YS ALTNOTES I LLC SERIES NOTE SUPPLEMENT
BORROWER PAYMENT DEPENDENT NOTES SERIES NO. YS AF VI

Investment Terms	
Asset Class	Art
Offering	Post War & Contemporary Art Portfolio III
YS SPV (BPDN)	YS AF VI LLC
Investment Amount	$17,651,100
Participation Interest Rate	11.00%
Yieldstreet Management Fee	1.00%
Target Investor Interest Rate	10.00%
Estimated Duration (Months)	12
Payment Frequency	Quarterly
Payment Type	Interest Only w/ Bullet Principal Payment

Loan Terms	
Loan Type	Refinance
Artwork Category	Post War & Contemporary
Gross Amount	$35,651,043
Artwork Value	$62,700,000
Loan-to-Value	56.9%
Participation Amount	$17,651,100
Participation Percentage	49.5%
Security Position	Junior Participation in a First Lien Loan
Start Date	10/1/20
Maturity Date	10/1/21
Exit Strategy	Sale or Refinance

Why We Like This Opportunity

1. The Loan is secured by a pool of artwork with an estimated value of $62.7M which results in an LTV of 56.9%. The artworks' value would have to decrease in total by 43.1% for it to be less than the Loan's outstanding amount.
2. The artist with the highest collateral concentration securing the Loan is a Post War & Contemporary artist with a long and established public auction track record who created artworks that are positively trending in both sales volume and average sales price since 2006.
3. Of the 18 collateral pieces, 17 are in the Originator's possession at specialized fine art storage facilities. The pieces in the Originator's possession represent 92.8% of the total Collateral's value.
4. All Collateral is insured for third-party loss or damage by insurers with an A.M. Best rating of A or better. The Collateral is insured for more than the Loan's outstanding amounts.
5. The Originator is named the loss payee and additional insured on the Borrower's fine art insurance policies securing the Collateral to ensure that any proceeds received from a claim are first paid to the Originator.
6. A full personal guarantee from the Principal and owner of the artwork Collateral is in place.
7. The Principal is required to maintain a personal net worth in excess of the Loan amount throughout the term.
8. The Collateral is revalued on an annual basis to ensure the LTV is maintained. Any increase in the LTV above established limits will require a paydown of the Loan, the addition of new pieces of Collateral or a combination thereof.
9. The Originator, founded in 2015 by a global private equity firm and now a wholly owned indirect subsidiary of Yieldstreet, has originated over $300M since its formation in 2015.

WHEN ANALYZING THIS INVESTMENT, PROSPECTIVE INVESTORS ARE URGED TO CAREFULLY CONSIDER EACH OF THE RISKS SET FORTH IN EXHIBIT D HERETO.

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TRANSACTION

Overview: Athena Art Finance Corp. ("Originator"), a wholly owned indirect subsidiary of YieldStreet Inc., is refinancing an existing loan ("Loan") which has a current outstanding principal balance of $35.7M. The Loan is secured by a pool of artworks ("Collateral") with an estimated value of $62.7M. The special purpose vehicle YS AF VI LLC ("YS SPV") was established for this investment and is a fund managed by YieldStreet Management, LLC, an SEC-registered investment advisor ("Manager"). The Manager has advised YS SPV to participate in the Loan through the purchase of a junior participation interest which represents YS SPV's sole asset. YieldStreet investors have an opportunity to purchase borrower payment dependent notes issued by the YS SPV's parent and thus indirectly participate economically in the Loans.

The Loan has a first priority lien on a pool of collateral consisting of Post War & Contemporary artworks. To finance the Loan, the Originator sold a senior participation interest in the Loan to a financial institution ("Leverage Provider"). As a result, the YS SPV has a junior participation interest in the Loan which means that, upon an event of default under the Loan, the Leverage Provider will have the first right to receive its interest and principal in full prior to the YS SPV's receipt of any payments. The Collateral has an aggregate value of $62.7M which results in a loan-to-value (LTV) of 56.9%. The YS SPV has a participation interest of 49.5% in the Loan which results in a participation amount of $17.7M. As such, the Leverage Provider will have a senior participation interest of the remaining $18.0M, or 50.5%, in the Loan. The proceeds of the Loan were used by an SPV art holding company ("Borrower") to refinance its existing loan that was originally used to purchase the Collateral. The Loan is expected to be repaid from the sale of Collateral or refinance of the Loan prior to its maturity in October 2021.

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This Series Note Supplement describes the underlying transaction as well as this series of borrower payment dependent notes ("Notes") offered for sale by YS ALTNOTES I LLC ("Issuer") and the corresponding Loan with respect to such Notes. The use of Notes helps YieldStreet to structure debt transactions more efficiently by allowing for a greater number of investors in a given transaction and lower minimum investment amounts. For more information please refer to the comprehensive Private Placement Memorandum available for download at the time of investment.

The Notes issued by the Issuer in which investors are investing will have the following terms as set forth in the Form of Note attached to the Indenture:

- Corresponding Asset (upon which the Notes are dependent for payment): Participation Interest in the Loan
- Maximum Aggregate Principal Amount of this Series of Notes: $17,651,100
- Stated Maturity Date: 10/1/21
- Target Interest Rate: 10.0%

Each Note will bear interest from the date of issuance. All Notes issued under this series will be pari-passu regardless of when an investor purchases their Note. All Notes will be dependent on payment under the Loan and the Stated Maturity was established to ensure the Notes encompassed the entire term of the underlying transaction.

The total proceeds received by the Originator in respect of the Loan will vary depending on the then-effective LIBOR rate, outstanding principal amount of the Loan and leverage on the Loan at any given time, the YS SPV is paid a fixed rate of interest on its participation in the Loan ("Participation Interest Rate"). The Originator will retain the difference between the total proceeds it receives on the Loan and the Participation Interest Rate, if any. Such proceeds, if any, shall be used to pay for certain operating and servicing costs and other expenses of the Originator. In addition, the Originator will receive an origination fee equal to 0.30% of the Loan commitment. For the avoidance of doubt, any such additional proceeds retained, and the origination fees received, by the Originator will not reduce the interest rate paid to the YS SPV under the participation agreement, nor the target rate of interest paid to investors.

