



FIMART LOOK LATERAL

WHITEPAPER



CHAPTER 1 ABSTRACT AND VISION

Art is an asset class having grown by an average 7% compounded annual growth rate (CAGR) in last 5 years to approximately \$60bn in 2016.

As art and technology enthusiasts, it is the values of the Renaissance that 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 help transform the current art market in order to increase its liquidity and increase global availability of art. We want to make the art market a more transparent and liquid marketplace with universal access to it, and resolve issues that have hampered 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. This will encourage a higher participation in the art players ecosystems, proportionally with a higher liquidity fostered in the 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 global art ecosystem gravitating around art.

"I have a mission: to make the art market accessible to everybody, to fill the gaps that are responsible for anachronistic and senseless closure. I think art is a good thing to spread and to access without limitation. And I'm a fan of truth. I would like to know every step of the story of an artwork, to be sure that the information I have is exactly related to that work, not a copy, and to know the real value and the exact price."

Niccolò Filippo Veneri Savoia
Look Lateral Founder & CEO



CHAPTER 2 SUMMARY

Who

LOOK LATERAL! Look Lateral is a blend of art professionals, industry leaders and leading academics focused on the business of 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 tagged, priced and tokenized.

How

TAGGING the artwork: thanks to our signature tag — embedded on the back of paintings and photos, as well as sculptures and certificates — we offer an easy way to identify the work and to instantly access all the PROVENANCE information stored on our blockchain platform; information that is constantly updated by the art community.

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

TOKENIZING the artwork: thanks to Dragonchain, it is now possible to sell an entire work of art, or sell it in portions (tokenizing the artwork) with buyers simultaneously obtaining rewards and other rights. To do this, we are creating a simple, fast and safe place to buy and sell tokens of an artwork.

Welcome to FIMART, our Financial Market for Art. Art Tokens will be regulated pursuant to criteria and parameters created by Look Lateral.

Why

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

How we are going to make revenue

Our main sources of revenue¹ come from: (i) tokenization process; (ii) sale of tagging, pricing and indexing services; (iii) provenance system and (iv) membership and data management services.

When

Now!

¹ Please note additional revenue sources will be periodically added by Look Lateral.

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 allowing secure participation in art both as an asset class and 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 such as transparency, illiquidity and access to the global art market have continued uninterrupted over last years. Our deep knowledge of the art world has led us to identify solutions across multiple dimensions in the whole value chain of fine art: information, provenance, pricing, trading.

Look Lateral solution relies on a robust, failsafe, five-layer blockchain technology infrastructure allowing us to create, manage and distribute products and services to users at different levels. The following are among the services offered by Look Lateral on artworks: tagging, provenance, pricing, indexing, tokenization and trading.

Our technology is a flexible, mixed public/private blockchain product, Dragonchain¹. This has powerful features that enable the ability to manage data and value transactions, across a multi-tiered technology stack.

Backed by Dragonchain's blockchain platform, Look Lateral is developing a Tagging and Provenance System as well as a comprehensive set of pricing/indexing algorithms allowing the tracking of global art trends and individual artworks valuation. We also offer services as issuance of art tokens through the so-called APO (Art Public Offering) via FIMART (Financial Market Of Art) and their comprehensive management.

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

FIMART, our over-the-counter ("OTC") marketplace, is a blockchain facility hosting the trading of different categories of assets arising from the artwork dematerialization/decentralization process. The most basic asset tradable on FIMART is a portion of an artwork, namely a token.

This OTC platform is the most reliable environment to support transactions having art assets as underlying, while ensuring that access to art is granted to every member of Look Lateral's ecosystem. FIMART resolves issues regarding conflicts of interest or value manipulation possible arising through the advice of "middlemen" or players acting in the middle of the art value chain. Price transparency is achieved via the application of an objective, proprietary pricing and indexing methodology. Dragonchain links to real-time data via our Signature Tags applied on artworks and connected with digitally-encrypted keys and complex datasets certifying the proof of provenance of artworks. Provenance assigned to any artwork is provided by the same users based on an incentive mechanism.

¹Please see <https://dragonchain.com>

Introduction to LOOK

Each transaction on the Look Lateral platform is powered by the utility token LOOK. The LOOK is a tokenized micro-license and an ERC-20 Token Standard, which grants LOOK holders access to FIMART and use of the services offered by Look Lateral. A LOOK is not a financial security and should not be purchased for speculative purposes. Purchasers of Look should have a bona fide intention to use LOOK for interaction with FIMART and use of Look Lateral services. In order to use Look Lateral's services and access FIMART, individuals must first own LOOK (which they can purchase in Look Lateral's private tokens pre-sale, token sale or in the open market). For the purpose of the presale and any subsequent sale of LOOK by Look Lateral, anyone seeking to purchase LOOK must be or become a member of FIMART.

LOOK can be purchased, traded and exchanged internally and externally to the Look Lateral platform. The LOOK value is tied to its utilization and will be exchangeable with major cryptocurrencies and possibly fiat currencies after the completion of platform development.

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 Look Lateral pricing and indexing algorithms, where members can be informed about price histories, (iv) access to FIMART through tagging and and APO processes, (v) education, where art professionals will educate the crypto-community, which in turn will educate the formers, and where the crypto-community will educate FIMART members in the art world, (vi) promotion of emerging artists.

CHAPTER 4 BACKGROUND

A brief summary of latest art market trends

The art ecosystem has changed substantially 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, often rich and well educated, who went directly to a gallery and started a relationship with the gallery owner 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. Also, art collectors had begun to travel more frequently around the globe.

The amount of art fairs around the world had increased steadily and art-buyers tended 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. Urban areas became more and more important, underlined by accurate programs which increased visits to private collections and private foundations.

At the beginning of this century almost every important city had its own art fair. In the same weekly period, we saw galleries, which in the art fair one-week period, had not been accepted to the main venues. Young galleries and particular genres such as drawing, photography and artbooks spawned in this period. Art fairs filled nearly every week of the year and received an enormous level of importance. The most prestigious galleries took part into the most prominent art fairs, while getting access to these became more and more difficult.

The art market today

Due to increased globalization of the art system, some of the largest galleries started to open spaces in several countries. This was to reach a higher number of people and to find solutions to navigate within tax systems, given that transactions occurred more frequently and with stricter rules than in the past. The above-mentioned art-market changes, the more dynamic approach to art and the larger amount of collectors involved in the art space brought considerable consequences. Gallery owners had to request more works from artists, who in turn started to hire more assistants and incur a more complex production infrastructure. Consequently, flow in the secondary market increased with some players as secondary market dealers and auction houses generating substantial profits.

In most cases, a primary market art gallery incurs considerable expenses, the larger of which being mainly driven by the promotion of artists at fairs, magazines, dinners and events and production of the works. This heavy cost structure is further constrained by the fact that the gallery retains only half of sales proceeds, with the remaining half being distributed to artists.

Secondary markets avoid to incur the above-mentioned expenses. Someone simply buys an artwork and tries to resell it at a higher price. The increasing importance of auction houses generated a substantial flow of new oeuvres in the market and the simple awareness that reselling works of art is easy. Currently, auction houses represent also the most popular way to establish the market price of an artist. Artworks' cost on the market amounts to what was paid for similar pieces in the last auction. However, the success of an auction is unpredictable and depends on the participants' attitude. Instagram, Facebook, Pinterest and online intermediaries such as [artnet.com](https://www.artnet.com) and [artprice.com](https://www.artprice.com) have become crucial for art collectors who started to buy art bidding via telephone, email or online, anticipating a trend that moves steadily towards technology and online deals in the world of art commerce.

Join 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 do not just protect where your art comes from. We protect your art's future.

Numbers and players

In 2017, Contemporary Art Market Report revealed an important growth, with turnover up 14% versus the previous year.

- 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%)
- Art market 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 digital and virtual presence

The current constituent art market players are:

- **Auctions Houses** – mainly handling transactions taking place 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 engagement in assets of high artistic value;
- **Museums** – owning and making art available to the public, as well as preserving their value and delivering comprehensive services to society;

- ◆ **Archives and Foundations** – preserving and generating artistic knowledge, and manage artists' historical memory;
- ◆ **Experts, Curators and Technicians** – insiders, taking care of all matters related to the artistic and managing technical aspects.

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

- Nearly 80% of online buyers currently spend less than \$5,000 per piece online, up from about 67% in 2015
- 60% of galleries confirmed online buyers are getting more confident at buying art at higher prices. As internet-enabled generations become accustomed to shopping online, related sales are also growing, though provenance and price transparency might continue to represent an issue
- Dealers with most newly-acquired buyers are those who cater to the youngest generations (< 30 years old). (Macch Dealer Survey 2017).

