
From: jeffrey E. <jeevacation@gmail.com>
Sent: Friday, February 19, 2016 12:48 AM
To: Brad Wechsler
Cc: Melanie Spinella
Subject: Re: Fw: Term Sheet and Loan Agreement

Is this for me?

On Thursday, 18 February 2016, Brad Wechsler <[REDACTED]> <mailto:[REDACTED]>

Do you want this 2.2mm, non control, venture investment presented to trustees for their consideration?
Sent from my Verizon Wireless BlackBerry _____

From: "Chan, Yvonne" <[REDACTED]> <javascript:_e(%7B%7D,'cvml',[REDACTED]);> >
Date: Thu, 18 Feb 2016 23:17:37 +0000
To: Keith [REDACTED] <javascript:_e(%7B%7D,'cvml',[REDACTED]);> >; =rad
Wechsler <[REDACTED]> <javascript:_e(%7B%7D,'cvml',[REDACTED]);> >
Cc: [REDACTED] <[REDACTED]> <javascript:_e(%7B%7D,'cvml',[REDACTED]);> >
Subject: FW: Term Sheet and Loan Agreement

Keith, Brad (apologies – I know you were not on the original email with the revised docs).=/span>

Issues from Max's mark up as follows:

1. Amount of the investment: C2 \$2.250 MM versus our \$2.2 MM. Pls confirm the deal.=>
2. Percentage ownership of the company: 19.57% for \$2.25 MM. Is this the deal?
3. Interest rate on loan: 0.0%? we had 0.1%.
4. Default interest on loan: %? we had 10%.
5. One year maturity for the loan: C2 pls confirm OK.
6. Date for closing of the investment: April 19, 2016 – so four months to get the paperwork etc in place.
7. Liquidation pref: one time. Consistent with seed preferred. Is this the deal?=>
8. Automatic conversion into common on a qualified public offering – it raises \$20MM. pls confirm this is OK.

OK?

9. Monthly info – Keith =80 you asked for forecast vs actuals for downloads, usage and image upl=ads – their mark up suggests they will give you actual info only. Is this OK?

10. Materiality threshol=s for Series A preferred consents: \$500K – do we have any id=a of their current financial situation? Should it be lower?

11. Drag if majority in interest wan= to sell: we had changed to two thirds. Majority in interest i= consistent with current stockholders agreement and pretty standard.

12. 5 member board : Magnus ch=oses three. Series A chooses one. Silent on the fifth =93 mark up deletes the nominee of Maleki. Have you discu=ed this? If they say the fifth is the CEO, then effectively Magnus has 4 seat=. OK? Or did you expect a seed investor to select the fi=th director? Or the fifth to be an independent or someone jointly selected=by Magnus and Black ?

13. Board meetings: reduced fr=m four to two semi-annual. OK?

To finalize the docs and if you expec= to sign tomorrow, I need the name and address of the Black entity that wi=l fund the loan. Disbursement of loan will be 3 Biz Days after signing – so funding will be due Wednesday =eb 24.

Let me know if you would like to disc=ss. On the business issues, it might be more efficient if you raised=them with Max/Magnus before we revise and finalize the documents.

Y

Yvonne Y.F.Chan | Partner

Paul, Weiss, Rifkind, Wharton & Garrison LLP

1285 Avenue of the Americas | New York, NY 10019-6064

[REDACTED] (Direct Phone) | [REDACTED] (Direct Fax)

[REDACTED] <javascript:_e(%7B%7D,'cvml','ychan@paulweiss.com')=> | www.paulweiss.com

<http://www.paul=eiss.com>

From: Maximilian Straub [REDACTED]

Sent: Thursday, February 18, 2016 5:44 PM

To: Chan, Yvonne <[REDACTED]> <javascript:_e(%7B%7D,'cvml',=#39;[REDACTED]);> &=t;

Cc: Keith [REDACTED] <javascript:_e(%7B%7D,'cvml',L=;[REDACTED]);> >; Magn=s Resch

<[REDACTED]> >;
<[REDACTED]> >;
<[REDACTED] <javascript:_e(%7B%7D,'cvml',&=39;[REDACTED]);> >

Subject: Re: Term Sheet and Loan Agreement

Dear all,

please find attached the revised version of both loan agreement and term sheet. While I accepted almost all of the edits, I unfortunately spotted a mistake we made on the valuation and investment sum (i.e. given the agreed pre-money valuation of USD 9 mn and a total Series A investment of 2.5 mn (2.25 Leon Black, 0.25 Anastasiya Siro), the fully diluted share of Leon Black should be 19.57% - see cap table).

Best, Max

P.S.: For completeness, Anastasiya's share would be 2.17% for her Series A shares or a total of 3.74% including common shares

On Thu, Feb 18, 2016 at 9:52 PM, Chan, Yvonne <[REDACTED]> wrote:

All

Attached are revised drafts of the loan agreement and the term sheet, reflecting our comments – and after a review of the current charter and stockholders agreement.