Asset Class: Art finance is a form of asset-based lending in which a work of art serves as the collateral and basis for lending. The evaluation of artwork can primarily be divided into three distinct attributes:

1. Demand: The physical attributes of the artwork such as period, subject, size, signature and condition
2. History: The historical attributes of the artwork such as provenance, ownership, exhibition, and transaction history
3. Artist: The marketplace attributes of the artist such as total sales, number of trades, hammer ratios and growth rate.

The physical attributes intrinsic to the artwork are important to ascertain for the purposes of the valuation, marketability and authenticity. The physical attributes can be divided into four categories:

1. Period: Represents the year in which an artwork was created. Artworks created during an artist's most important and representative period are considered more desirable. For example, artworks produced by the artist Lucio Fontana during the 1960s are his most sought-after and valuable works.
2. Subject: Represents the theme, subject and/or imagery present in a work of art. Artworks that are representative of the artist's classic style are considered more desirable. For example, Richard's Prince's "nurse" and "joke series" of paintings are his most sought-after works and have achieved the highest auction results for this artist.
3. Size: Represents the physical size of the artwork. Artworks that do not significantly deviate from the size generally favored by the artist are considered more desirable. For example, 72" x 72" is the standard size canvas used by Agnes Martin and works of those dimensions generally achieve her highest auction results. However, overly large works of art above a certain threshold become difficult for collectors to manage, transport and display, which reduce potential market value.
4. Signature: Represents whether a work of art is signed and, if so, whether the signature is representative of the style typical of the artist. A signature is not always beneficial to a work of art especially if the artist does not typically sign their work. For example, Pablo Picasso generally signed a painting only when it was sold. An unsigned painting by Picasso could challenge its authenticity or indicate the state of the work was unfinished.
5. Condition: Represents the physical state of condition of an artwork. Artworks that have condition issues such as unstable cracks or paint loss are negatively impacted and are less valuable than artworks in pristine condition. For example, if a Donald Judd classic sculpture stack is not in excellent condition, its value will be materially reduced.

The historical attributes are external to the artwork and are important to ascertain for the purposes of the artwork's value, marketability and authenticity. As such, the history of an artwork is traced as far back and in as much detail as possible. The historical attributes can be divided into four categories:

1. Provenance: Represents an artwork's chain of ownership. Artworks that are owned by prominent figures in society are considered more desirable. For example, artworks that were once owned by the Rockefeller's are valued with a premium due to the prestige associated with the Rockefeller surname. Additionally, understanding an artwork's chain of ownership helps validate authenticity and helps to avoid potential theft claims.
2. Ownership Length: Represents how long a work of art has been owned privately by the current owner. Artworks that have not been available for purchase in the art market for several years or decades are considered more desirable. For example, artworks that were recently purchased at public auction will most likely be reoffered at a discounted price if brought back to the public auction market within a few years of his/her previous sale.
3. Exhibition History: Represents the artwork's record of public display. Artworks that have been exhibited in public locations, such as museums, foundations or institutions gain an increased public profile and are considered more desirable. For example, an artwork exhibited at the Museum of Modern Art in New York will have a positive impact

on the value of such artwork. Additionally, the exhibition of an artwork at prominent museums and institutions helps validate authenticity as these important artworks have been further evaluated by the museum's curator.

4. Auction History: Represents whether the work of art has previously been auctioned. Artworks that have sold through major auction houses have demonstrated a high degree of marketability and have undergone a certain level of due diligence which helps to validate its authenticity. For example, if a Marc Chagall painting is offered for sale, the auction house should have contacted the Comité Chagall and requested a confirmation of its authenticity before placing it in their auction. Conversely, if an artwork was recently "bought-in", it is generally viewed as less desirable and therefore less valuable.
    a. "Bought-in" refers to artworks that failed to meet the minimum reserve price agreed to by the seller and auction house prior to the auction. In these cases, the artwork is pulled off the auction block by the auctioneer in real time ("passed"). For example, in November 2015, *La Folle* by Chaim Soutine was offered at auction at a low auction estimate of $2.0M, but it failed to receive a bid above its reserve price and therefore did not sell. Three years later, the same painting was re-offered at auction with a low auction estimate of $800k, at which time it failed to sell again.

The marketplace attributes of the artist can be measured by various factors derived from historical auction data which helps to determine the depth and breadth of the artist's marketability. Historical auction data provides insight into the relative liquidity of artworks created by such artists and the ability to sell such artwork in a timely manner under normal market conditions. The attributes used in determining an artist's liquidity include:

1. Total Sales: The aggregate sales volume achieved at public auction generated over a certain historical period of time based on the hammer price (winning bid at auction, net of commissions) achieved at auction.
2. Number of Trades: The total number of public trades achieved annually and cumulatively over a certain historical period of time. While an artist's works may also sell in the private market, that information is difficult to obtain, validate and verify. A robust number of total trades can indicate a deep market and high level of liquidity for the artist relative to its peers.
3. Hammer Ratios: The hammer price divided by the low auction estimate for a work of art brought to auction. A hammer ratio above 1.0x indicates works by the artist achieve prices over the indicative low auction estimate.
4. Growth Rate: Each work of art created by an artist will be unique in its appreciation or deprecation in value over time. An analysis of the compounded annual growth rate (CAGR) of an artist's historical average public sales prices provides insight into the artist's positive or negative sales trends over time, which may be an indicator of future performance and price stability.

The global art market can be broken down into three main categories which include:

1. Old Masters: Artworks created by artists from the late 13th to early 19th centuries. Some artists associated with this period include Sir Peter Paul Rubens, Il Canaletto, John Constable and Rembrandt Harmenszoon van Rijn.
2. Impressionist & Modern Art: Artworks created by artists from the 19th century through the World War II period. Some artists associated with this period include Amedeo Modigliani, Alberto Giacometti and Pablo Picasso.
3. Post-War & Contemporary Art: Artworks created from 1945 to the present. Some artists associated with this period include Andy Warhol, Cy Twombly and Roy Lichtenstein.

It is important to note that the above categories represent a significant portion, albeit not all, of the categories deemed eligible to lend against.