Art buyers have access to a broad array of art data and opinions and are eager to search. This brings to question more and more the validity of trusted sources and opinions offered.

Art Fairs

Art Fairs are essential to gallery and dealer sales with estimates placing attendance as high as 41% across industry players. However, their operational and financial costs, alongside costs related to acquisition of new clients and works are ranked within the top three business concerns (Source: TEFAF 2017). Fairs importance to the dealer community is considerable as they grant all participants the best opportunity to meet face to face not only existing clients maintaining and developing personal relationships which are core to the art professional, but also new customers.

Art Market: Issues & Changes

Over last decades the art market has often been controlled by auction houses, these determining global market trends for the sake of their benefit. The internet era made the prolonged covert approach to art anachronistic given a business' aim is to reach as many clients as possible.

Traditionally self-imposed market issues (e.g. limited access to many rare pieces of art) generate a patently illiquid market. Pricing and valuation information is limited, which leads to inaccuracies as well as lack of transparency. A vicious circle is generated affecting all art market players and ultimately all of us.

Today, price discovery is often based on limited information and is characterized by the below elements:

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

These factors continue to limit the potential of the art market, while allowing established stakeholders to prosper at its expense. As such, only those owning considerable

finances can participate. In particular, the current provenance and authentication mechanisms require a change to allow for a greater trust in the market. In part this is due to a scarcity of original documents, limited public archive access and 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 pricing, as experienced in other rare markets.

Change

Small-to-medium-sized players are becoming increasingly capable of transacting online and interacting globally, the main consequences being the decline of previously held status-quo and the redefinition of how modern galleries operate.

- In 2016, 8% of total art auction sales took place online (The Online 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 and unique. It should allow all players in the market to take advantage of positive changes and use these to spend more time on art and interactions with customers while growing their ability to communicate with the public.

MARKET NEEDS

Our project starts from clear and heartfelt market needs and provides members with higher 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 works, and 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 information, nor incentive for sharing information in a way that promotes transparency on a large scale. We aim to change this.

Accessibility

Today, contemporary art dealers, collectors and lovers face many difficulties in fully understanding the works and, above all, their value. They are afraid of venturing into a field that is unstable and are likely to misuse funds. As a consequence, many take a step back and choose not to enter the art market. Look Lateral is going to solve this issue too.

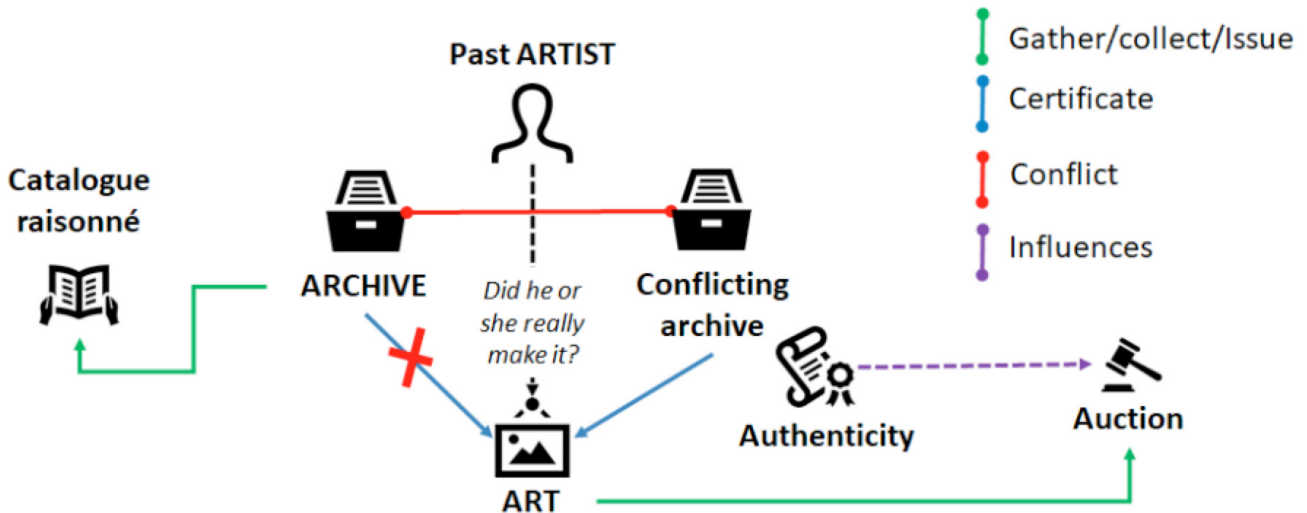
Liquidity

Ideally, the contemporary art market should be more fluid. The rare nature of artworks and their recognized value generate a patently illiquid market. Limitations due to supply, scant access to valuation information, and pricing inaccuracies in pricing result in missed sales opportunities to otherwise interested buyers.

The lack of transparency and accessibility restricts the market (whose current value is \$60 bn) to relatively few participants, limiting its scale. Those currently not in the market are discouraged from entering while owners of works of considerable value are struggling to easily find buyers able to invest in large sums of money.

Market price

In today's arts market price discovery is based on incomplete and limited information and characterized by the following elements: (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.



OUR SOLUTIONS

In the Provenance Marketplace, an "information marketplace" experts are incentivized to provide opinions on any background information related to a registered work of art.

Information markets (also, prediction markets, decision markets) have been created for the purpose of gaining information from interested parties in relation to an asset with uncertain value. 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 split into tokens on **FIMART** (Financial Market of Art) 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 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 below.

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 asset is 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 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 rewards and/or other rights that are pre-specified in artwork governance rules. Updated information about the artwork'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 **LOOK**, 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 better working about the provenance history of works of art, and allows us to solve many conflicts of interest that may arise in relationships among typical stakeholders involved in the current secondary art market. A particularly critical problem arises when disputes generate regarding the authenticity of a piece or a conflict of attribution. These issues may seriously undermine auctions outcome - the current influencer driving current market practice.

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

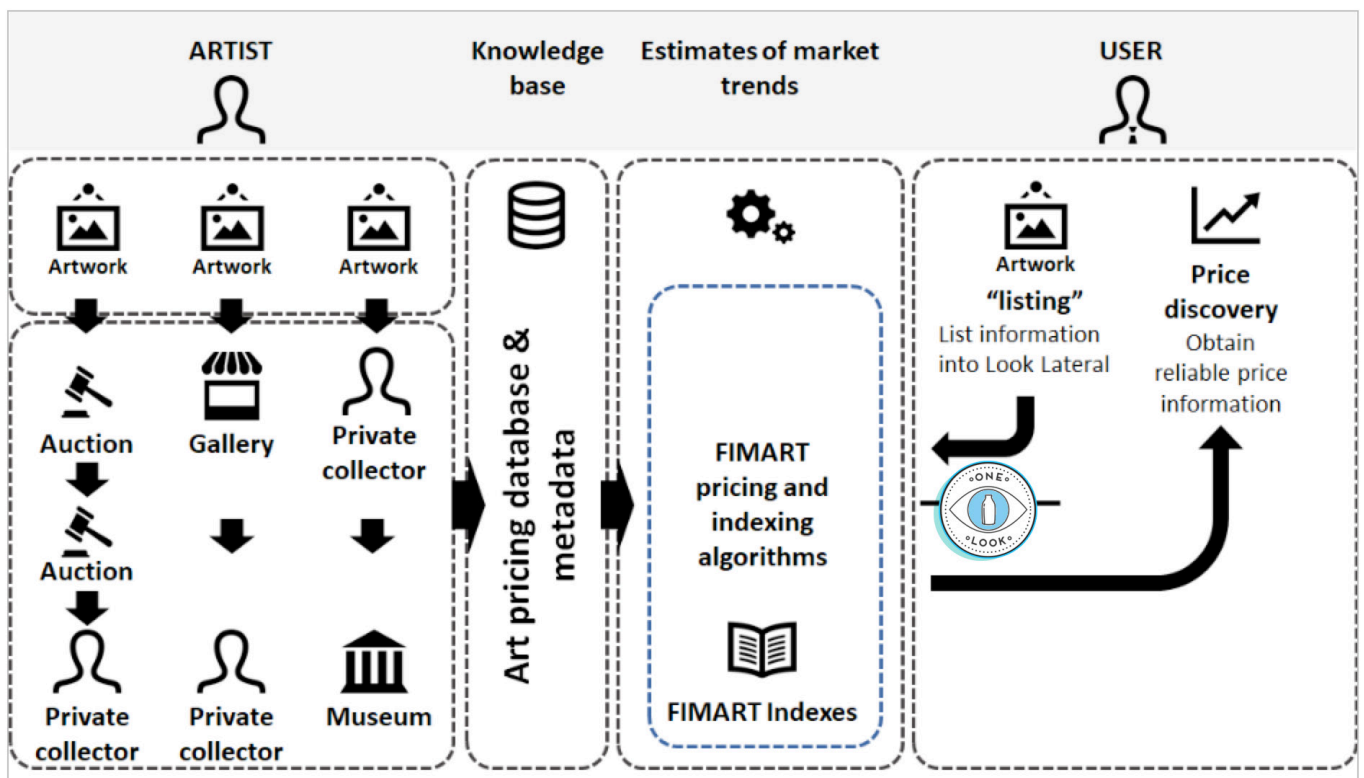
Pricing and indexing algorithms

FIMART membership allows access to robust estimation of listed artworks' values by exploiting a proprietary methodology (Exhibit II provides details and examples of indexes that have already been developed by Look Lateral). This technology relies on hedonic estimates of general trends of value in a set of artworks, and delivers price estimates for single artworks. 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 then organized into a database.
2. Generation of dedicated indexes that extract general trends of value of artworks produced by a given author relying on 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 Provenance and FIMART

Pricing and indexing data is objective and, therefore, its production is immune from any form of conflict of interest that typically takes place among art players. in relationships among traditional art stakeholders. This proprietary data is accessed after the payment of a fee denominated in LOOKS.

