

ASSET PURCHASE AGREEMENT

by and among

ARSP LLC,

AS ACQUISITION LLC

and

ARTSPACE MARKETPLACE, INC.

Dated as of August 8, 2014

ASSET PURCHASE AGREEMENT

AGREEMENT, dated as of August 8, 2014 (this “Agreement”), by and among ARSP LLC, a Delaware limited liability company (“Parent”), AS Acquisition LLC, a Delaware limited liability company and a wholly-owned subsidiary of Parent (“Buyer”), and Artspace Marketplace, Inc., a Delaware corporation (the “Company”).

RECITALS

The board of directors of the Company has approved and declared advisable this Asset Purchase Agreement and the sale of substantially all of the assets and liabilities of the Company to Buyer upon the terms and subject to the conditions set forth in this Agreement.

Accordingly, in consideration of the mutual representations, warranties, covenants and agreements contained in this Agreement, the parties to this Agreement, intending to be legally bound, agree as follows:

ARTICLE I

THE SALE

Section 1.1 The Sale. Upon the terms and subject to the conditions set forth in this Agreement, upon the Closing contemplated below (a) the Company shall sell, transfer and assign to Buyer all of its Assets except the Excluded Assets, and Buyer shall assume from the Company all of the Assumed Liabilities (together, the “Sale”), and (b) Buyer shall pay to the Company, as consideration for the Sale, \$4.25 million, payable in cash as provided below (the “Consideration”). **As used in this Agreement,**

- (i) “Assets” means all of the Company’s right, title and interest in assets (including inventory, equipment, supplies and other personal property), properties (including Intellectual Property), whether real, personal or mixed, tangible and intangible, of every kind and description, whether or not reflected on the books and records of the Company and wherever located, and (without limiting the foregoing) including the contracts and agreements listed on Exhibit A (the “Assumed Contracts”), all accounts receivable as of the Closing Date, all customer lists, all books and records (financial and otherwise) relating the business of the Company (except that the Company shall be entitled to maintain a copy of any books or records that it needs for legal, tax or other valid reasons), and all entitlements to insurance and rights of action against third parties arising out of the business or Assets of the Company prior to the Closing Date;
- (ii) “Intellectual Property” means (x) all patents, trademarks, copyrights, trade secrets, software (including source code, object code and documentation related thereto) and internet assets; (y) all licenses, sublicenses and other agreements or permissions related to the property or rights described in clause (x); and (z) all rights to sue at law or in equity for any infringement or other impairment of any of the property or rights described in clause (x), including the right to collect

damages and proceeds therefrom; in each case as used in connection with or otherwise related to the business of the Company and as such property and rights exist in all jurisdictions throughout the world, to the extent owned by, licensed to, or otherwise used by the Company (and, for the avoidance of doubt, including all rights in respect of the Company's name);

- (iii) "Excluded Assets" means (x) all rights under or in respect of the insurance policies for the benefit of directors and officers, (y) all rights under or in respect of this Agreement and (z) books and records which the Company is required by law to retain (except that Buyer shall be entitled to a copy thereof if and to the extent it may be useful to its operation of the business following the Closing Date) or that relate to the Company's corporate existence, this Agreement and/or the Sale and are not otherwise used in the business; and
- (iv) "Assumed Liabilities" means (w) all liabilities reflected on [the balance sheet][ledger] of the Company as of _____, 2014, to the extent not discharged prior to the Closing Date, (x) all obligations under the Assumed Contracts, (y) accounts payable and other similar obligations arising in the ordinary course of business of the Company after [such date], including obligations to pay employees and consultants for services rendered to the Company in the ordinary course, and (z) the other Assumed Liabilities listed on Exhibit A. For the avoidance of doubt, Assumed Liabilities do not include (A) any liabilities of the Company for income or other taxes, (B) any obligations arising under or in connection with this Agreement and the Sale, (C) any obligations or liabilities to lenders to the Company or any of the holders of its shares of common or preferred stock (in each case in their capacity as such), or (D) any liabilities in relation to any suits, actions or proceedings that are pending or have been threatened in writing as of the Closing (of which none have been disclosed to Buyer).