SUPPORT PROCESSES

Diligence: The Originator developed underwriting standards that guide its lending activities and safeguard its invested capital which may include:

Artists with Stable Pricing & Liquidity	First Priority Perfected Security Interests
Targeted Maximum LTV of 50.0%	US Dollar Denominated
Minimum Loan Amount of $1.0M	Cash Reserves for Interest & Other Expenses
Appraisal & Condition Reports	Investment Committee Approval

It is important to note that the Originator's underwriting standards are the framework under which all transactions are reviewed and any proposed deviations or exceptions from these standards may be considered on a selective basis. The Originator's diligence process is composed of six distinct areas:

1. Loan Request – Understanding the loan's purpose and use of proceeds while gathering preliminary information.
2. Borrower Information – Collecting borrower related information including identification and financial documents.
3. KYC & AML Review – Assessing all entities related to the transaction for litigation, sanctions, bankruptcy, etc.
4. Borrower Analysis – Determining the borrower's creditworthiness through FICO Scores, financials, net worth, etc.
5. Third-Party Guarantees (if applicable) – Reviewing the assets and income of any person(s) listed as a loan guarantor.
6. Collateral Analysis – Evaluating the collateral's value, condition, location, authenticity, ownership, liquidity, etc.

During the diligence process, the Originator specifically focuses on the three sources of repayment:

1. The collateral is considered the primary source of loan repayment and is reviewed to determine eligibility according to the Originator's standards which include:

Flat Art or Sculpture	Permitted Jurisdiction for Perfection
Evidence of Clear Title	Comfort with Authenticity
Internal & Independent Appraisal	Acceptable Condition
Not Subject to an Existing Lien, Claim or Litigation	Fully Insured
Art Loss Register Cleared	Approved Storage Location

Once an artwork is deemed eligible, several additional forms of diligence are conducted, including the valuation of the collateral. The Originator's final collateral value is derived from multiple levels of corroborating art market data which consists of at least:

- An Originator-approved independent appraisal on a marketable cash value basis
- A low auction estimate from a highly-reputable auction house

The external valuation sources are in addition to the Originator's internal valuation. All valuation sources are considered when determining the collateral value. The collateral valuation reflects the artwork's net realizable value which is net of:

Insurance Premiums	Travel & Shipping Expense
Dealer Commissions	Advertising Expense

The collateral's net realizable value considers the expenses related to the artwork's sale under normal market conditions. The other forms of diligence conducted include:

Third-Party Condition Report	Location Analysis
Originator Additional Insured and Loss Payee	Lien Search
Adequate Insurance Coverage	UCC-1 Filing (or equivalent)
Provenance Research	Authenticity
Liquidity Analysis	Collateral Diversification

After reviewing and analyzing all of the information provided, the Originator develops an internal risk rating on a 1.0 – 4.0 scale to determine the economic loan terms to offer to the borrower. The internal risk rating takes into consideration the prominent collateral and borrower risk factors, according to established categories which include:

Period	Subject
Condition	Size
Signed	Exhibition History
Provenance	Artist Liquidity
Borrower Net Worth	Borrower FICO

2. The borrower, if the loan is full-recourse, is considered the secondary source of loan repayment. As such, the borrower's creditworthiness and ability to repay is of paramount importance. The types of documentation reviewed by the Originator will vary depending on whether the borrower is an individual, special purpose vehicle or a corporate entity but generally includes:

Bank Statements	Tax Returns
Financial Statements	Pending / Ongoing Litigation
Judgments	Tax Liens
Flow of Funds	FICO Score

3. The guarantor is considered the tertiary source of loan repayment, if applicable. A third-party guarantor may not be present in every transaction but, if present, the review of the guarantor is similar in nature to that of the borrower. As such, the guarantor's creditworthiness and ability to repay is of notable importance.

If the collateral is not sold during the term of the loan, and the loan continues to perform as agreed, the loan may be refinanced or renewed at maturity. This is a common lending practice in many asset classes where the duration of the loan is relatively short dated, and therefore does not provide enough time for the underlying asset to convert to cash to fully repay the loan at maturity.

Servicing: The Originator is responsible for monitoring the loan and collateral immediately following the close of a transaction. This servicing process is performed by the Originator as a form of continuing diligence to ensure the loan and collateral are consistently in compliance with the terms of the transaction. The multi-faceted servicing process includes:

- Tracking of information, compliance and financial covenants via the Originator's customer relationship management (CRM) software. The CRM alerts the Originator to all reporting and post-close deliverables.
- Pre-clearance lists are established for storage companies, shipping companies, appraisers and countries to efficiently address several typical borrower requests over the loan's term.
- The transfer or movement of collateral is reviewed prior to consent by the Originator. The review consists of both logistic and legal diligence to ensure the collateral's protection and the Originator's perfected senior lien.
- Amendments and modifications to the loan are coordinated through the related relationship manager to vet the request in accordance with the Originator's internal lending criteria.
- Annual reviews are conducted and include an update of the appraisal and condition report (if applicable). The updated information allows the Originator to identify and address any adverse impacts to the loan's value or collateral coverage.

The Originator is comprised of professionals who each have a role in maintaining and protecting the portfolio:

- Chief Investment Officer – Approves all loans, amendments and oversees entire credit underwriting process.
- General Counsel – Assesses all legal risks, including collateral perfection, movement to new jurisdictions, insurance and location changes, prepares all loan documentation in accordance with approved term and conditions.
- Director of Art Valuation and Logistics – Internally values each piece of artwork collateral, performs all art related due diligence and coordinates third-party services such as appraisals, conservators, insurance, transfers, etc.

COLLATERAL

Composition: The Collateral pool is composed of 18 pieces, consisting of Post War & Contemporary artworks. The majority of the Collateral pieces are paintings, with three sculptures and two works on paper also included. The Collateral pieces have not been publicly available for sale for over 16 years, on average. The most valuable piece in Collateral is a

Post War & Contemporary painting valued at $9.0M which accounts for 14.4% of the Collateral's value. The most represented artist, Artist A, in the Collateral accounts for $38.4M, or 61.2% of the Collateral's aggregate value.

Collateral Summary	
Category	Post War & Contemporary
Medium [1]	Paintings
Number of Pieces	18
Average Holding Period (Years) [2]	15 - 20
Piece Concentration [2]	14.4%
Artist A Concentration [3]	61.2%

Artist A is a deceased American artist who came into prominence in the 1980s and was known for pop art and graffiti-like works representative of New York City street culture. Artist A's artwork has traded publicly 156 times and accounted for $126.3M in public auction sales since 2006. Public sales of Artist A's artwork have steadily increased since 2015, with 2017 and 2018 representing the second and third largest total sales years since 2006, at $18.7M and $14.8M respectively. Public sales of Artist A's artworks in 2020 year to date has increased 34% in terms of average sales price from $1.23M to $1.66M. Since 2006, the average hammer price for Artist A's artwork has been $824k with an average hammer ratio of 1.5x. From 2006 to 2019, Artist A's average public sales price and minimum hammer price have trended positively at CAGRs of 11.2% and 6.9% respectively.