FIMART membership allows one to access to outcomes of 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.

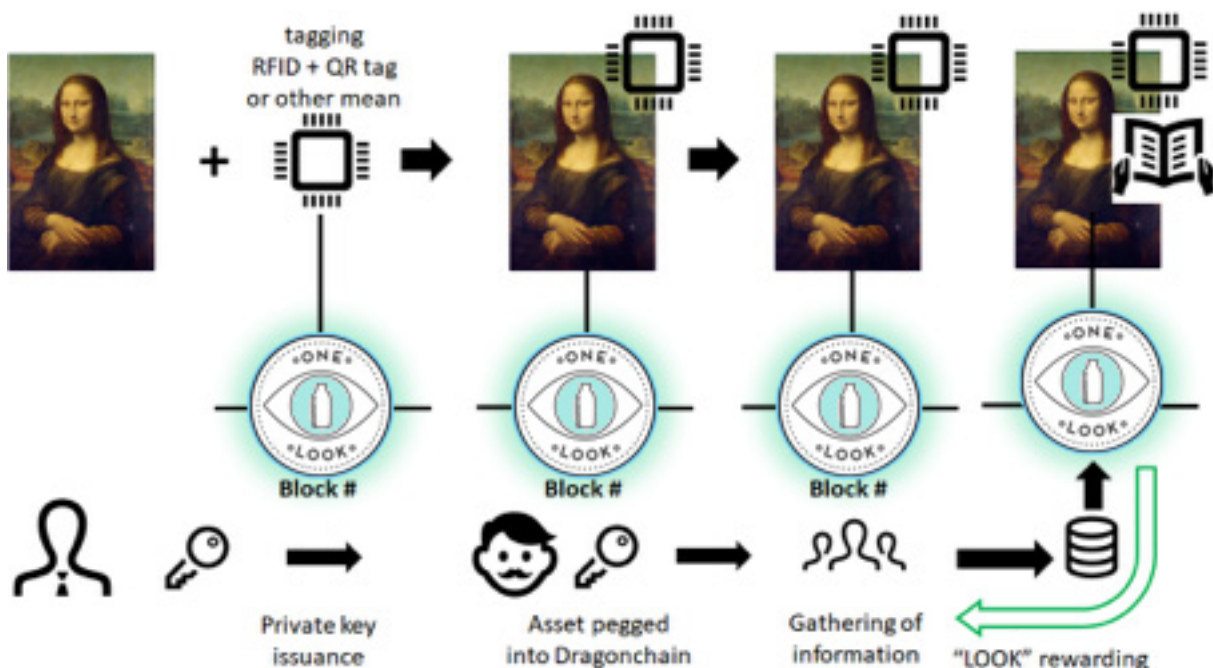


FIMART— Financial Market of Art Regulated Tokens

FIMART is an **OTC** (Over The Counter) market facility that allows for trading tokenized art assets after an APO. This market is designed to create liquid art assets. An asset can be listed only once it reaches a sufficient provenance score in compliance 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 and according to the below process:

1. Tokens are generated as a part of the APO according to an internal offer schedule and governance rules such as rewards and voting rights. Please note that tokens generated as part of the APO are separated and distinct from LOOK. The initial offer price of artwork tokens is established through approximate values calculated by Look Lateral pricing and indexing algorithms, as explained in the previous section.
2. Tokens 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 maintained safe and private as well as public transactions are carried out on the market facility smoothly.
3. After the APO, the price of art-tokens will reflect the effective market flow driven by movements and depths of the bid and ask pricing 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, tokenized offering and trading are powered by the LOOK utility token, which is also the mean of fees payment within the Look Lateral ecosystem.



CHAPTER 5 TECHNOLOGY

Introduction

Dragonchain has been selected to surround 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 on the back of encryption difficulty

It is important to note that Look Lateral is leveraging on ERC20 technology for raising, distributing and assuring liquidity before, during and after the Look Lateral token sale.

Architectural Features:

Dragonchain's below architectural features make it uniquely suitable for Look Lateral:

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. Provision of protection of business data by default
6. Maintenance of 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 public and private blockchain's (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 Dragonchain 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.

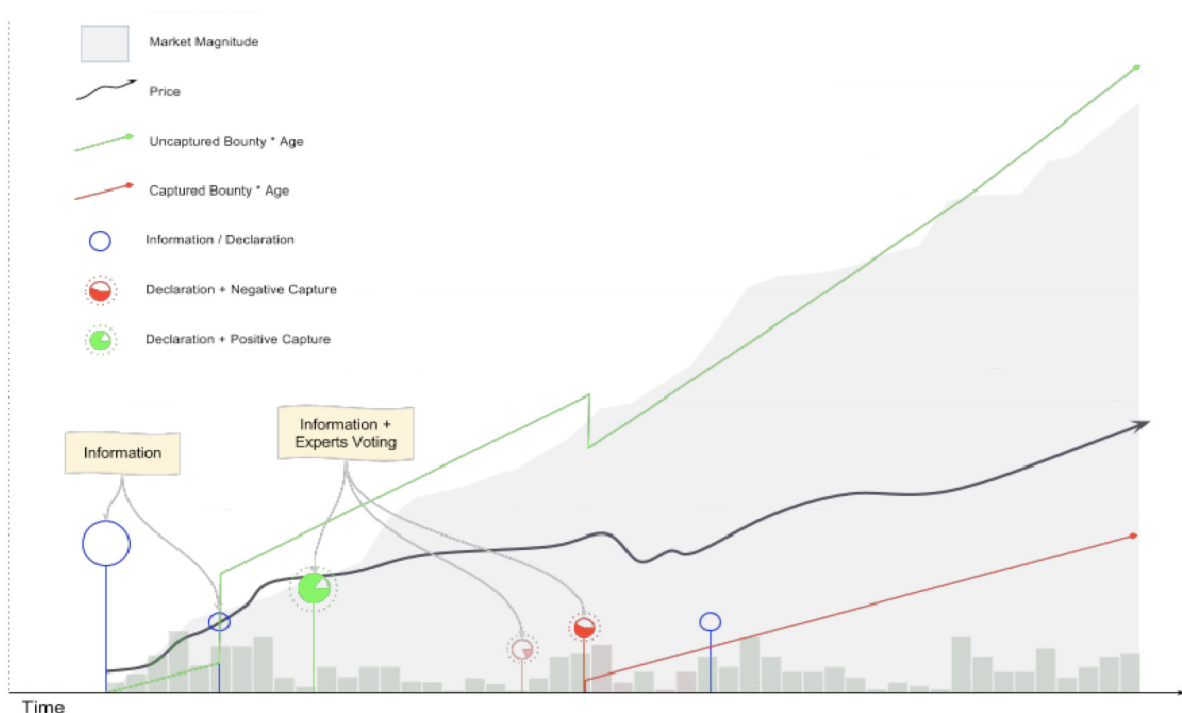
System

The Provenance System incentivizes the contribution of artwork-related information to be stored on DragonChain Look Lateral platform. Art experts' opinions increase disclosure on artworks, this helping to generate a provenance score reflecting quality and amount of information available on an artwork.

In the provenance system, an artwork is first granted access to Look Lateral ecosystem after a transaction having that piece of art as underlying is executed. The transaction allows to declare and store various pieces of information key to the global art community. For instance, these can relate to identity, physical tagging and transactions history. The item will receive a **"bounty,"** wherein the owner may assign an amount of LOOK 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 express their opinion on 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 agrees with this, the bounty may be claimed by the expert. In this manner, the larger the bounty and the longer the time DDD, the higher the provenance score (calculated as bounty * time). All users can use LOOK 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. They are also incentivized to express their opinion on the authenticity of provenance declarations given the above-mentioned bounty scheme. 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 its independent 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. 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 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);

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
 - 1.9 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 listing¹
- 3.10 Share classes defined
- 3.11 Voting rights
- 3.12 Holding rights
- 3.13 Viewing rights
- 3.14 Rewards
- 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)

¹Provenance Tokens are separate and distinct from the LOOK token.

