote on the following measures among many others membership-related initiatives:

- Look's monetary policy;
- FiMart governance matters;
- "Bounty Boosts" protocol; and
- Which burgeoning artists to initially represent and fund.

The Look Lateral platform and FiMart Marketplace depend on the work and effort of its token holders and members to realize their full capabilities. The above tasks significantly further the Look Lateral platform and Marketplace network as they educate and prepare members for greater participation when the platform and Marketplace are fully launched. It is important to note, that without the participation of these initial members and token holders, the Look Lateral Platform and Fimart Marketplace will have limited capabilities and transactions will be slower as people will have to wait in a longer queue to get his/her provenance information confirmed or to be matched with buyer or seller of his/her artwork. Member participation in the development of the Marketplace and to realize the full utility of the Look is, therefore, necessary in order to create the rich, democratized art market that Look Lateral and FiMart seek to create.

CHAPTER 8

ECONOMICS

The market for the Look Lateral platform has been structured taking into account today's customer base, the foreseen market trends and the technological features of the Look Lateral platform throughout the whole art industry.

The provisional estimates of the potential users of the platform are then based on a conservative evaluation regarding the participation in the major art fairs worldwide, carried out through the analysis of different data (mainly official reports). The information listed below must then be considered as highly indicative with regards to the potential players and users. Starting from the total addressable market (TAM), we took into consideration the ability of reaching a 5-7.5% of the potential users. Look Lateral's market potential has therefore been calculated starting from the total amount of taggable artworks – meaning that they can possibly be tagged making use of the provenance tagging system – for each player through the whole art industry, and then taking into consideration the second actors supporting the market.

Consequently, in order to take advantage of all further functions offered under payment within the relevant segments, all artworks must be registered via the provenance tagging system. As the number of registered works of art increases, the platform's value will increase, too.

Business model

Look Lateral's business model relies on Dragonchain™ technology to uncover the hidden value of contemporary artwork, delivering it to a broad array of key art players in an innovative and financially sustainable way. They're revolutionizing the way in which art is archived, sold and traded globally with the business model being split into three main areas of focus: signature tags, provenance and FIMART. After an individual (e.g. private collector, artist, trader) or an entity (e.g. museum, gallery, corporation) makes the decision to introduce their artwork to Look Lateral's community, they create an ad-hoc online account with a physical tag. This tag is applied to the work and contains a crypto key linked to the Dragonchain platform which stores un-modifiable details of an artwork in a secure way. Subsequently, information related to ownership, auction prices, artist history, art commentary, exhibitions, advisor opinions and artwork's condition can be requested and added by any art player (e.g. art expert, private collector, art archive/foundation), further increasing the quality and quantity of information available to Look Lateral users. The result of this process is a score reflecting the artwork's authenticity, uniqueness and ultimately identity. At this point — provided the piece of art has reached a satisfactory score — Look Lateral relies on its algorithms to price and index the artwork, making it available to be fully or partially traded (via tokens) on FIMART (Financial Market for Art Regulated Tokens). An open exchange will be generated with willing buyers and sellers letting art demand and offer combine depending on their interest, finances and risk profile.