Highlighted Artist Summary	
Highlighted Artist	Artist A
Artist Concentration [3]	61.2%
Public Trades	156
Total Public Sales	$126,323,404
Average Public Sales CAGR	11.2%
Average Hammer Price	$824,199
Minimum Hammer Price CAGR	6.9%
Average Hammer Ratio	1.5x

The Collateral pieces were valued at $62.7M as of August 2020, resulting in an LTV of 56.9%. The valuation of the Collateral was performed by the Originator and third-party appraisers. The third-party appraiser was an independent senior level specialist from one of the major global auction houses who provided low auction price estimates. This annual appraisal was performed without physical inspection as the majority of the Collateral is held in the Originator's possession in a fine art storage facility. The one (1) piece of Collateral in the Guarantor's possession was physically inspected by an expert conservator who issued a formal report opining on the artwork's condition. This condition report was considered, along with the auction house estimates, to derive a final valuation used to structure the Loan.

Metrics Summary	
Artwork Valuation	$62,700,000
Loan-to-Value	56.9%

The Collateral is insured by a standard all risk fine art policy underwritten by two insurance companies each with an A.M. Best Rating of A or better. The policy is currently valid and in effect with coverage for the Collateral totaling $92.1M. The Originator maintains possession of $58.2M or 92.8%, of the Collateral, of which the majority is stored in specialized fine art storage facilities. The Guarantor maintains possession of one (1) piece valued at $4.5M or 7.2% of the Collateral which is not permitted to be moved without the Originator's approval. The Borrower may request that an artwork in the pool be moved for a limited time in order for it to be included in an important museum exhibition, gallery

[1] Representative of the highest concentration

[2] Average artwork holding period, weighted by artwork value

[3] Representative of the Highlighted Artist's concentration in the Collateral

or show. The Originator considers the merits of the request, the associated jurisdictions and any movement of an artwork, and then executes proper legal documentation to ensure strict constructive control by the Originator.

Insurance & Possession Summary	
Insurance Coverage Amount	$92,100,000
Insurance Loan Coverage [4]	2.58x
Insurance Artwork Coverage [5]	1.47x
Originator Possession	92.8%
Borrower Possession	7.2%

For additional details on the Collateral, please refer to Exhibit A of this Series Note Supplement section.

Security: The Loan is structured with downside protections that provide additional credit support, including:

1. The Collateral is revalued on an annual basis to ensure the LTV is maintained. Any increase in the LTV above established limits will require a paydown of the Portfolio, the addition of new pieces of Collateral or a combination thereof.
2. The Collateral is run through an international database of lost, stolen and disputed art to check that no Collateral pieces are subject to existing ownership claims.
3. Full legal searches, including UCC liens, bankruptcy, tax and litigation in all relevant jurisdictions are run to ensure no other party maintains a lien on the Collateral and to assess the viability of any contingent liabilities of the Borrower or Guarantor, as applicable.
4. The Originator is named the loss payee and additional insured on the Borrower's fine art insurance policy covering the Collateral to ensure that any proceeds received from a claim are first paid to the Originator to repay the Loan.
5. A full personal guarantee is provided to the Originator from the Guarantor. The Guarantor submitted a personal net worth statement in September 2020 attesting to a net worth of greater than $250M and is required to maintain a personal net worth of at least $40M throughout the term of the Loan.

PRIMARY PARTIES

Borrower: The Borrower is a special purpose vehicle formed specifically for the purpose of the Originator's financing of the Loan. The owner of the Borrower ("Principal") directly owns the special purpose vehicle 100.0% and is a well-known art dealer with an active presence in the global art market.

Originator: Athena Art Finance was formed in 2015 as an institutional asset-based lender against high-value fine art, and as of 9/30/2020 is a wholly-owned indirect subsidiary of YieldStreet Inc. The Originator focuses on the premium segment of the art market which has exhibited a proven market depth with multiple sales channels. Since launch, the Originator has established extensive market visibility having originated over $300M with an active loan portfolio of $176.2M as of 9/30/20. The active loan portfolio is secured by fine art collateral valued at $366.7M, resulting in a portfolio LTV of 47.4% on a net realizable value basis. The Originator's growth to date can be attributed to key art market partnerships and strong borrower relationships.

The Originator's credit underwriting follows a disciplined process that is focused on the borrower, collateral and loan structure. As such, the Originator has had eleven transactions fully repay all obligations since inception. The Originator's performance reflects the specialized credit and collateral screening policies that address both upfront due diligence and on-going monitoring processes. These processes are supported by internal data analytics developed by the Originator to assist in consistent decision making and efficient review and management of its collateral. The Originator is led by a management team with extensive experience in institutional banking, business development, art law and the art market.

[4] Insurance Loan Coverage = (Insurance Coverage / Loan Amount)

[5] Insurance Artwork Coverage = (Insurance Coverage / Artwork Valuation)

Cynthia Sachs – Chief Investment Officer

Ms. Sachs has over 25 years of asset-based lending and high yield corporate credit experience across debt origination, structuring, portfolio management and trading (par and distressed). At the Originator, Ms. Sachs is Chief Investment Officer responsible for the management of all aspects of its art-backed loan underwriting and risk management processes. Previously, Ms. Sachs built and ran Morgan Stanley's global proprietary corporate credit platform within its Securitized Products Division, managing a $5 billion multi-strategy leveraged loan portfolio and two CLO vehicles. Prior to that, Ms. Sachs was a Managing Director at Natixis where she ran the TMT leveraged finance banking business, growing assets to $1 billion. Most recently on the fintech side, Ms. Sachs created and led Bloomberg's algorithmically driven fixed income evaluated pricing business, BVAL, from a nascent platform to becoming the global market leader in the bond and loan valuation space.

Ms. Sachs started her banking career at Bank of America after completing a two-year formal credit training program. She has also held numerous profit and not-for-profit board of director seats.

Ms. Sachs earned her undergraduate degree from the University of Maryland's Smith School of Business and her MBA in Finance and International Business from New York University's Stern School of Business.