I attach clean and redlined versions, the redlined versions are marked to show the changes from the initial drafts we received.

Please let us know if you have any questions.

Best regards

Yvonne

Yvonne Y.F.Chan | Partner

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas | New York, NY 10019-6064
[REDACTED] (Direct Phone) | [REDACTED] (Direct Fax)

www.paulweiss.com <http://www.paulweiss.com>

From: Keith Fox [mailto:[REDACTED]]
Sent: Thursday, February 18, 2016 3:16 PM
To: Magnus Resch <[REDACTED]>
<javascript:_e(%7B%7D,'cvml', '#39[REDACTED]');> >
Cc: Anastasiya Siro <[REDACTED]>
<javascript:_e(%7B%7D,'cvml', '[REDACTED]');> >; Maximilian Straub <[REDACTED]>
<javascript:_e(%7B%7D, '[REDACTED]');> >; Chan, Yvonne <[REDACTED]>
<[REDACTED]>
Subject: RE: Term Sheet and Loan Agreement

Yvonne is traveling back to her office and will send term sheet and loan revisions shortly.

I spoke with several IP lawyers and would like your guidance on what I have learned. Here's the simple summary:

- data is fair usage and not an issue for the app
- user generated images and content is covered as long as we remove images, as requested. It's covered in DMCA, section 512
- scraped data is more problematic for several reasons:

1) many sites prohibit scraping in their terms and conditions and therefore image collection is a violation of their terms.

2) most commercial sites do not have the rights to the images. They are permitted for the sole purpose of the one-time commercial usage.

3) we are "commercial" and therefore required to clear rights through the artists directly, via galleries / institutions and through clearing houses like ARS and VAGA. You have \$86,000 in year 1 and \$172,800 in year 2 in your budget.

- Do you agree with this assessment?

- =A0 Many of the images and prices are from auction houses. Are =ou concerned that they might ask you to take down the images?

- =A0 Can you let me know how you projected your image rights budget? =C2

Please let me know your thoughts. Keith

Keith Fox

CEO

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Phaidon

65 Bleecker Street, 8th FL<=b>

New York, NY 10012=/u>

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From: Magnus Resch [mailto:[REDACTED]]
Sent: Wednesday, February 17, 2016 10:53 PM
To: Keith Fox
Cc: Anastasiya Siro; Maximilian Straub
Subject: Re: Term Sheet and Loan Agreement

Thank you for the update, Keith! Looking forward to our revision tomorrow at around noon.

Btw: This is my lawyer (here https://urldefense=.proofpoint.com/v2/url?url=http-3A__www.goodwinprocter.com_People_D_Davis-DStephen.aspx&d=CwMGaQ&c=MVcBZOqZGZlJcau2lIMSkQ&r=NWjy9q=KCeeTzyh2RyBXZX1yfaTP85C4REvkszt_EKM&m=V39UzZH2KDKZ2blj3cAcVFofnLmaa=fT_5UsLMbg45Q&s=Xea7-obpBP3tIW7JQbWjZcZJBVviMnvopdiGEqT7u8Y&e=target=>). Goodwin Procter is considered as the top lawyer for the tech industry. =A0

On Wed, Feb 17, 2016 at 10:43 PM, Keith [REDACTED] > wrote:

We are reviewing the updated term sheet in the am wi=h Leon. I plan to send you the revised documents tomorrow, hopefully by 12=00. (My meeting is at 11:00.)

I appreciate your qui=k responses. Keith

Keith Fox <=span>

CEO <=span>

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M [REDACTED]</=>

[REDACTED]=/span> <javascript:_e(%7B%7D,'cv=l',[REDACTED]);>

On Feb 17, 2016, at 7:01 PM, Magnus Resch <[REDACTED]>
<[REDACTED]>);> > wrote:

Dear Keith,

Today we have provided with

- all legal documents you asked for
- extensive answers to your technical question regar=ing the IT stack.

We replied within the shortest possible time. I push=d my team to act really fast because we are running against the deadline t=is Friday. Can you please give us an update on your next steps.

Thank you, Magnus

Ok. Reviewing with lawyers today at 12:30.

Ok on rent. Four isn't an issue. I can call you later today to walk you through how I am thinking about it. =C2 We are space constrained, but I would like to have you and your team here! =/span>

Keith Fox

CEO

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M [REDACTED] =/span> <[REDACTED]>

$$\left[\begin{array}{c} \text{[Redacted]} \\ \text{[Redacted]} \end{array} \right] = \langle u \rangle$$

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████████████████████

Sent: Wednesday, February 17, 2016 10:20 AM

To: Keith Fox
Cc: Anastasiya Siro; Maximilian Straub
Subject: Re: Term Sheet and Loan Agreement

Thank you. That's ok.