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](https://www.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 covered in the Provenance platform. Pricing and indexing art over time help identify market developments, trends and correlations with market performance of assets in the same or other asset classes.

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

Data external to the blockchain are typically patchy as the art market is 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 included in the index. 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 large amounts of 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 matches the highest market standards of information provided 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.

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 assets that have already been allocated a Signature Tag and a Provenance Score. These assets are allocated an OTC ISIN number and will be tradable and deliver a yield for a set period of time, while being pegged against an indexing algorithm of open market value.

Listing

The listing process is defined as “Art Public Offer” (APO), which is a pattern of the “Initial Asset Offering” (IAO).

Prerequisites to Listing

- Minimum score delivered by our Signature Tag process is required (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 artworks

APO process allows the realization of value of the piece of art 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 allows the owner to realize a higher 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 in place. The asset is tagged and linked with a provenance identity in an issuance transaction that will include all technical and legal components, including schedule information.

Generally, art assets are tokenised in the system through periodically pre-determined rules. Several classes of tokens are generated with holding and other rights. The common class is due to be publicly available in the market. Common tokens may have other rights of viewing or reward, while distribution of tokens will be configured based upon piece, estimated value, and owner requirements. Typically, owner retains a portion of tokens, with some portion (likely fixed) going to the Look Lateral system and the remaining balance 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 tokens shares to the physical rights and actual sale. This would not directly affect the common/tokens, though it may affect their price. Delisting would require a party to purchase 100% of market of tokens. Issuance will be templated to allow options on legal and technical components of tokens (for example):

- Jurisdiction of physical contract;
- Classes of tokens + legal and technical definitions;
- Number of tokens 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 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:

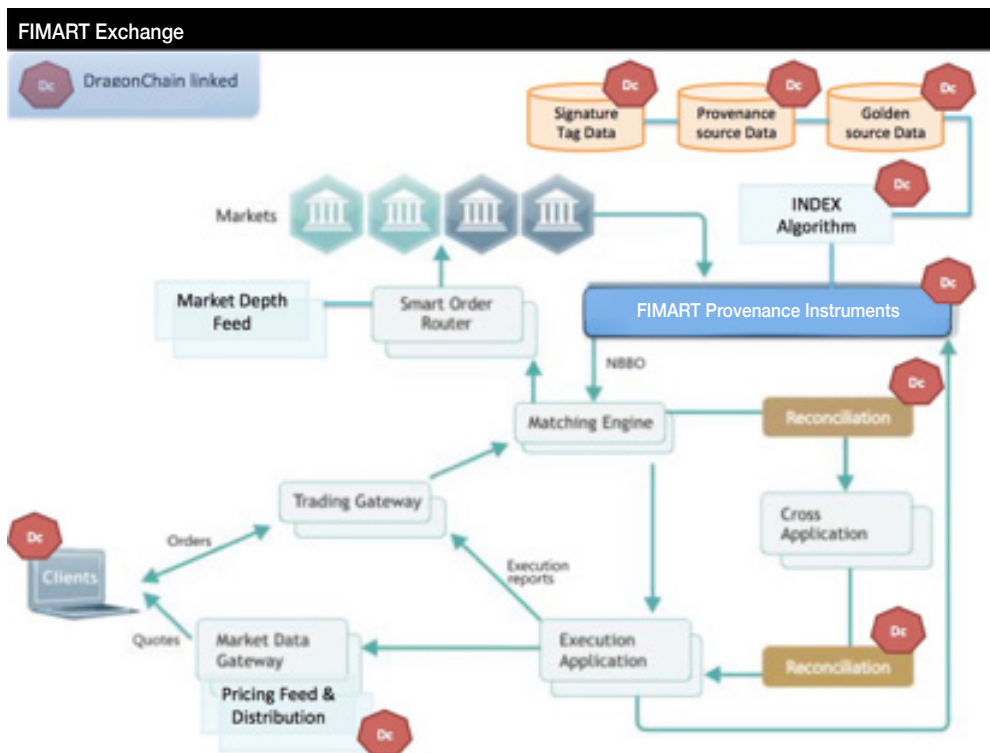
- Prices;
- Index;
- Market depth;
- LookToken currency pairs;
- Trading history;
- DataSet distribution.

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

FIMART platform is available with a native Mobile SDK for integration to third party apps for the purchase of of LOOK art tokens, their exchange with fiat currencies, development of an art wallet and FIMART indexes.

The core architectural features of FIMART platform are shown below.



CHAPTER 6 OUR TOKEN

A token for the art market

The LOOK is a tokenized micro-license and an ERC-20 Token Standard, which grants LOOK holders access to FIMART and use of the following six primary services offered by Look Lateral:

- Access and right to participate to 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 has historically performed in the art markets;
- Ability to list art on FIMART platform via tagging and issuance of art-backed tokens;
- Education opportunities for all members of Look Lateral community: (i) art professionals can educate members in the crypto space and (ii) crypto experts can educate art professionals;
- Representation of emerging artists.

A LOOK is not a financial security and should not be purchased for speculative purposes. Purchasers of Look should have a bona fide intention to use LOOK for interaction with FIMART and use of Look Lateral services.

In order to use Look Lateral's services and access FIMART, individuals must first own LOOK (which they can purchase in Look Lateral's private tokens pre-sale, token sale or in the open market). For the purpose of the presale and any subsequent sale of LOOK by Look Lateral, anyone seeking to purchase LOOK must be or become a member 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: which art professionals should serve as main art advisors to the membership, which new artists to represent, how to define the protocol surrounding the tokenization process and which artworks should be tokenized first and the interoperability of different art-related tokens.

In addition, each action and transaction action/transaction executed on Look Lateral/FIMART requires a small amount of LOOK to power it (i.e. gas fees). LOOK 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 LOOK to become preferred vendors in order for their tokenized artworks and art-backed tokens to become more visible to other FIMART members for potential transactions, or to purchase insurance on artworks, as well as access big data generating from actions/transactions carried out on Look Lateral/FIMART.

Structure of the token sale

To ensure the operational capability of the platform the total LOOK supply is established at 500,000,000. This amount will allow users to operate within the Look Lateral platform also maintaining a high degree of flexibility for every process of price discovery, tagging, provenance and tokenisation.

LOOK will be sold during a token sale taking place in 2 phases ("presale" and "public sale") in order to allow the broadest access to all individuals and entities, including crypto enthusiasts, traders, art professionals and the community.

The first presale phase is dedicated to each owner of Dragonchain token \$DRGN \$DRGN with a discount being applied to the purchase of LOOK, whilst the second sale phase is accessible to the whole crypto community.

While during the presale existing \$DRGN owners convert their crypto currency into LOOK with an incentive scheme, the sale is opened to all crypto currency owners willing to purchase LOOK by transferring own crypto through any ERC-20 compatible wallet.

CHAPTER 7 LEGAL FRAMEWORK

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 art pricing.

On the other side, FIMART Cooperative is a membership-based Washington cooperative that builds and oversees the FIMART marketplace. This is where FIMART member can view tagged art and participate in the buying, selling, or tokenization of art. In exchange for a lifetime membership fee of \$20.00 USD, FIMART members can use LOOK to (1) view tagged art, (2) tokenize art, (3) buy or sell art, and (4) trade art-related tokens. (Membership status is contingent upon maintenance of a minimum level of activity within the marketplace). *The \$20.00 USD FIMART membership fee will be waived for members who purchase FIMART membership via the presale.*

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:

- ◆ 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 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 vendors 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.

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.

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.

How to define a token

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 a good 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.

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.

Business model

Look Lateral's business model relies on Dragonchain technology, a mixed public/private scalable blockchain platform allowing to manage and protect data, as well as carry out transactions via smart contracts. This will let art free its hidden value, delivering it to a broad array of art aficionado in an innovative and financially sustainable way.

We bring a revolution in how art is archived, sold and traded globally with our business model being split into four main modules: signature tags, provenance, pricing and FIMART.