Rebecca Fine – General Counsel

For more than 25 years, Ms. Fine has provided legal and business advice to art collectors, galleries, dealers, and financial services clients. Prior to joining Athena in 2015, Ms. Fine was a partner at Schindler Cohen & Hochman LLP, a litigation and art law boutique. Ms. Fine was previously an associate at the law firms of Simpson Thacher & Bartlett LLP and Hale and Dorr, LLP (now Wilmer Hale). Fluent in French and Italian, Ms. Fine has extensive cross-border transactional and litigation experience and has acted as liaison counsel to corporations and ultra-high net worth individuals in many foreign (multinational) jurisdictions.

Ms. Fine is the Chair of the New York City Bar Association Art Law Subcommittee on Art Finance, Funds and Fiduciaries. A recognized speaker on the topics of art law, finance and business, Ms. Fine has lectured widely to various professional and academic audiences, including Sotheby's Institute of Art, Christie's Education, and Cardozo Law School's Fashion Arts Media Entertainment Law Center. She also sits on the Board of Creative Art Works, a nonprofit that empowers young people in New York City through the visual and multimedia arts. Ms. Fine graduated from Columbia College and received her J.D. from Columbia University School of Law, where she was an editor of the VLA Journal of Law and the Arts.

Naomi Baigell – Managing Director of Marketing and Client Relationships

Ms. Baigell has 30+ years of experience in the art and finance industries and is a leader in identifying and crafting proactive business development opportunities. With expertise in marketing and strategy, Naomi has driven over $800 million in revenue through strategic alliances and client loyalty initiatives. As Managing Director, Ms. Baigell is responsible for originating, developing and maintaining partnerships and strategic business opportunities that will expand Athena's brand and client base throughout the global art, fiduciary, trust and estate markets.

Prior to joining Athena, for 18 years, Naomi served as a Senior Vice President and Director of Corporate Art Services at Sotheby's Auction House where she advised corporations on the global market and helped them maximize value sheltered in their art collections through developing consignment programs that optimized their corporate initiatives. Before Sotheby's, Ms. Baigell acted as in-house curator for Prudential's corporate art collections. Ms. Baigell has held seats on the board of ArtTable, APaA, and the SeriousFun Network.

Ms. Baigell earned her B.A. in Art History and a B.S. in Business from University of Massachusetts at Amherst and earned her appraisals certificate from NYU.

<u>Laura Dameme – Senior Associate of Art Valuation and Research</u>

Ms. Dameme has more than five years of experience in artwork research and valuation and has appraised $1 billion + of art. Ms. Dameme joined Athena with experience in art appraisal and art research from Winston Art Group. Ms. Dameme holds a Bachelor of Business Administration from HEC Montreal, a Master in Art Business from Sotheby's Institute New York and a MBA from Berkeley College. At Athena Art Finance, Ms. Dameme serves as the primary internal art appraiser and research expert. Ms. Dameme is a USPAP certified appraiser.

Platform: YieldStreet is changing the way wealth is created, providing access to asset-based investments historically unavailable to most investors. YieldStreet allows you to participate in opportunities with low stock market correlation and target yields of 8-15%, across litigation finance, real estate, marine, art and other alternative asset classes. We believe our technology platform creates a unique experience for investors at every level and provides valuable diversification and strength to most portfolios.

APPENDIX

Exhibit A - Collateral Detail

Collateral									
Piece	**Medium**	**Category**	**Holding Period (yrs)**	**Appraisal Date**	**Valuation**	**Concentration**	**Conservator Date**	**Condition**	**Possession**
A	Painting	Post War & Contemporary	25 – 30	8/31/20	$9,000,000	14.4%	6/7/19	Good	Originator
B	Painting	Post War & Contemporary	10 – 15	8/31/20	$8,750,000	14.0%	5/10/17	Very Good	Originator
C	Painting	Post War & Contemporary	15 – 20	8/31/20	$7,000,000	11.2%	5/12/17	Good	Originator
D	Painting	Post War & Contemporary	25 – 30	8/31/20	$6,000,000	9.6%	3/12/19	Very Good	Originator
E	Painting	Post War & Contemporary	0 – 5	8/31/20	$5,000,000	8.0%	3/8/19	Fair to Good	Originator
F	Painting	Post War & Contemporary	15 – 20	8/31/20	$4,500,000	7.2%	9/29/20	Very Good	Borrower
G	Painting	Post War & Contemporary	10 – 15	8/31/20	$5,000,000	8.0%	11/4/16	Very Good	Originator
H	Painting	Post War & Contemporary	10 – 15	8/31/20	$3,500,000	5.6%	3/12/19	Very Good	Originator
I	Painting	Post War & Contemporary	10 – 15	8/31/20	$3,500,000	5.6%	7/11/17	Very Good	Originator
J	Painting	Post War & Contemporary	10 – 15	8/31/20	$3,500,000	5.6%	5/4/17	Very Good	Originator
K	Painting	Post War & Contemporary	20 – 25	8/31/20	$3,000,000	4.8%	11/4/16	Good	Originator
L	Sculpture	Post War & Contemporary	15 – 20	8/31/20	$1,000,000	1.6%	3/12/17	Good	Originator
M	Work on Paper	Post War & Contemporary	25 – 30	8/31/20	$800,000	1.3%	5/23/17	Good	Originator
N	Painting	Post War & Contemporary	15 – 20	8/31/20	$600,000	1.0%	7/28/18	Good	Originator
O	Sculpture	Post War & Contemporary	5 – 10	8/31/20	$500,000	0.8%	11/4/16	Very Good	Originator
P	Painting	Post War & Contemporary	25 – 30	8/31/20	$500,000	0.8%	3/12/2019	Excellent	Originator

Q	Work on Paper	Post War & Contemporary	5 – 10	8/31/20	$400,000	0.6%	11/4/16	Very Good	Originator
R	Sculpture	Post War & Contemporary	20 – 25	8/31/20	$150,000	0.2%	11/4/16	Very Good	Originator

Exhibit B - Certain Flat Expenses Allocated to Investors

In accordance with the Indenture (defined below), investors will be allocated a flat amount for the first calendar year and a different flat amount for each subsequent calendar year, intended to cover, inter alia, the following annual and/or one-time expenses: (A) mandated expenses required by the SEC such as Form D filings, (B) State blue sky filings, (C) out-of-pocket legal fees and expenses, if any, incurred to structure and document any SPV loan or participation, (D) SPV annual Delaware franchise and registered agent fees, (E) the Trustee's annual fees and other fees associated therewith and (F) annual audit fees and costs associated with preparation of the Issuer's and SPV's annual tax returns.