Section 1.2 Closing. Subject to the satisfaction or waiver of all of the conditions to closing contained in Article V, the closing of the Sale (the "Closing") shall take place (a) at 10:00 _____ on August 14, 2014, provided that the conditions (other than any conditions that by their nature are to be satisfied at the Closing) have been satisfied or waived in accordance with this Agreement by such date, or (b) at such other time or on such other date as Parent and the Company may agree. The date on which the Closing occurs is referred to as the "Closing Date."

Section 1.3 Deposit. On the date hereof, Parent shall pay a cash deposit of \$500,000 (the "Deposit") to Pillsbury Winthrop Shaw Pittman LLP (the "Escrow Agent"), which will separately agree with each of the parties to this Agreement to hold and dispose of the Deposit in accordance with the terms of this Agreement. At the Closing, the Deposit shall be released by the Escrow Agent and used to pay the Consideration in accordance with Section 1.4.

Section 1.4 Payment of Consideration. Upon the Closing:

- (a) the Escrow Agent shall release the to the Company; and

(b) Parent shall pay the Company the balance of the Consideration by wire transfer of immediately available funds; and

Section 1.5 Application of Consideration to Discharge Debt. On the Closing Date the Company shall pay to each of the creditors listed on Exhibit B the amount necessary to discharge the Company's indebtedness to each such creditor in full.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent and Buyer that:

Section 2.1 Organization and Power. The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. The Company has the requisite power and authority to own, lease and operate its assets and properties and to carry on its business as now conducted.

Section 2.2 Corporate Authorization.

(a) The Company has all necessary corporate power and authority to enter into this Agreement and, subject to adoption of this Agreement by the affirmative vote of (i) the holders of a majority of the outstanding shares of the Company (Common Stock, Series A Preferred Stock and Series B Preferred Stock voting together as a class), (ii) the holders of a majority of the outstanding Common Stock, (iii) the holders of a majority of the outstanding shares of the Series A Preferred Stock and Series B Preferred Stock, voting together as a single class, and (iv) the holders of a majority of the outstanding shares of the Series B Preferred Stock (collectively, the "Requisite Company Votes"), to consummate the Sale and other transactions contemplated by this Agreement.

(b) The board of directors of the Company has unanimously adopted resolutions: (a) approving and declaring advisable the Sale, this Agreement and the transactions contemplated by this Agreement; (b) declaring that it is in the best interests of the stockholders of the Company that the Company enters into this Agreement and consummate the Sale upon the terms and subject to the conditions set forth in this Agreement; (c) declaring that the consideration to be paid to the stockholders of the Company in the Sale is fair to those stockholders; (d) directing that adoption of this Agreement be submitted to a vote at a meeting of the stockholders of the Company; and (e) recommending to the stockholders of the Company that they adopt this Agreement.

(c) The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated by this Agreement have been duly and validly authorized by all necessary corporate action on the part of the Company, subject to the Requisite Company Votes.

Section 2.3 Enforceability. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms.

Section 2.4 Liabilities. Exhibit B sets forth a true and complete list of all outstanding indebtedness of the Company, including the name of the creditor and amount required to be paid to discharge such indebtedness in full upon the Closing. To the knowledge of the Company, there are no material liabilities or obligations of any kind, whether accrued, contingent or otherwise (collectively, "Liabilities") of the Company, other than the indebtedness set forth on Exhibit B, Liabilities reflected in, reserved against or disclosed in the consolidated balance sheet of the Company as of June 30, 2014, executory obligations under contracts and other Liabilities arising in the ordinary course of business of the Company after such date.