After an individual (e.g., private collector, artist, trader) or an entity (e.g. museum, gallery, corporation, family office) make the decision to introduce their artwork to Look Lateral's community, they create an online account with a physical tag being applied onto the piece of art, containing a crypto key linked to Look Lateral platform storing 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 amount of information available to Look Lateral users. The result of this process is a score, defined via an internal quantitative process, reflecting the artwork's authenticity, uniqueness and ultimately identity. Look Lateral relies on its algorithms to price and index the artwork, making it able to be fully or partly (via tokens) traded on our FIMART (Financial Market for Art Regulated Tokens). Note that Look Lateral holds a legal and financial protocol for artworks tokenization and exchange of tokens. A market will be generated with willing buyers and sellers letting art demand and supply combine depending on their interest, finances and profile.

Revenue Model

Look Lateral will ensure that an artwork's hidden value is shared amongst art aficionado in a sustainable way. The application of a physical tag onto a piece of art is the way we make sure this becomes part of our art and financial community in a secured way leveraging on Look Lateral platform. The individual or the entity willing to list their artwork on Look Lateral will not pay any fee for the first 12 months of our activity, thus incentivizing players to contribute to quickly enlarge our art base, whilst a per tag fee will be applied after the second year of our operations.

The players contributing artworks will primarily be private or public collectionists, 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). Look Lateral will allow the certification of an artwork's ownership switch or authentication issued by an art archive to be securely registered on Look Lateral platform by applying to the institution a fee. 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 system in exchange for a fee. The quality and amount of art information will steadily grow thanks to our art community's contribution.

In fact, art players (e.g. collectors, 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. In fact, we 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 our 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 art magazine will be published on a quarterly basis including key art insights on major art fairs as well as how our business is contributing to shape new art trends globally, with this providing a source of revenue for Look Lateral.

Pricing and indexing information will be requested for a number of artworks on which a tag will have been previously applied, in order for collectors and traders to know the true value of an artwork and make conscious financial decisions. For instance, Look Lateral will retain a fee for each artwork priced via our algorithms. Finally, a piece of art for which adequate information is archived 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 participant is willing to buy only part of that.

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 above mentioned, certifications of an artwork's ownership switch or authentication will be performed by art archives or foundations, movement certifications executed by a museum, contributions issued by art advisors, art curators or technicians, these actions subsequently being registered on Look Lateral platform and remaining available for later consultation, a fee is charged on the requestor. 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 to their actual stake, whom first tagged the artwork making the whole process feasible allowing him/her to recover the initial tag fee, and ultimately Look Lateral.

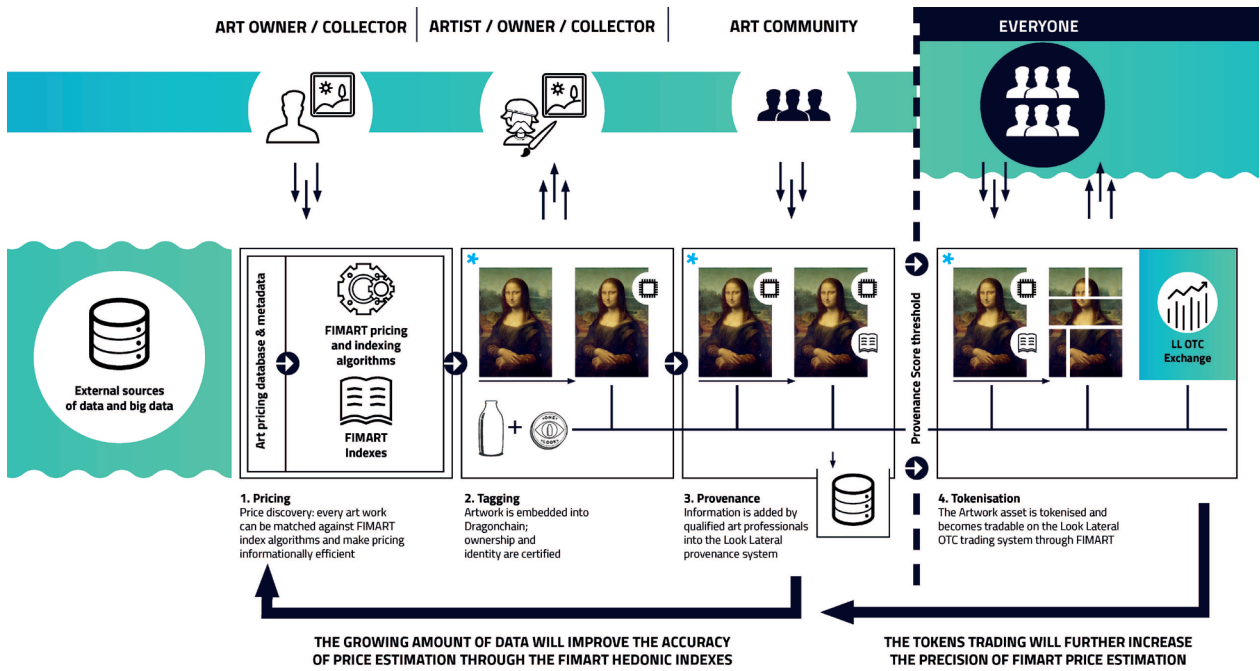
Also, every transaction executed on FIMART and having as underlying an artwork or a portion of that will generate a fee. This will be fairly distributed by Look Lateral to all artwork owners proportionately to the number of tokens they hold in the artwork, as well as to the entity or individual who first 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.

CHAPTER 9 BENEFITS

Look Lateral Solution Shattering the circle, one artwork at a time

	Provenance System	FIMART	Membership
Transparency	<ul style="list-style-type: none"> Look Lateral Signature Tag System enables the definitive identification of artworks by safely affixing a physical tag Authentication process records and certifies information on artworks with a Signature Tag Meticulous record-keeping provides real-time transparency into a previously intransparent art market 	<ul style="list-style-type: none"> Art analytics allows for pricing and indexing artworks in different spaces: artists, movements, galleries, exhibitions Simultaneously validates and records artworks and tokens transactions. Also, it validates and records art tokens transactions 	<ul style="list-style-type: none"> Exclusive access to Look Lateral services on the Provenance System and FIMART Access to an innovative and powerfully effective digital marketing and art market platform Access to a community of art aficionado and traders Access to a trusted source of legitimate and up-to-date art communications
Accessibility	<ul style="list-style-type: none"> Global Provenance Services allow to get all artwork-related information stored in one place and readily accessible Artwork information includes: artist, origin, ownership, track, pricing, exhibitions, expert and curator opinions 	<ul style="list-style-type: none"> Signature Tagged Artworks are split into portions (tokens) to be traded on FIMART allowing every individual to enter the art market FIMART becomes a traditional exchange for the art asset class 	<ul style="list-style-type: none"> Loyalty program enhances accessibility to art world Access to pricing, indexing and other analytics services Access to data on global art trends Invitation to local / regional / global events
Liquidity	<ul style="list-style-type: none"> Provenance System allows key players to generate higher revenues Real-time processing of provenance data to make ecosystem work smoother 	<ul style="list-style-type: none"> Tokenization makes art a liquid asset class available for everyone FIMART as secure, innovative and easy-to-use platform for traders, funds and family offices 	<ul style="list-style-type: none"> Exclusive benefits from our sponsors and business partners Exclusive access to Look Lateral circuit together with its fluidity



* → Powered by Dragonchain Platform

CHAPTER 10 ROADMAP

Look Lateral RoadMap

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

Areas	Phase 1: Plan		Phase 2: Build		Phase 3: Run	
	STRATEGY	BUILDING	BUSINESS (?)	SOFT LAUNCH	GO LIFE	
	Jan.- Mar.	Apr.-June	July-Sept	Oct.-Dec.		
Provenance	<ul style="list-style-type: none"> Acquisition of B2B members Provenance service pilot Enabling Signature Tagging 	<ul style="list-style-type: none"> Provenance Services fully available Extended partnership with B2B members (art fairs, museums) 	<ul style="list-style-type: none"> Launch Provenance system Curator and art advisor services avail. Start Mobile App development 	<ul style="list-style-type: none"> Provenance system fully operative Mobile App (Provenance info module) 	<ul style="list-style-type: none"> Virtual market place for tagged art work 	
FIMART	<ul style="list-style-type: none"> Analytics and pricing indices services Data acquisition Define legal framework, complete contracts 	<ul style="list-style-type: none"> Comprehensive analytics and pricing services Enabling tokenisation services of art work Technical assessment of FIMART platform 	<ul style="list-style-type: none"> Grouped pricing and indices services FIMART trading as pilot 	<ul style="list-style-type: none"> Pricing and indices algorithms as on-demand services Mobile App (module: FIMART Indices) 	<ul style="list-style-type: none"> FIMART trading fully operative AI pilot for pricing prediction Mobile App (module: FIMART trade) 	
Membership	<ul style="list-style-type: none"> Attending Art exhibitions and conferences in NA, Europe, Middle East and Asia Acquisition of business partners and sponsors 	<ul style="list-style-type: none"> Acquisition of business partners and sponsors Art / Trade education program for Look Lateral offerings 	<ul style="list-style-type: none"> Art communication services for member Special offers for members (M2M, MGM) 	<ul style="list-style-type: none"> Enrolling Loyalty Program for members Adding Rewards mechanism for B2B Mobile App module (member profile) 	<ul style="list-style-type: none"> "ArtRewards" loyalty program operative Mobile App module ("ArtRewards") 	

CHAPTER 11
WHAT IF LOOK LATERAL IS ENDOWED WITH...