The flat expense allocations per investor ("Flat Expenses") will be $100 per participating investor in the first year of each offering, and $30 per participating investor in subsequent years if the offering is active for more than one calendar year.

The Flat Expenses will reduce the interest payments made to investors on their Notes.

Exhibit C - Statement of Confidentiality

This Confidential Series Note Supplement (this "Series Note Supplement") was prepared by YS ALTNOTES I LLC (the "Issuer") solely for informational purposes, from materials and information supplied by Athena Art Finance Corp. ("Athena"), the Originator. This Series Note Supplement is furnished through the Platform operated by YieldStreet Inc. (the "Platform Operator") solely for use by prospective investors considering purchasing borrower payment dependent notes (the "Notes") in the Issuer. Except as may be required by applicable law, this Series Note Supplement may not be used by you for any other purpose, nor may it be reproduced or distributed, nor may its contents be disclosed, to persons who are not directly involved with your evaluation of your investment, without our prior written consent. Your acceptance and review of this Series Note Supplement shall constitute your acceptance and acknowledgement to the foregoing, and your agreement to ensure that any person with whom you share any portion of this Series Notes Supplement does not do, or omit to do anything which, if done or omitted to be done by you, would constitute a breach of your obligations hereunder.

The information contained herein was prepared to assist interested parties in making their own evaluation of purchasing Notes issued by the Issuer and does not purport to be all-inclusive or to contain all of the information that may be required to evaluate a purchase of the Notes. In all cases, interested parties should conduct their own investigation and analysis of the Issuer and the data set forth in this Series Note Supplement and supplementary documents available on the YieldStreet Platform, including the Private Placement Memorandum dated April 5, 2018 and the Borrower Payment Dependent Notes Indenture dated April 5, 2018 between the Issuer and Delaware Trust Company, as Trustee. The Platform Operator, the Issuer, and YieldStreet Management, LLC as manager ("Manager") of the Issuer, expressly disclaim any and all liability for any representations (whether expressed or implied) contained in, or any omissions from, this Series Note Supplement or any other written or oral communication transmitted to prospective investors in the course of such prospective investor's evaluation of its purchase of Notes issued by the Issuer.

Exhibit D - Risk Factors

When analyzing this offering to invest in the Notes, prospective investors should carefully consider each of the following risks.

RISK FACTORS ASSOCIATED WITH ART FINANCE GENERALLY AND THIS INVESTMENT

Art as Collateral Does Not Generate a Recurring Cash Flow to Support a Loan

Fine art is a non-recurring cash flowing asset, and therefore a lender's receipt of timely interest payments on a loan is reliant upon cash flow generated from other income sources or assets held by a borrower or guarantor of a loan. Art only generates cash proceeds when sold. A borrower's or guarantor's failure to make timely interest payments on a loan would impact the Issuer's ability to pay timely interest payments on the Notes.

Art as Collateral is a Relatively Illiquid Asset, Pricing is Not Transparent and Prices Often Fluctuate

The value of an artwork is solely reliant on a comparable historical analysis of similar artworks by the specific artist. Unlike other credit asset classes, art as collateral does not generate a recurring cash flow, therefore traditional methods of valuation, including discounted cash flows, are not feasible. Art experts often differ on which historical sales are comparable and the degree of direct and indirect comparability.

Value depends on a complex array of factors, including but not limited to: (i) whether the artwork is expected to be offered at auction or sold privately, and the timing of any such sale; (ii) the supply and demand for the artwork, taking into account current art market conditions, as well as changing trends as to which collecting categories and artists are most sought after; (iii) recent sale prices achieved for comparable items within a particular collecting category and/or by a particular artist, (iv) the state of the global economy and financial markets; (v) how liquid the market is; (vi) whether the collector base is regional or international; (vii) whether the work was recently sold or is fresh to the market; (viii) the size of the artwork (unusually large size of an artwork can adversely impact its value); and (ix) ability to hold the property in order to maximize its realizable value.

The art market is thinly traded, relatively illiquid and lacks transparency. There are a very limited number of artworks by a specific artist that trade each year, if any. It is estimated that over 50% of all artworks sell privately, making trade data difficult to obtain and valuations inherently subjective and unreliable. Values derived from expert appraisers do not guarantee that an artwork will sell at or near the appraised levels. Accordingly, the risk of art collateral realizing a value close to its appraised value is difficult to predict.

Further, while certain sales are publicly disclosed in the auction market, this activity is dominated by two major players, Sotheby's and Christie's. The auction houses schedule their major auctions principally in the second and fourth quarters of the year, making public auction sales highly seasonal. As such, the combination of private information and timing gaps in the public market, increases the risk of price volatility.

Furthermore, subjective motivations of a buyer or seller may significantly affect the sale price. These motivations may relate to an emotional attachment to the work, ego, financial, estate or tax planning objectives, the desire to enhance or complete a specific collection objective, perceptions of supply and scarcity and other factors. Sale prices only reflect the price a single buyer was willing to pay for an artwork, so it is difficult to determine the depth of demand at various price levels at or below the sale price.

Buyer, sellers and intermediaries sometimes enter into private contractual arrangements that may impact the selling price of a given artwork and the terms or existence of such agreements is rarely disclosed or discoverable. The art market is also unregulated, very opaque (often involving agents working for undisclosed principals) and prone to abusive practices, including price manipulation and disguised agencies.

For these and other reasons, the estimates of realizable value, upon which loan-to-value ratios ("LTVs") are based, may prove to be different from the amount that is ultimately realized upon a sale in a foreclosure process, and such differences may be material and adversely impact the Issuer's ability to fully repay principal and interest on the Notes.

Reliance on Public Auction Data

Public auction data is derived from third party data sources which may be inconsistent or inaccurate. Data may also be stale or unavailable because comparable artworks may remain off the market for extended periods of time. Even for public auctions, sale prices may be incorrectly reported due to auction house credits against guarantees entered into with buyers, swap transactions or other arrangements. As such, this data, which drives the data analytics on which investment decisions are based, may result in errors that adversely impact the accuracy of models. In addition, a lender's models are inherently prone to quality errors and coding bugs which can skew decision making abilities. The occurrence of these errors may have a material impact on the lender's determination of the value of the artwork, and as such, in a foreclosure scenario, could materially adversely affect the Issuer's ability to fully repay principal and interest on the Notes.