Revenue Model

Look Lateral will constantly generate revenues in multiple ways, ensuring that an artwork's hidden value is shared amongst key art players in a sustainable way. The application of a physical tag on a piece of art is how they make sure the work becomes part of the art and financial community in a secured way by leveraging on the Dragonchain platform. The individual or the entity willing to list their artwork on Look Lateral will not pay any fee for the first months of activity, this will incentivize players to contribute and quickly enlarge the art base, while a per-tag fee will be applied after the third year of operations. The players contributing artworks will primarily be private or public collectors, traders, galleries (private or public organizations aiming to buy and sell artworks in order to generate profits), art archives or foundations (entities actively managing information and artworks linked to a single covered artist) and museums (institutions conserving collections of artworks and making them available to public via ad-hoc exhibitions). For a fee, Look Lateral will allow the certification of an artwork's ownership switch or authentication issued by an art archive to be securely registered on our Dragonchain platform. The same line of reasoning will be applied on an artwork's movement certification performed by a museum, which will be permanently secured on Look Lateral blockchain database in exchange for a USD 1 fee. The quality and quantity of art information will steadily grow thanks to the art community's contribution. In fact, art players (e.g. investors, traders) will require information on a piece of art in order to make an informed financial decision. In particular, art curators, art advisors and technicians will issue a certified opinion with Look Lateral retaining a share of the fee charged on the requestor. An additional source of revenue for Look Lateral will come from archived data management. And, Look Lateral will charge a fee for single requests of data or even several types of membership depending on the extent of desired access to our stored art information. For example, a museum might be charged a one-off fee for gaining permanent full access to database information, or a trader may be willing to be charged a yearly fee to get access to a certain extent of art information. Look Lateral will also enjoy financial contributions of sponsors allowing them to steadily invest in the growth of their own operations. Also, an art magazine will be published on a quarterly basis including key art insights on major art fairs as well as how Look Lateral's business is contributing to shape new art trends globally, therefore providing a permanent source of revenue for Look Lateral.

Pricing and indexing information will be requested for a number of artworks with preexisting tags in order for investors and traders to know the true value of an artwork and make conscious financial decisions. For instance, Look Lateral will retain a USD 10 fee for each artwork priced via their own algorithms.

Finally, when a work reaches a satisfactory score it then becomes eligible for the so-called "art public offer", the process allowing an artwork to be fully or partly exchanged on FIMART. A 1.75% fee will be charged on the full value of the artwork in order for it to be listed. Also, a

small fee will be charged on the value of the share of the artwork subsequently traded on the exchange, in case an investor is willing to buy only a portion of the work.

A number of revenue sources will be further implemented in the coming months and years. For example, Look Lateral will enter the merchandising business by partnering with well-established apparel manufacturers in order to sell items representing artworks represented in the art database and FIMART. Also, Derivatives contracts will be later introduced in order to increase the availability of pieces of art to galleries, museums and other art players depending on their need. This will make the exchange of artworks smoother and give investors a larger and more comprehensive availability of art financial products to be traded on FIMART.

Fees Structure and Distribution

Look Lateral will make sure an artwork's hidden value is equally distributed to all art players involved in Look Lateral business. In the provenance context, fees are distributed according to a precise scheme allowing art information contributors, artwork owners, artwork taggers and Look Lateral to share fees. As mentioned above, certifications of an artwork's ownership switch or authentication will be performed by art archives or foundations; movement certifications will be executed by a museum; contributions will be issued by art advisors, art curators or technicians; and, a fee is charged to the requestor for any subsequent actions being registered on the Dragonchain platform — which is then available for later consultation. The majority of the fee will be distributed to the institution or art expert having issued the certification or opinion, respectively, with the rest being delivered to the owners of the artwork's tokens proportionately. And, the first of whom tagged the artwork (making the whole process feasible) will be able to recover the initial tag fee.

Also, every transaction executed on FIMART will generate a fee. This will be fairly distributed by Look Lateral to all artwork owners proportionately to the number of tokens they hold in the artwork, as well as to the entity or individual who first tagged the artwork making the process viable.

The fee distribution mechanism will allow every key art player having contributed to the growth of Look Lateral business and, most importantly, to the transparency, accessibility and liquidity of the art market, to benefit from generated revenues and prosper.