Any comments on the TS?

And if you find the time please let me know your offer regarding rent. I would prefer a charge per seat. Initially I will need three seats which will go up to 10 seats until year end.

On Wed, Feb 17, 2016 at 10:14 AM, Keith [REDACTED] wrote:

Please see my edits:

It is intended that Phaidon, Artspace and Artace form a strategic partnership in regards to their activities in e-commerce, lead generation, editorial content and data analysis. Phaidon and Artspace Inc. are Artace's exclusive partners for these activities and Artace grants them a right of first refusal on data integration, gallery listings, analytics, and search functionality of Artace's app within Artspace and Phaidon.com
<https://urldefense.proofpoint.com/v2/url?u=http-3A__phaidon.co=&d=CwMGaQ&c=MVcBZOqZGZlJcau2lIMSkQ&r=NWjy9q4KCeeTzyh2RyB=ZX1yfaTP85C4REvkszt_EKM&m=V39UzZH2KDKZ2blj3cAcVFofnLmaa4fT_5UsLMbg45=&s=iFohZmHMi42bExSRrACUd4P5RYUnENvDsUMPtqRO0n4&e=>. Artspace and Phaidon will create and execute promotional and editorial programs to extend Artace's reach and adoption, as guided by Artace, and provide additional services as required.

Phaidon will in good faith provide publishing services for Artace art market reports, as required. Additionally, Phaidon will offer Artace favorable rent terms for up to 10 employees, or as needed.

Magnus will provide advisory services to Artspace including but not limited to IT efficiencies, global gallery sales strategy and digital marketing initiatives.

Keith

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Keith Fox

CEO

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Phaidon

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T [REDACTED]

M [REDACTED] =/span> <[REDACTED]>

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From: Magnus Resch [mailto:[REDACTED]]

Sent: Tuesday, February 16, 2016 3:20 PM

To: Keith Fox

Cc: Anastasiya Siro; Maximilian Straub

Subject: Re: Term Sheet and Loan Agreement

It is intended that Phaidon Digital, Artspace and Ar=ace form a strategic partnership in regards to their activities in e-comme=ce, lead generation and data analysis. Phaidon Digital and Artspace Inc. are Artace's preferred partners for these activities=and Artace grants them a right of first refusal.

On Tue, Feb 16, 2016 at 3:12 PM, Keith [REDACTED] wrote:

We have reviewed the documents and are currently getting outside guidance on the language. Our meeting with our lawyers is tomorrow a.m. We'll provide edits soon after.</=>

I'd also like to incorporate basic language on the strategic intent of the investment, including what you discussed with me and Leon. Would you like me to take the lead on drafting or would you like to take the lead? Thanks. Keith=>

Keith Fox

CEO

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Phaidon

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From: Magnus Resch [mailto:[REDACTED]]
Sent: Tuesday, February 16, 2016 2:00 PM
To: Keith Fox; Anastasiya Siro
Cc: Maximilian Straub
Subject: Re: Term Sheet and Loan Agreement

Dear Keith,

</=pan>

I hope this finds you well and you enjoyed the long weekend. I wanted to follow up on the TS and loan agreement I sent over last week. We are still working against the deadline of the 19th (i.e. Friday) to close it. Please make sure to come back with any input today or tomorrow (Leon mentioned one change - 20% for 2.25mio, not 21.74% for 2.5mio) as otherwise I am getting under pressure from my alternative investors to close with them. Let's avoid that!<=>

</=pan>

All the best, Magnus

On Fri, Feb 12, 2016 at 9:42 AM, Keith [REDACTED] > wrote:

I am traveling and will be able to review these early this afternoon. Thanks. Keith =>

Keith Fox <=>

CEO <=>

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Phaidon

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T [REDACTED] [REDACTED]

M [REDACTED] [REDACTED]

[REDACTED] <javascript:_e(%7B%7D,'cv=l',[REDACTED]);>

On Feb 12, 2016, at 8:33 AM, Magnus Resch <[REDACTED]>
<[REDACTED]> wrote:

Dear Keith,

Please find attached the term sheet and loan agreement. Both are standard documents, just adapted to our needs. I would also like to introduce you to Maximilian Straub. Max was my partner in previous businesses, works for McKinsey and is member of the board of Artace. In this role he is taking care of all legal matters of the company and also coordinates with our lawyers.

In order to structure the process please do the following:

- If you would like to change/add something, please edit the docs via "Track Changes"
- Max Straub (cc'd) and I will review it then and reply with our comments/changes in the

document

Since I need to verify every changes with Max and in order to facilitate the process, please understand that I prefer a written communication on every matter related to these documents. <u>

Best, Magnus

<Term Sheet_Artace_Feb2016_V2.docx><u>

<Loan Agreement_Artace_Feb2016_V2.docx>=u>

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--

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=C2 please note

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of JEE

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