Section 2.5 Voting. The Requisite Company Votes are the only votes of the holders of any class or series of the capital stock of the Company necessary (under the Company organizational documents, the DGCL, other applicable laws or otherwise) to approve and adopt this Agreement, the Sale and the other transactions contemplated by this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PARENT

Parent represents and warrants to the Company that:

Section 3.1 Organization and Power. Each of Parent and Buyer is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. Each of Parent and Buyer has the requisite power and authority to own, lease and operate its assets and properties and to carry on its business as now conducted.

Section 3.2 Corporate Authorization. Each of Parent and Buyer has all necessary corporate power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery and performance of this Agreement by each of Parent and Buyer and the consummation by each of Parent and Buyer of the transactions contemplated by this Agreement have been duly and validly authorized by all necessary corporate action on the part of Parent and Buyer.

Section 3.3 Enforceability. This Agreement has been duly executed and delivered by each of Parent and Buyer and constitutes a legal, valid and binding agreement of each of Parent and Buyer, enforceable against each of them in accordance with its terms.

ARTICLE IV

COVENANTS

Section 4.1 Public Announcements. Parent and the Company shall consult with each other before issuing any press release or otherwise making any public statements about this Agreement or any of the transactions contemplated by this Agreement. Neither Parent nor

the Company shall issue any such press release or make any such public statement prior to such consultation, except to the extent required by applicable laws, in which case that party shall use its reasonable commercial efforts to consult with the other party before issuing any such release or making any such public statement.

Section 4.2 Fees, Costs and Expenses. Whether or not the Sale is consummated, all expenses (including those payable to representatives) incurred by any party to this Agreement or on its behalf in connection with this Agreement and the transactions contemplated by this Agreement (“Expenses”) shall be paid by the party incurring those Expenses, except as otherwise provided in Section 6.5.

Section 4.3 Interim Operations. From the date of this Agreement through the Closing Date, the Company will continue to operate its business in the ordinary course, and shall (without limiting the foregoing) apply all cash received to pay its expenses (including payroll and related taxes) in the ordinary course.

Section 4.4 Change of Corporate Name. Promptly following the Closing the Company shall change its name to a corporate name not including the word “ArtSpace” or any variation thereof.

ARTICLE V

CONDITIONS

Section 5.1 Conditions to Each Party’s Obligation to Effect the Sale. The obligation of each party to this Agreement to effect the Sale is subject to the satisfaction or waiver on or prior to the Closing Date of the condition that this Agreement shall have been duly adopted by the Requisite Company Votes.

Section 5.2 Conditions to Obligations of Parent and Buyer. The obligations of each of Parent and Buyer to effect the Sale are also subject to the satisfaction (or waiver by Parent) on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Company set forth in this Agreement shall be true and correct in all material respects, as though made on and as of the Closing Date.

(b) Performance of Obligations. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date.

(c) Officer’s Certificate. Parent shall have received a certificate, signed by the chief executive officer of the Company, certifying as to the matters set forth in Section 5.2(a) and Section 5.2(b).

Section 5.3 Frustration of Closing Conditions. None of the parties to this Agreement may rely on the failure of any condition set forth in this Article V to be satisfied if

such failure was caused by such party's failure to use commercially reasonable efforts to consummate the Sale and the other transactions contemplated by this Agreement.

ARTICLE VI

TERMINATION AND WAIVER

Section 6.1 Termination by Mutual Consent. This Agreement may be terminated at any time prior to the Effective Time by mutual written consent of Parent and the Company.

Section 6.2 Termination by Either Parent or the Company. This Agreement may be terminated by either Parent or the Company at any time prior to the Effective Time:

(a) if the Sale has not been consummated by the close of business on August 15, 2014, except that the right to terminate this Agreement under this clause shall not be available to any party to this Agreement whose failure to fulfill any of its obligations has been a principal cause of, or resulted in, the failure to consummate the Sale by such date;

(b) if the Requisite Company Votes have not been obtained; or

(c) if any law or court order prohibits consummation of the Sale.