CHAPTER 9 BENEFITS

LOOK LATERAL SOLUTION

Shattering the circle, one artwork at a time

We offer three focus areas, all of which promote more transparency, accessibility and liquidity in the global art market.

| | Provenance System | FIMART | Membership |
|--------------|--|---|--|
| Transparency | <ul style="list-style-type: none"> - Look Lateral Signature Tag System enables the definitive identification and certified of art work by safely affixing a physical tag - Simple authentication process for recording and certifying information about a Signature Tag art work - Meticulous record-keeping provides real-time transparency into a previously intransparent art market | <ul style="list-style-type: none"> - Overview of art pricing and analytics indexing services by art work, artist, galleries, exhibitions etc. - Overview of the current value of an artwork - Simultaneously validates and records transaction | <ul style="list-style-type: none"> - Exclusive access to Look Lateral services on Provenance services and FIMART platform - Access to an innovative and powerfully effective digital marketing and art market platform - Audience of desirable art lovers and art business decision makers - Alignment with a trusted source of legitimate commercial art communications |

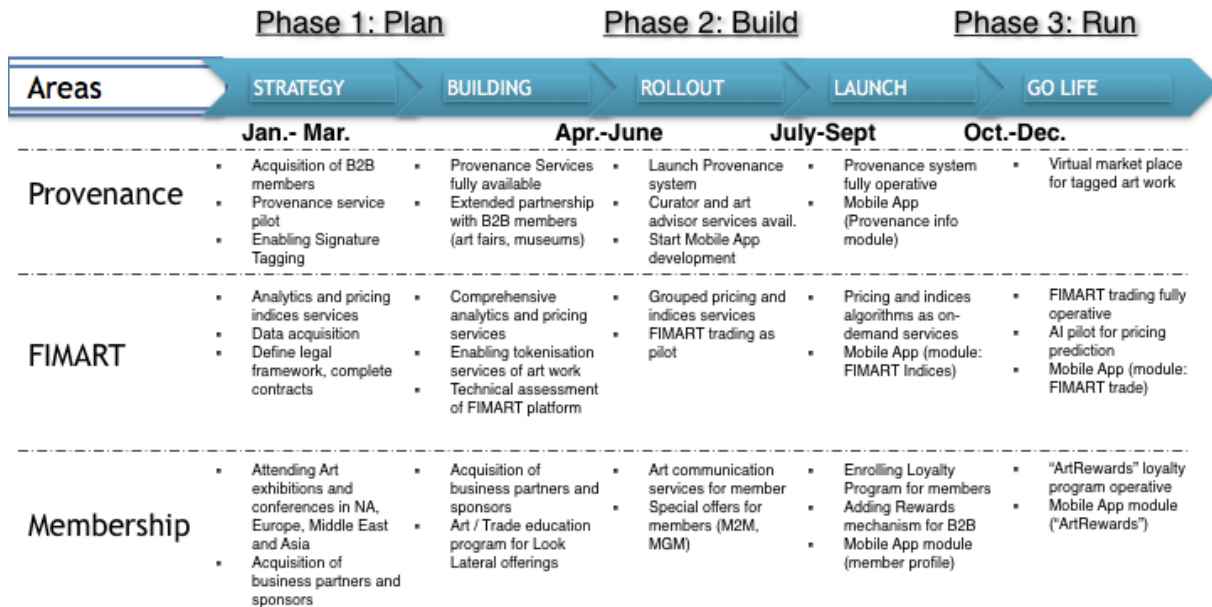
| | | | |
|---------------|---|--|--|
| Accessibility | <ul style="list-style-type: none"> - Global Provenance Services to get all the art work related information at one place - Proven information for the art work including artist, origin, ownership track, pricing, exhibitions expert and curator opinion | <ul style="list-style-type: none"> - FIMART trade platform with access to global art - Signature Tagged Artworks split into portions (tokens) to be transacted to the benefit to reach out to more individuals - Trading of tokenised art work at an art token exchange | <ul style="list-style-type: none"> - Loyalty program enhances accessibility to art world - Proprietary pricing, analytics and indexing services - Curated art market trends / information - Invitation to local / regional / global events |
| Liquidity | <ul style="list-style-type: none"> - Provenance platform allows galleries to trade art with all relevant information to the globally interested audience - Quantitative finance allowing for processing real-time provenance data to attract more art buyers. | <ul style="list-style-type: none"> - Tokenization makes art accessible to a wider audience - Secure platform for traders and funds | <ul style="list-style-type: none"> - Exclusive benefits from our sponsors and business partners - Exclusive access to Look Lateral services on Provenance services and FIMART platform |
| | | | |

CHAPTER 10

ROADMAP

Look Lateral RoadMap

Our project approach to plan, build and run the first global platform for democratising fine art.