The Timing of a Sale of the Collateral Is Impossible to Predict, And the Ability to Realize Proceeds From the Sale of Collateral May Be Delayed or Limited

Artworks are sold primarily through major auction houses, art dealers, smaller auction houses, and also directly between private collectors. The global art auction market has two principal selling seasons, which generally occur in the second and fourth quarters of the year. The seasonality of the auction sales might result in delays between an event of default on a loan and a lender's ability to liquidate the collateral, which could materially adversely affect the Issuer's ability to fully repay principal and interest on the Notes.

The Demand for Art is Unpredictable, Which May Negatively Affect the Ability to Liquidate Loan Collateral in The Event of a Default

The demand for art is influenced not only by overall economic conditions, but also by changing trends in the art market as to which collecting categories and artists are most sought after and by the collecting preferences of individual collectors. These conditions and trends are difficult to predict and may adversely impact the ability of a borrower to sell the collateral to repay principal or for a lender to liquidate the collateral in the event of a default. The demand for art is also influenced by the overall strength and stability of the global economy, the financial markets of various countries, geopolitical conditions, and world events, all of which may impact the ability or willingness of potential buyers to purchase, and thus adversely affect the ability of a borrower to sell the loan collateral in order to repay the loan in the event of a default. All of these factors could negatively impact the lender's ability to liquidate the loan collateral in the event of a default, which in turn would have a material adverse effect on the Issuer's ability to repay the Notes.

Lending Against Art Created by Living Artists Presents Various Risks

Loans backed by artwork created by living artists entails additional risk because supply versus demand may become imbalanced, potentially causing a decline in art values. In addition, a living artist still has the ability to shape his or her reputation in the art world, so any negative publicity or actions may hurt the values associated with such artist's existing body of work. In certain cases, an artist also has the legal right to disclaim authorship of a work of art or a work that has been repaired or destroyed (e.g., under the Visual Artists Rights Act), thereby eliminating its market value entirely. All of these factors could negatively impact the value of the loan collateral which could, in a scenario requiring the liquidation of such collateral, have a material adverse effect on the Issuer's ability to repay the Notes.

Provenance Research Is Not Dispositive and Problems with Provenance Could Result in Loan Impairment or Credit Losses

Provenance tracks physical possession or location from the work's creation to the current owner; it is the history of purported ownership of a work of art. The strongest provenance is that which can be traced, without any gaps, back to the artist. The provenance of a work of art is important because it helps establish authenticity, historical importance, and legal title. A strong provenance is an important aspect of a work's authenticity. In addition, a good provenance can add value to a work (e.g., when an artwork was once owned by an important art collector), as it indicates that the work was most likely not stolen or forged. To build a provenance, it is important to examine records including sales receipts, wire transfers and other evidence of payment of the purchase price, auction and dealer catalogues, artists' records, museum records, catalogues raisonnés, exhibition history, searches of the registries, such as the Art Loss Register ("ALR"), and any other historical resources that can trace the work's ownership and location history. The ALR maintains a database of reported thefts but because only a minority of art thefts are reported, an ALR search is not dispositive.

While extensive provenance research is conducted, it can be an imprecise and inconclusive. Even artworks with excellent provenance and attribution need to match the provenance to the physical object. An incomplete or inaccurate provenance raises the risk of a future ownership dispute against the artwork. For example, a gap in provenance of an artwork during World War II is taken as a sign that the artwork may have been acquired illegally, have questionable legal title and may be vulnerable to a restitution claim from descendants of the victim of the theft. Depending upon, inter alia, the applicable jurisdiction and all the facts and circumstances, statutes of limitations may not bar claims notwithstanding many decades having passed since the original theft (e.g., Holocaust Expropriated Art Recovery (HEAR) Act of 2016).

Borrowers generally represent and warrant that the artwork is authentic, that the bills of sale (or other proof of ownership) and all documents and information with respect to all artwork collateral delivered by the borrower are authentic and accurately reflect all available information. Borrowers also represent and warrant that they have not received any third-party claim, and to the best of their knowledge, there are no "provenance claims" which generally includes a claim with respect to the authenticity, title, attribution or provenance of any artwork collateral.

While borrowers make representations and warranties regarding their ownership and the provenance of loan collateral, claims related to provenance are relatively common and allege that an artwork has an uncertain or false origin. Such a claim could result in impairment of the loan or credit losses and may negatively impact the Issuer's ability to make principal and interest payments on the Notes.

Title Defects Could Result in Loan Impairment or Credit Losses

As a secured lender, it is important to have a first-priority perfected security interest in the loan collateral. A borrower must own the artwork outright (e.g., it cannot be consigned to them by another party, there cannot be other undisclosed owners or partial owners of the artwork), it must not have any legally binding agreement to sell the artwork, and it must have authority and capacity to pass good title. There is, however, no registry of title for art. Concealed legal title defects are common, particularly in transactions where a seller and a buyer are remote from (or unknown to) each other, with one or more brokers or other intermediaries in between. Legal concepts such as agency, partnership and actual and apparent authority are not always clarified definitively and thus the legal rights and liabilities of the parties are not always clear. Unless the roles of the various intermediaries are clearly defined and documented, it can be unclear whether an intermediary is acting as a purchaser for immediate resale or a broker, advisor or other agent working for a fee or a commission. The difference can be critical. For example, a buyer for resale may think of himself as an agent working for a "commission" because his ownership is brief, but in reality, he is in the chain of title. By contrast, an advisor who is paid a brokerage or consulting fee by another party, is not in the chain of title. In the event of a title defect, the lender will have recourse against the borrowers and/or guarantors, however, such a claim could nevertheless result in impairment of the loan or credit losses or the inability to sell the artwork collateral in the event of a default and may negatively impact the Issuer's ability to make principal and interest payments on the Notes.