		Trip to Mantova	Trip to Seattle	Trip to Globe	Trip to Moon
AMOUNTS IN 000		\$ 6,000	\$ 12,000	\$ 25,000	More... than \$50,000
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.	
	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.

TECHNOLOGY					
	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.	Implementation of functionalities for different types of users	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.
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 Members

Niccolò Filippo Veneri Savoia

Founder and Chief Executive Officer

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. Niccolò approaches the vibrant world of art by merging its valuable experience with the latest technology outcomes to disrupt the current paradigms and make fine art democratic and accessible to everyone.

Gabriel Caorsi, M.Sc., MBA

Senior Corporate Business Advisor

Gabriel Caorsi is a Senior finance leader with solid experience in Finance, Asset Management, Business Operations, and Strategy, bringing a unique perspective to understand and bridge into a common language, Finance and Operations, working together to achieve their goals. With over twenty years of experience in Leadership in these fields, Mr. Caorsi has led Operations Finance's P&L in roles such as Asset Management Portfolio Lead, Managing Director of Commercial Operations, Vice President of Finance, Business Operations, and Project Management, Vice President of Operations, and Chief Financial Officer for Shared Services Group. Mr. Caorsi holds a M.Sc. in Corporate Finance, as well as a B.A. in Economics, and an MBA in Finance and Economics, both from The University of Chicago.

Charles Creighton, MBA

Chief Customer Officer

For over 20 years, Mr. Creighton has been building value for stakeholders through customer-focused innovation and execution. By providing both strategic and functional leadership, Mr. Creighton has lent his cross-functional expertise to start-ups and mid-sized organizations in roles ranging from Co-Founder & CEO, to executive level leader in Sales & Marketing. Through his strategic consultancy Widmer Morgan Group, he has helped build national arts rewards programs, consulted on Blockchain and platform development strategies to one of Canada's largest organizations, and helped bring multiple companies and programs to market. Mr. Creighton earned an MBA from UC Berkeley Haas School of Business, as well as a B.Sc. in Organizational Psychology and Consumer Behaviour.

Pietro Ferrazzi

Advisor and Board Member

Pietro is a lawyer specialised in private company and banking law, with over ten years experience. He has been working with Look Lateral since its inception, also covering the role of editor in chief of the paper magazine. Supported by his great passion for art and culture, he supervises the editorial contents of Look Lateral.

Stephan Horvath

Chief Marketing Officer

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

Nicola Mafessoni

Chief Art Officer

Nicola Mafessoni is an experienced art professional working 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 over 100 prominent galleries in the world. He also advises high net worth individuals on investments in fine art produced by the most promising artists.

Antonio Mele, PhD

Chief Analytics Officer

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

Mike Monohan, MBA

Chief Strategy Officer

Mike Monohan is the former Chief Financial Officer of Microsoft's Enterprise Services division in The Netherlands and Middle East, having served for six years at top management level. He is an expert of finance, business development, cryptocurrencies and blockchain technology. Mike supports as advisor, co-founder and/or board member projects as Tezos CryptoDelegate, StableGuard.io, Magic AI, Meaningful Investing Inc., ClickTick Inc. He earned an Executive MBA at Harvard Business School and MBA from University of Washington Foster School of Business.

David M. Otto

Chief Legal Officer

David Otto has over 30 years experience in corporate finance, securities, mergers and acquisitions, corporate and governance law. 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 based in Seattle, WA, focusing on emerging technologies as blockchain and cryptocurrency.

Paul Rapino, MBA

Chief Sales Officer

Paul Rapino is the former Financial Services Director at Microsoft Corporation. In his 15+ years experience he led the digital sales and strategy divisions in industries that include finance, automotive, retail, sports and media. He also worked for ventures highly focused on 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 Roets 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 artworks and a marketplace for their trade.

He is a pioneer of blockchain technology business-oriented applications and recently concluded a \$22m tokens sale to foster the Dragonchain development and large-scale uptake.

Carl A.R. Weir

Chief Operations Officer and Board Member

Carl Weir 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 art collections with Look Lateral platform, leading the processes of tokenization and provenance, as well as the FIMART.

Advisors

Andrea Beltratti, PhD

Business Advisor

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

Tino Cennamo

Business Advisor

Tino Cennamo 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 and Apple Computer. He brings expertise in media, digital business and publishing.

David Drake

Business Advisor

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

Matteo Daste

Legal Advisor

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

Akash Rastogi, MBA

FIMART Advisor

Advanced Management program from Stanford Graduate Business School on Innovation, MBA from Ivey Business School and Engineering degree from IIT. Mr Rastogi is an experienced business executive in Financial Services industry with a professional career spanning: leadership roles with multinational consultancy firms such as PwC, EY and head of Canada for financial services advisory (current) at Cognizant; former institutional derivatives trader and led initiatives directly for CEO / CFO / CRO of across leading Canadian financial institutions. More recently, Mr. Rastogi led the Blockchain practice for EY in Canada and was responsible for managing all aspects of the practice. He will bring his cross-functional and cross-disciplinary experience to support Look Lateral's venture by serving as a strategic advisor for FIMART environment.

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.

Ross Stokes

ICO Advisor

Ross Stokes is a senior strategy and business development consultant and blockchain technology investor, with expertise in blockchain ICO crowdfunding initiatives. Mr. Stokes has a long-lasting career in sales and international business development serving multinational technology corporations like ETP International Group. His advisory in cryptocurrency, blockchain, and ICOs is keenly sort from entrepreneurs to investment banks as they try to comprehend the impact of this technology on their businesses in order to optimize their opportunities.

Michael Patrick Venables

Advisor and Content Manager

Michael Venables is a seasoned technology and science journalist, with stints at Wired, Forbes and Medium, among others. His twenty-plus years of experience span the e-commerce, software and gaming industries at IBM, Microsoft, Amazon and Bungie Studios in technical leadership roles. As a corporate storyteller, he ideates and creates B2B and B2C content for enterprise content marketing, branding and social media. He has also acted as advisor to startups on corporate branding and storytelling initiatives.

Operations level

Simone Baroni

Analytics and Software Engineer

Simone Baroni is an Italian ICT Developer, supporting Look Lateral with his valuable knowledge in software design and development. He will contribute to the effective creation of FIMART, integrating this with Dragonchain technology, while also engineering the front-end and back-end functional layers.

Eugenia Bertelè

Art Manager

Eugenia Bertelè is an art and communication manager. With a degree in History of Art and Economy of Culture she has played different roles in the international contemporary art market, working for auction houses, galleries and art fairs between Italy and South America. She is also a freelance contributor for art magazines and newspapers.

Chiara Rizzolo

Marketing and Content Manager

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

Jacopo Caracci

Art Director and Designer

Jacopo Caracci is a visual designer and art director operating in Italy. He is in charge of managing the Look Lateral visual identity, supported by his extensive experience as web graphic designer and art director at numerous companies.

Martina Carra

Operations and Sales Manager

Martina is a proactive girl, who lived and studied abroad. Travelling and getting in touch with different people and cultures she collected and enriched herself with interesting and constructive experiences. She has always worked in dynamic and multicultural contexts, having different experiences in customer care and sales in a multinational company. Versatility and positivity are her points of strenght, through which she will cooperate and support our LL team.

Enrico Cavaliere

Art Manager

Enrico Cavaliere is a fine art expert leadind his own Art Brokerage company. Previously, 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 execution through both auction and private sale channels. He holds a MLitt in Art History and Art Business from the University of Glasgow.

Rasha Eleyan

Marketing Manager (Asia and Middle East)

Rasha Eleyan is a talented portrait artist who earned her Bachelor in Fine Arts and went on for further advanced studies at the "Accademia di Belle Arti" in Rome. During her career she worked as freelance illustrator and character designer for Thara Media Productions and as Associate Producer for the Walt Disney Company. She also served as a producer for Playhouse Disney channel. Rasha is an expert in art, illustration and paintings. Her experience and knowledge in the art world is valuable for Look Lateral project thanks to a professional developed network that encompasses media, galleries and other stakeholders in fine arts especially in Asia and the Middle East.