CHAPTER 11
IDEATION FRAMEWORKS

| | | Trip to Mantova | Trip to Seattle | Trip to Globe | Trip to Moon |
|---------|------------------------------|---|--|---|---|
| | | \$ 6,000,000 | \$ 12,000,000 | \$ 25,000,000 | More... than \$50M |
| Art | | | | | |
| | Signature Tag | Purchase physical Signature Tags. Design of Signature Tags for Canvas. Tag works on canvas & paper. | Signature Tags to identify sculptures. Signature Tags App (Reader/Information). Adding Tags for digital art, sculptures. | Developing tagging methods for installations. Visual comparing system. | Proprietary Signature Tags Reader (Hardware Device). Adding tags mixed media. |
| | Provenance Tag System | Develop virtual “catalogue raisonné” to present tagged artworks. | We can increase the numbers of art players that contribute and provide information into the provenance system. | Information to be symmetrically stored in Signature Tag and provenance system. | VR presentation of Art work. |
| Finance | | | | | |
| | Tokenization | Develop tokenization process with proprietary pricing algorithm and information from the Provenance Tag system. | Improving functional and financial benefits for art token owners. | Develop API Module to connect provenance system and FIMART to exchange information. | |

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|-----------------------|----------------|--|--|--|--|
| | FiMArt | Place to find and trade art tokens, Data Acquisition. | Increase number of visits and transactions by adding more art lovers and traders. | Creating the environment for funds based on Art Tokens through FIMART, Adding AI to predict future sales. | Set up an own art token exchange. |
| | Indices | Platform to display our Art Financial Indexes based on strategic partnerships with highly qualified data vendors. Development of dedicated pricing algorithms based on classical hedonic models. | Expansion of data acquisition strategies and development of automatic index feeds on our platform. Hedonic pricing algorithms comprising art expert categorical variables. | Construction of real time crypto-indexes with blockchain information. Big data analytics and supervised learning algorithms for the purpose of both pricing and indexing artworks. | Expansion of big data analytics. Machine learning and dynamic pricing algorithms and indexing. |
| Legal services | | Provide all the smart contracts to establish Tokenization and Provenance Tag System. Contracts to cover all LL processes. | Develop insurance contracts to back tokenized and traded artworks. | Sell LL-branded insurance products to users. | Individual smart contracts and legal services. |
| Technology | | | | | |

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|--------------------------------------|------------------------------|--|--|---|---|
| | Provenance Technology | Hire developers/programmers team to develop proprietary Provenance system, Mobile App with Basic Information | Mobile App with complete provenance information module. | Develop system to automatically generate information on artworks not tagged yet and to propose business opportunities to all LL stakeholders. | Showrooms with AR / VR support. |
| | FIMART Technology | Evaluate White Label System, API to Looklateral System | Mobile App with module for trading. | Automatic generation of investment opportunities according to risk-return profile of investors. | Proprietary FIMART System (modified white label version). |
| Communication & Marketing | | Identification and on boarding of strategic partners/sponsors (digital/core communication). Membership (M2M, MGM) system. "Fresh Art Delivered Daily" campaign on social networks. | Identification and on boarding of Strategic Partners/Sponsors (digital/core communication + fairs personal visits). Showrooms to support galleries and museums to display listed art work. Loyalty communication with members. | Connection of museums and gallery to virtual online provenance showrooms, available for Signature Tagged artwork listed at FIMART. sales of listed artwork (full service, incl. insurance and shipping). membership and loyalty program for provenance tag users. | App with AR/VR support for provenance showrooms and FIMART. |