Section 6.3 Termination by Parent. This Agreement may be terminated by Parent at any time prior to the Effective Time if:

(a) the Company breaches any of its representations, warranties, covenants or agreements contained in this Agreement, which breach (i) would give rise to the failure of a condition set forth in Section 5.2(a) or Section 5.2(b) and (ii) has not been cured by the Company within 2 business days after the Company's receipt of written notice of such breach from Parent; or

(b) the Parent's due diligence review of the Company and its business reveals, prior to Closing, that any of the Company's database, assets and liabilities, or technology platform materially and adversely differs from what has been represented in writing to Parent in the information listed on Exhibit C, taken as a whole.

Section 6.4 Effect of Termination. If this Agreement is terminated pursuant to this Article VI, it shall be of no further force and effect, with no liability on the part of any party to this Agreement (or any stockholder, director, officer, employee, agent or representative of such party), except that (a) if such termination results from the willful (i) failure of any party to perform its obligations or (ii) breach by any party of its representations or warranties contained in this Agreement, then such party shall be liable for any liabilities incurred or suffered by the other parties as a result of such failure or breach; and (b) Section 4.2, this Section 6.4, Section 6.5 and Article VII of this Agreement shall survive any termination of this Agreement.

Section 6.5 Expenses and Deposit Following Termination.

(a) Except as set forth in this Section 6.5, all Expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid in accordance with the provisions of Section 4.2.

(b) The Escrow Agent shall release the Deposit:

(i) to the Company if this Agreement is validly terminated by the Company pursuant to Section 6.2(a) as a result of a material breach of this Agreement by Parent;

(ii) to Parent if this Agreement is validly terminated pursuant to Section 6.1, Section 6.2(b), Section 6.2(c) or Section 6.3 or validly terminated by Parent pursuant to Section 6.2(a).

Section 6.6 Extension; Waiver. At any time prior to the Effective Time, Parent and Buyer, on the one hand, and the Company, on the other hand, may (a) extend the time for the performance of any of the obligations of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained in this Agreement or in any document delivered under this Agreement or, (c) subject to applicable laws, waive compliance with any of the covenants or conditions contained in this Agreement. Any agreement on the part of a party to any extension or waiver shall be valid only if set forth in an instrument in writing signed by such party. The failure of any part to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Interpretation. Headings in this Agreement are for reference only and shall not affect the meaning or interpretation of this Agreement. Definitions shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. All references in this Agreement to Articles, Sections and Exhibits shall refer to Articles and Sections of, and Exhibits to, this Agreement unless the context shall require otherwise. The words "include," "includes" and "including" shall not be limiting and shall be deemed to be followed by the phrase "without limitation." Unless the context shall require otherwise, any agreements, documents, instruments or laws defined or referred to in this Agreement shall be deemed to mean or refer to such agreements, documents, instruments or laws as from time to time amended, modified or supplemented, including (a) in the case of agreements, documents or instruments, by waiver or consent and (b) in the case of laws, by succession of comparable successor statutes. All references in this Agreement to any particular law shall be deemed to refer also to any rules and regulations promulgated under that law. References to a person also refer to its predecessors and permitted successors and assigns.

Section 7.2 Survival. None of the representations and warranties contained in this Agreement or in any instrument delivered under this Agreement shall survive the Effective Time. This Section 7.2 shall not limit any covenant or agreement of the parties to this Agreement which, by its terms, contemplates performance after the Effective Time.

Section 7.3 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 7.4 Submission to Jurisdiction. The parties to this Agreement (a) irrevocably submit to the personal jurisdiction of the federal courts of the United States of America and the courts of the State of New York located in the New York County, New York and (b) waive any claim of improper venue or any claim that those courts are an inconvenient forum. The parties to this Agreement agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 7.6 or in such other manner as may be permitted by applicable laws, shall be valid and sufficient service thereof.

Section 7.5 Waiver of Jury Trial. Each party acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated by this Agreement. Each party to this Agreement certifies and acknowledges that (a) no representative of any other party has represented, expressly or otherwise, that such other party would not seek to enforce the foregoing waiver in the event of a legal action, (b) such party has considered the implications of this waiver, (c) such party makes this waiver voluntarily, and (d) such party has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 7.5.