Imamu Baraka Frazier

Blockchain Architect and Engineer

Mr. Frazier is a senior ICT engineer and blockchain architect with professional experience in smart contract development. During his career he had the opportunity to support large ICT projects in the areas of manufacturing, retail and non-profit in the roles of data coordinator and system administrator. His expertise around blockchain based projects concerns mainly the design and implementation of blockchain based environments and the development of smart contracts and chaincode using languages like Solidity and Go as well as front-end development with frameworks such as React and Angular. His blockchain competences comprises both smart-contract and application layers thus providing integrated project developent. He has further expertise in the design of interfaces, the integration between blockchain and neural network and the management of big-data.

Carlo Ghelfi

Web Manager

Carlo Ghelfi is a mathematics professor. He has over 10 years of experience as a web developer of numerous e-commerce sites and print magazines. His senior experience in the technology space includes the management of developer operations as well as publisher operations across the Italian enterprise technology sector. His fields include: SEO analysis, digital reputation and search engine ranking.

Carlo Alberto Oppici

Business Innovation Manager

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

EXHIBITS

Exhibit I

Look Lateral and the Dragonchain blockchain

Dragonchain was originally developed at Disney's Seattle office over 2015 - 2016. It was released as open source software in 2016.

Look Lateral utilises the DragonChain Distributed Ledger architecture as it is the only true enterprise ready blockchain that enables a diverse ecosystem of Apps, and Platforms (be that mobile, SasS, or other) to easily integrate for Proof of Stake, Trust or consensus.

Dragonchain Proof

Dragonchain provides a unique abstraction of Proof in a trustless system. Dragonchain "proof" will be abstracted and may be implemented in one or more ways for a given blockchain. Dragonchain performs the following proof implementations that are important to Look Lateral:

- Trust (Default)
- Proof of Work (PoW)
- Proof of Stake (PoS)

Transaction Classes

The Look Lateral system will use the reputation + public blockchain components of Dragonchain blockchain platform and run 3 blockchains (DragonChain [for Provenance Marketplace], Ethereum [for Token] and Bitcoin [for Token Exchange]). The latter make the following transaction classes on Dragonchain seamless for Look Lateral system users:

- Default (custom Level 1 business payload structure)
- Currency
- Provisioning
- Network communications
- Marketplace transaction
- Information interoperability (foreign blockchain currency or information payload)

Dragonchain allows multiple currencies in fiat or token form which Look Lateral require as every tokenized asset in FIMART will be assigned its own currency for the tracking and exchange in the market, and assignment of provenance.

- Dragonchain architecture enables Look Lateral to model currency and monetize late in their design.
- Look Lateral can therefore place information from many sources atop the blockchain, watch its use over time, and determine its value based upon business and customer priorities.
- This enables unique Indexing and modeling features for Look Lateral.

Context Based Blockchain Verification

The Dragonchain Network the system interacts with multiple public Dragonchain nodes at various phases to enable public context based verification.

For Look Lateral the unique DragonChain contextual based verification is at the heart of our marketplaces. In Dragonchain, with context based approval, we add another dimension to that design. So the first level is achieved in a purely business context, that is with business logic implemented to provide transaction approval and system logic to arrange those transactions into blocks which are

chained together. These blocks will have an abstract proof integrated such as PoW, PoS, or trust. This first level of verification can be considered as analogous to other blockchains.

It is when other verification contexts are added that we see added value to even trust based systems and are at the heart of Look Lateral's use of Dragonchain for Art provenance and marketplaces. This seamless enables secure, immutable:

- 💧 **LEVEL 1** - Business (Approval) Verification - Approval functionality is implemented and configured by the business integrator. This is the placement for integration of "real world" value.
- 💧 **LEVEL 2** - Enterprise (Validation) Verification - This context is defined Enterprise or network wide, and checks for block and individual transaction.
- 💧 **LEVEL 3** - Network Diversity Verification - Defined enterprise wide, a Level 3 node will verify diversity of validation (Level 2) verifications.
- 💧 **LEVEL 4** - External Partner (Notary) Verification - Defined network wide (Enterprise+), a level 4 node will provide a notary functionality to the consensus process.
- 💧 **LEVEL 5** - Public Checkpoint - A Level 5 node will provide a bridge to one or more public
- 💧 **LEVEL X** - Proprietary Context Verification - a business, Enterprise, or the entire network to define a custom verification context and have it executed to meet business needs.

Singularly, Level X enables the rapid adaption of Look Lateral on Dragonchain, a unique feature that no other Blockchain can accommodate, and allows rapid adaptable to markets.

Smart Contracts

For Look Laterals Smart Contracts, they are fed off the Context Levels mentioned above. For the Dragonchain Smart Contracts the architecture calls for definition of "approval context" code to be configured or deployed on Level 1 business nodes. This approval code can be considered a smart contract. By default, this smart contract will only be executed on that Level 1 node(s), and under the direct control of the business owner. This provides a familiar client/server interface to the creation of a smart contract, and simplifies the risk evaluation. The attack vectors are more common and known to modern engineers. Turing completeness is provided just as within any web service platform.

Hybrid Audit

For audit, the Look Lateral system will utilize Dragonchain Platform hybrid blockchain technology to checkpoint to the Bitcoin blockchain on a regular schedule.

Dragonchain / Look Lateral rollout

Look Lateral will roll out Dragonchain as follows:

Phase 1 - Business context verification nodes will be configured for each internal blockchain/marketplace. Read only mirrors may be configured (as a subscription feed) with public access for exposure of selected transactions. Note as transaction payloads are stripped prior to any broadcast within the consensus process, nodes will share business data as necessary via subscription data feeds.

Phase 2 - Validation context verification will occur between the separate internal blockchain's for synchronicity.

Phase 3 - Network diversity context verification will occur on special nodes within the system network.

Phase 4 - Notary context validation will occur on publicly available Dragonchain nodes.

Exhibit II

Indexing and pricing

Art as an asset class

Investing into any asset requires knowledge of market developments that help identify trends and correlations with returns in remaining assets in the same class or other asset classes. Art is an asset class that is worth more than \$60 bn sales with tens of millions transactions every year. The market around it necessitates indispensable pieces of information. How do artworks perform over the business cycle? Do artwork valuations spike after a financial crisis? Are art market trends predictable based on measures of societal inequalities? And, how do artworks relate to other asset classes? Does art behave as a safe-haven asset? Does art value correlate with certain currencies? Or with VIX? How much art would a pension fund hold in its portfolio? Portfolio selection requires knowledge of correlations amongst returns regarding various asset classes. How to determine such correlations with artworks returns?

Measuring art value

To elaborate answers to these questions, we need track the value of art over time. Any player would like to be informed about global trends in art and related asset classes. Equally important, any player would like to be informed about likely values of a particular artwork that he or she desires to trade, regardless of whether he or she is considering appearing on the bid or the ask side of the market. While art sales are patchy and, each piece of art is obviously unique, there exist well consolidated methodologies in both academia and the industry practice that allow to achieve these goals.

Look Lateral relies on proprietary methodologies that allow to track art as an asset class based on art value “barometers,” that is, indexes. Indexes are useful as they allow participants to determine global trends, volatility and, sometimes, to estimate the likelihood of being in a bubble. Moreover, indexes allow participants to compare performance of artworks belonging to different spaces: they are all normalized to 100 at the base year, such that, developments in, say, Picasso’s artworks can be compared to developments in the artworks produced by a relatively new talent.

The art market is characterized by the patchy nature of its transactions. Yet some commonly used art value indices involve prices on “repeat sales.” Repeat sales are used to calculate the rate of return between one sale and another on a single artwork, and allow to estimate the global trend that is common to all the artworks in the index basis. This methodology is particularly suited to track trends in art values that have underlying assets that are sufficiently homogenous and traded. However, repeat sales generally account to a relatively small fraction of total sales. Indices based on repeat sales are unlikely to represent robust estimates of trends in many market segments.

Look Lateral methodology provides estimates of trends in art values that accommodate for assets that have a more patchy history of transactions. It is based on “hedonic pricing” of artworks and allows us to price single pieces of artworks, a quite important piece of information for any art collectors who considers to appear on the primary market of Look Lateral trading platform. Interestingly, a repeat sales index can be seen as a special case of the more general methodology based on hedonic pricing. We now provide a succinct description of this methodology.

Art valuation and indexing methodology

Look Lateral methodology relies on hedonic estimates of market trends. Hedonic pricing and indexing methodology is quite general and includes repeat sales as a special case.

Therefore, it is useful to begin with a description of classical repeat sales estimates of market trends. An index uniquely relying on repeat sales necessitates the collection of pairs of sales for the same

artwork in a given space (say, Fontana's "Tagli").