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|---------------------------|--|---|---|--|--|
| Education & Academy | | Digital webinars development to onboard prospective clients and partners, DTU video for Signature Tag Installation and Provenance System use. | Live events with prospective clients and partners. Managed community for followers on social networks. Mobile App with educational functions. | Success stories, improved videos for processes, advanced FIMART and art education academy (video program). | Art Boot Camps in selected cities during art exhibitions |
| Business Development | | Hire sales force to tele-sell Signature tags (webinars, emails, phone calls). | Sales force to personally sell Signature Tags to highly selected museums and galleries. Split sales force into Asia & ROW. | Split the sales force into different geographies (US, Europe, Asia). | |

CHAPTER 12

TEAM

Comprised of a vibrant heritage of art professionals, industry leaders and leading academics, we have a dynamic team, who will lead the contemporary art world beyond its physical and e-commerce boundaries. We will become the market's trusted point of reference and create genuine opportunity for everyone especially new entrants.

This global venture has the backing of experts in the global art, technology and finance sectors.

Team composition

Chiefs and Board

Niccolò Filippo Veneri Savoia

Founder, CEO and Chairman of the Board

Niccolò established Look Lateral in 2011 to continue his family's long-standing tradition of art appreciation. His knowledge of the global art market makes him ideally placed at managing Look Lateral's mission in such a dynamic environment.

Andrea Beltratti, PhD

Advisor and Board Member

Andrea is a Professor of Finance and the Associate Dean of Corporate and Financial Institutions at SDA Bocconi University in Milan. He also has over 20 years' experience in the finance industry. He has been Chairman of Intesa San Paolo Management Board and is currently Chairman of Eurizon Capital S.G.R..

Tino Cennamo

Board Member

Tino has over 30 years' experience as a Company Executive and Management Consultant for prominent international Technology, Media and Entertainment companies, such as Walt Disney (Buena Vista HE Italy), RAI (Italian State Television), Bertelsmann (Bmg), Future Publishing Uk, Apple Computer and brings expertise in Media, Digital business, and Publishing.

David Drake

Advisory Board Member

David, through his family office LDJ Capital, has acted as GP & LP investors with his partners in fund-of-funds, realty funds, venture capital funds & hedge funds. His investments currently have 50+ global directors that maintain relations with institutions & family offices with \$1.5 trillion in assets.

Pietro Ferrazzi

Chief Content Officer and Board Member

Pietro is a lawyer specialised in private company and banking, and has worked with Look Lateral since its inception. He manages the editorial contents of the Look Lateral paper magazine, supported by his great passion for art and culture. He develops multimedia and editing contents for Look Lateral media.

Stephan Horvath

Chief Marketing Officer

Stephan has over 20 years of international marketing and c-level experience in working for network agencies and consulting companies. He is adept in combining marketing strategy and innovative technology to drive business in North America, Europe, the Middle East and Asia.

Nicola Mafessoni

Chief Art Officer

Nicola is an experienced art professional and works as a director of one of the most renowned Italian art galleries. He has expertise in dealing with contemporary and modern art, supported by over 10 years' experience as Art Advisor for some of the world's most relevant galleries. He also advises high worth individuals on investments in fine art assets generated by the most promising artists.

Antonio Mele, PhD

Chief Analytics Officer and Board Member

Antonio is a Professor of Finance at the Swiss Finance Institute based in Lugano (USI), after a decade spent as a Professor of Finance at the London School of Economics & Political Science. He is the co-inventor of fixed income volatility counterparts to the equity VIX that have been adopted by Chicago Board Options Exchange and S&P Dow Jones Indexes.

David M. Otto

Chief Legal Officer

David has over 30 years of experience in corporate finance, securities, mergers and acquisitions, as well as corporate law and governance. He received his B.A. from Harvard University and his J.D. from Fordham University School of Law. He is the founding Managing Partner at Martin Davis PLLC, a boutique law firm in Seattle, WA, focusing on emerging technologies, like the blockchain and cryptocurrency.

Paul Rapino, MBA

Chief Sales Officer

Paul was the former Financial Services Director at Microsoft Corporation. In his 15+ years, he led digital sales and strategy for selling into industries that included finance, autos, retail, sports and media. After Microsoft he worked with new ventures that focused on using technology to drive digital transformation. Use cases included "Internet of Things (IoT)", data analytics and new technology solutions for business and consumer channels.