Section 7.6 Notices. Any notice, request, instruction or other communication under this Agreement shall be in writing and delivered by hand or overnight courier service or by facsimile or email:

If to Parent or Buyer, to:

Facsimile: _____
Attention: Keith Fox & Eileen Alexanderson
email: _____

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas

New York, NY 10019
Facsimile: 1 [REDACTED]
Attention: David K. Lakhdir
email: [REDACTED]

If to the Company, to:

Artspace Marketplace, Inc.
75 Broad Street, 26th Floor
New York, NY 10004
Facsimile: _____
Attention: Catherine Levene
email:

with a copy to:

Pillsbury Winthrop Shaw Pittman LLP
1540 Broadway
New York, NY 10036
Facsimile: [REDACTED]
Attention: Ronald A. Fleming, Jr.
email: [REDACTED]

or to such other persons, addresses or facsimile numbers or email addresses as may be designated in writing by the person entitled to receive such communication as provided above. Each such communication shall be effective (a) if delivered by hand, when such delivery is made at the address specified in this Section 7.6, (b) if delivered by overnight courier service, the next business day after such communication is sent to the address specified in this Section 7.6, or (c) if delivered by facsimile or email, when such facsimile or email is transmitted to the facsimile number or email addressed specified in this Section 7.6 and appropriate confirmation is received.

Section 7.7 Entire Agreement. This Agreement (including the Exhibits to this Agreement) constitutes the entire agreement and supersedes all other prior agreements, understandings, representations and warranties, both written and oral, among the parties to this Agreement with respect to the subject matter of this Agreement. No representation, warranty, inducement, promise, understanding or condition not set forth in this Agreement has been made or relied upon by any of the parties to this Agreement.

Section 7.8 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions of this Agreement. If any provision of this Agreement, or the application of that provision to any person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted for that provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of the invalid or unenforceable provision and (b) the remainder of this Agreement and the application of that provision to other persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall

such invalidity or unenforceability affect the validity or enforceability of that provision, or the application of that provision, in any other jurisdiction.

Section 7.9 Rules of Construction. The parties to this Agreement have been represented by counsel during the negotiation and execution of this Agreement and waive the application of any laws or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.

Section 7.10 Assignment. This Agreement shall not be assignable by operation of law or otherwise.

Section 7.11 Remedies. Except as otherwise provided in this Agreement, any and all remedies expressly conferred upon a party to this Agreement shall be cumulative with, and not exclusive of, any other remedy contained in this Agreement, at law or in equity. The exercise by a party to this Agreement of any one remedy shall not preclude the exercise by it of any other remedy.

Section 7.12 Specific Performance. The parties to this Agreement agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties to this Agreement shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 7.13 Counterparts; Effectiveness. This Agreement may be executed in any number of counterparts, all of which shall be one and the same agreement. This Agreement shall become effective when each party to this Agreement shall have received counterparts signed by all of the other parties.

[Signature page follows]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties to this Agreement as of the date first written above.

ARSP LLC

By: _____
Name: Keith Fox
Title: Manager

AS ACQUISITION LLC

By: _____
Name: Keith Fox
Title: Manager

ARTSPACE MARKETPLACE, INC.

By: _____
Name: Catherine Levene
Title: President and CEO

Exhibit A:
Assumed Contracts
[list to be inserted]

Other Assumed Liabilities
[list to be inserted]

Exhibit B: Creditors of the Company

Lender Name and Address	Amount Owed*	Wire Instructions

*includes all accrued interest, premium and other amounts owed as of August 14, 2014.

Exhibit C: Written Information Furnished by the Company to Parent

1. All items uploaded by the Company to Dropbox virtual data room
2. Emails (including attachments) to Keith Fox, John Murphy and Eileen Alexanderson from Catherine Levene and other senior management and from Greg Budin & Associates
3. Access to quickbooks reports and other online reports and databases furnished by the Company