The main assumption is, then, that during the holding period of any given artwork in the dataset, its value compounds at a given rate that is common to all the artworks being held during the same period. Given this assumption, our proprietary algorithms are used to estimate the common compounding rate for any period of time. These estimates are the input to our index, which is initialized to 100 in the base year. A repeat sales index may have high or low frequency according to availability of data. Figure 1, for example, depicts Look Lateral Repeat Sales (LL-RS) index calculated for Fontana's "Tagli" at both yearly and semiannual frequency.

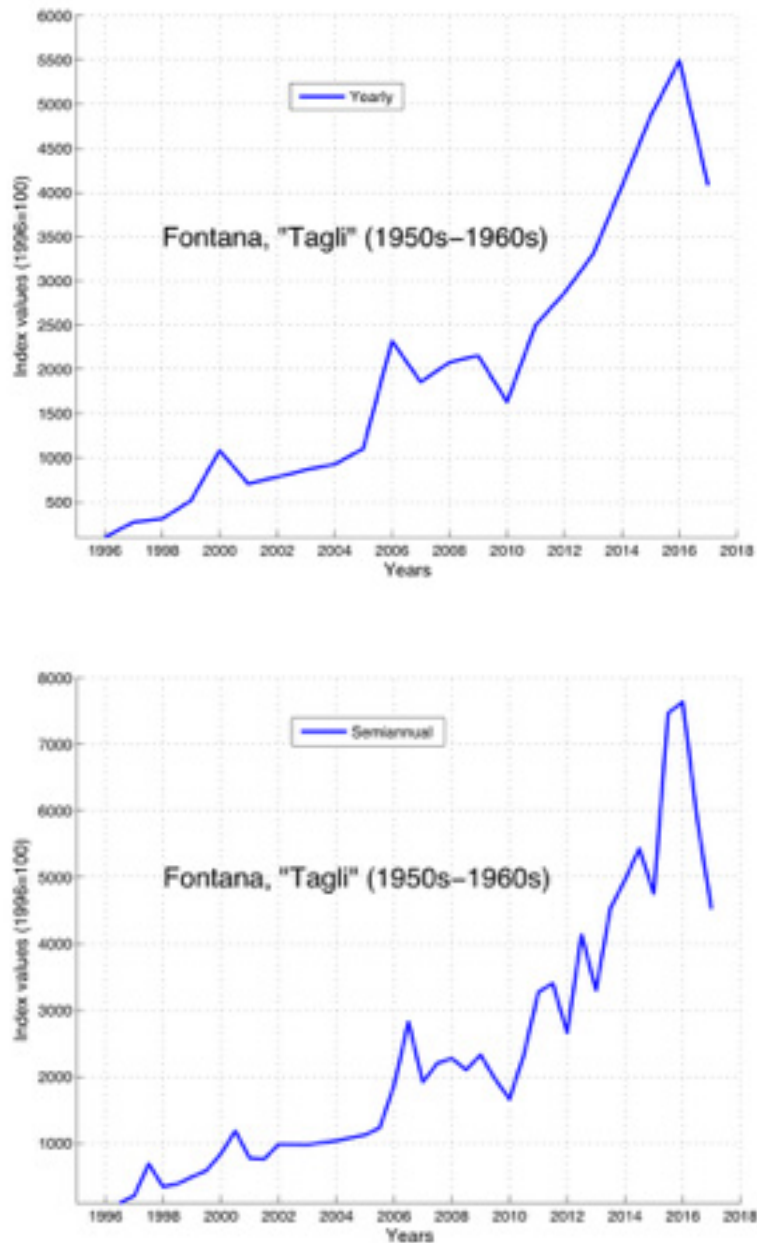


Figure 1: Repeat Sales Index Values (LL-RS). This picture plots the LL-RS Index tracking hypothetical total return values of Fontana's "Tagli" artworks from 1996 through 2017. Top panel: yearly index values. Bottom panel: semiannual index values.

A repeat sales index can be useful as it allows participants to form opinions regarding a global trend on pieces of arts that share similar features. Note that, by construction, such an index only relies on repeat sales, whereas many other transactions may likely occur in the art market for the universe of artworks around the index basis. However, a repeat sales index allows to track quite closely trends in the artworks' value that are listed and traded on the same trading platform. Yet a repeat sales index cannot be used to say something substantial about any particular artwork. There are so many attributes in any piece of artwork that are very useful to disentangle trends from idiosyncratic components of artworks, which repeat sales estimates would inevitably fail to capture.

Look Lateral methodology accomplishes these tasks while at the same time identifying general trends in the market for all the artworks that likely share commonalities with the given piece of art that we would like to price. Our methodology relies on the equally classical hedonic estimates of market trends. These estimates are obtained whilst acknowledging a standard evaluation principle that experts have been informed by in the world of art for decades, if not centuries. This principle is that artworks produced by, say, a same artist (e.g., Ed Ruscha) may draw value from different characteristics that we identify following our proprietary methodology developed while gathering synergies amongst our art experts and quant specialists.

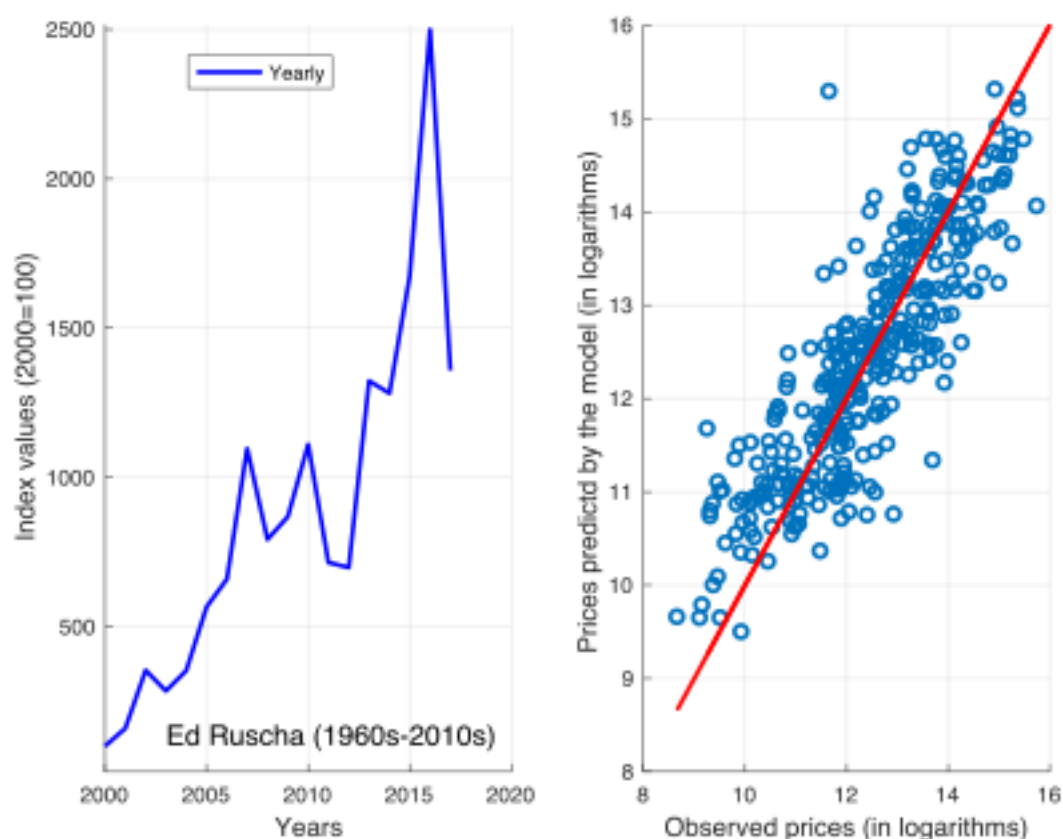


Figure 2: Hedonic Index Values (LL-H): Ruscha. This picture plots a LL-H Index tracking hypothetical total return values of Ruscha's artworks from 2000 through 2017. Left panel: yearly index values. Right panel: scatterplot of observed prices and the prices predicted by the hedonic-based methodology at the basis of the LL-H index; in red, the 45-degree line.

Our hedonic estimates of global market trends are what all the artwork have in common that is not explained by characteristics. Thus, the whole hedonic pricing procedure produces an index as a by-product, which is conveniently initialized at 100 at the base year. In fact, the index can be thought of as Laspeyres-Paasche type index where the basket components are artworks' characteristics that are weighted by shadow prices estimated through our proprietary methodology. Finally, we may estimate hypothetical values (and price ranges) of any artwork in the universe of the index (and possibly not included into the index calculations) since the inception of the index. Figure 2 depicts Look Lateral Hedonic (LL-H) index calculated for Ed Ruscha at yearly frequency as well as the model performance in pricing all the artworks in the index basis. Nearly 70% of market data variability is accounted by our methodology in this particular example.



LOOKLATERAL