Joe Roets

Chief Technology Officer

Joe is the inventor of Dragonchain technology, a revolutionary blockchain paradigm superior in terms of scalability, interoperability and supported applications. He will support the creation of a Dragonchain-based infrastructure for the tokenization of art and its marketplace for liquidity. He is a pioneer of blockchain technology business oriented applications and recently concluded a \$22 M tokens sale to foster the Dragonchain development and large-scale uptake.

Steven Siegel

Chief Financial Officer and Board Member

Steven is an international entrepreneur and professional consultant specialized in managing high- tech start-ups, and has served many ventures like, Ai-Blockchain Matrix, where he completed the largest REDD transaction to date. His expertise lies in team management & development, global growth, mergers & acquisitions and negotiation. He started his career in the 1980's with Kidder Peabody.

Carl A.R. Weir

Head of FIMART and Board Member

Carl brings experience in fintech and blockchain technology, and has already proved the latter's application to solve everyday problems. As an art aficionado and collector, he will support the integration of large collections and provide valuable feedback on the process of tokenization.

Operations

Simone Baroni

Developer

Simone is an Italian ICT Developer, supporting Look Lateral with his valuable knowledge in software design and development. He will contribute to the effective integration of FIMART and Dragonchain in the new platform while also engineering the front-end and backend functional layers.

Nicole Bertani

Art Director

Nicole is a designer specialized in graphic contents creation and branding. Her approach is characterized by a strong creativity and the capability to generate original visual identities by using fresh styles and innovative visual elements. She has extensive experience as a Graphic Designer and Art Director for many companies.

Jacopo Caracci

Graphic Designer

Jacopo is a visual designer in Italy. He is in charge of managing the Look Lateral digital visual identity, and has extensive experience as a Graphic Designer and Art Director for many companies.

Enrico Cavaliere

Art Manager

Enrico is a fine art expert operating his own Art Brokerage company. Prior to that, he worked for both Christie's and Sotheby's, in their respective London headquarters, focusing on market research/analysis, client interaction as well as sale planning and finalization (through both auction and private sale channels). He holds an MLitt in Art History & Art Business from the University of Glasgow.

Matteo Daste

Legal Advisor

Matteo is one of the most skilled advisors for high technology initiatives in the Silicon Valley. He operates as partner for Orrick, Herrington & Sutcliffe LLP Firm in San Francisco, providing legal advice for highly promising start-up companies, and supervises all legal aspects related to Look Lateral.

Flavia Fiocchi

Editor

Flavia is a freelance journalist and writer who has been supporting Look Lateral Magazine as Editor-in-Chief since 2013. She writes about culture, events and art, and she is an expert in art fair and exhibition management.

Carlo Alberto Oppici

Business Innovation Manager

Carlo Alberto is an experienced project manager currently working at leading management consultancy firm, Gruppo Finservice S.p.A. He has helped many companies find their optimal business model, as well as business development and funding through the underpinning of cutting edge technologies.

Rizzolo Chiara

Marketing and Content Manager

After a multidisciplinary experience as a hotel Art Director and Communication Manager, Chiara is specialized in creative contents shifting from poetry to photography, from Graphic Design to Systemic Counseling and Family mediation. As a passionate art lover since early childhood, she will manage the creation and exchange of marketing contents and narratives, providing that magical bridge between culture and self.

Carlo Rossi Chauvenet

Legal advisor

Carlo is a business lawyer specialising in Corporate, M&A, Intellectual Property and Social Entrepreneurship, amongst other areas. He is currently a partner at Milan-based firm, CRC LEX.

Michael Patrick Venables

Content Manager and Advisor

Michael is a professional copywriter specialized in natural languages, storytelling and technology contents. During his career, he serves large enterprises such as HBO, Microsoft Corporation while also writing articles for Forbes and wired magazines about technology and innovation.