If Works Are Inauthentic, Loans Could Be Impaired and Credit Losses Could Result

If an artwork is not authentic (i.e., real) and the attribution (i.e., by the hand of a particular artist) is incorrect, the valuation will be significantly impacted and may be reduced to zero. Authenticity is very often based on the subjective determination of experts and is a function of scholarship, which evolves and changes. In general, the older an object is the greater the risk that latent problems surface. A technical examination might reveal hidden aspects of the piece which can help to determine whether a work was anachronistic or whether, for examples, the materials post-date the time period during which a particular artist was working. However, forgers are aware of scientific testing methods, and some have found ways to escape the detection of skilled forensic experts. The lender does not require forensic inspections of loan collateral. In the event that an artwork is discovered after the loan is made not to be by the hand of the artist to whom it was attributed, because of incorrect attribution, uncertain attribution, lack of certification proving the authenticity of the artwork, forgery of a work of art, or falsification of signature, for example, the lender will have recourse against the borrowers and/or guarantors, however, such a claim could nevertheless result in impairment of the loan or credit losses and may negatively impact the Issuer's ability to make principal and interest payments on the Notes.

Artworks Must Have Been Legally Imported

The artwork which serves as collateral for a loan must have been exported legally, permanently and not temporarily, for sale or exhibition. A borrower must have paid the necessary import and export taxes and obtained licenses to ensure that the artwork is freely transferable and that title is not defective. Defective declaration can lead to fines or seizure and could result in the inability of the borrower to sell the collateral to repay principal on the loan or for the lender to liquidate the collateral in the event of a default which in turn would have a material adverse effect on the Issuer's ability to repay the Notes.

Artworks may be subject to cultural property laws. Historically important artworks can also be subject to national patrimony laws and if the loan collateral is deemed subject to cultural property laws or national patrimony laws, the value of the loan collateral could be materially and adversely affected.

The lender requires that borrowers represent that the loan collateral was not confiscated by any governmental authority at any time. But if such representation is untrue, there could be claims by any government that would directly and adversely impact the value of the loan collateral and the lender's lien which in turn would have a material adverse effect on the Issuer's ability to repay the Notes.

Works of Art are Stored in Art-Storage Facilities Around the World, Which Could Subject Such Works to Damage or Theft, Which Could Have a Material Adverse Effect on the Loan

Artwork collateral is usually stored at specialized art-storage facilities around the world. Although those facilities maintain state of the art security measures, valuable artworks may be subject to damage or theft. The damage or theft of valuable property, despite these security measures and required insurance, could not only have a material adverse impact on the lender's business and reputation, but also have a material adverse effect on the Issuer's ability to repay the Notes.

In Certain Situations, the Lender Permits Borrowers to Retain Possession of Artwork Collateral

In certain cases, the lender permit borrowers to retain possession of a portion of the collateral in the U.S. This is because the lender maintains its first-priority perfected security interest by filing a Uniform Commercial Code Financing Statement which notifies the public of its security interest. Although the lender will be perfected in an artwork, a borrower's primary art insurance generally does not cover a claim if the borrower absconds or intentionally damages the piece him or herself. If this were to occur, it could result in impairment of the loan or credit losses and may negatively impact the Issuer's ability to make principal and interest payments on the Notes.

Loan Collateral Is Insured by Fine Art Insurance Policies, but Coverage Disputes or Unpaid Insurance Losses Could Result in Losses

For all artwork collateral at all times, borrowers are generally required to name the lender as Additional Insured and always as a Loss Payee on their wall-to-wall (nail-to-nail) stand-alone "all risk," worldwide fine art insurance policy issued by financially sound and reputable insurance companies acceptable to the lender and generally having a Best's Financial Strength Rating of "A" or higher and a Financial Size Category rating of "VII" or higher, as determined or otherwise as rated by A.M. Best Company, Inc. The policy generally provides coverage worldwide, covering each piece of artwork collateral, including coverage against fire, damage, theft and certain other risks and extended coverages (including windstorm coverage, flood, earthquake hurricane coverage, as necessary) and generally contains no exclusions terrorism; certain policies may exclude coverage for mysterious disappearance. Wall-to-wall or nail-to-nail coverage means that the artwork is covered while in transit, within the territorial limits, as set forth in the policy.

However, an insurer's decision to deny coverage on a claim arising from the damage or loss of artwork in third-party storage facilities or in a borrowers' possession could result in losses and have a material adverse impact on the Loan and may negatively impact the Issuer's ability to make principal and interest payments on the Notes.

The Lender Could Be Exposed to Losses in the Event of Nonperformance by its Counterparties

In certain situations, artwork collateral is consigned to galleries, auction houses and art dealers for sale. The lender has contractual agreements with such third-parties (e.g., bailment and consignment agreements) which require that such third-parties take direction from the lender at all times with regards to the collateral, and that all sales proceeds be paid to the lender before the lender releases its lien against the artwork collateral. In some situations, however, the lender takes counterparty risk for a limited period of time with certain auction houses, art dealers and galleries. The loan could be exposed to losses in the event any of these counterparties do not perform according to the terms of these contractual arrangements, or if these counterparties become insolvent, while in possession of the artwork collateral or the cash proceeds from their sale of such collateral. These risks may negatively impact the Issuer's ability to make principal and interest payments on the Notes.

The lender also permits artwork collateral to be loaned to major museums, and galleries for exhibition purposes. The lender has contractual agreements with those third-parties (e.g., bailment agreements) and requires them to take all instructions from the lender. However, the lender could be exposed to losses in the event any of these counterparties do not perform according to the terms of these contractual arrangements or become insolvent while in possession of the artwork collateral and this may negatively impact the Issuer's ability to make principal and interest payments on the Notes.

Limited Recourse Lending Involves Greater Risk than Full-Recourse Lending

In certain cases, the lender has full recourse to all assets of a borrower for the payment of interest and fees, but the lender's recourse for the payment of principal is usually limited solely to the artwork collateral and not a borrower's other assets. This means that if a borrower is unable to repay the principal at maturity or upon an event of default that triggers a requirement to repay a loan, the lender can take possession of the collateral but cannot pursue the borrower for any of his, her or its other assets. Therefore, in such a situation the lender relies on the sale of the collateral for repayment of principal and if sale of the collateral is insufficient to satisfy full repayment of the outstanding loan balance, there is a risk of loss which would impact the Issuer's ability to repay principal on the Notes.

Certain loans may include springing or limited recourse guarantees so that in certain situations, such as where the material misrepresentations, such as title, or when a borrower or guarantor engages in acts that adversely affect the lender's ability to enforce and/or realize upon the collateral, or other "bad acts" such as voluntary bankruptcy filing or fraud, the lender has full recourse to all of the assets of such borrower or guarantor, in addition to the collateral.

Most Borrowers Will Sell the Artwork Collateral or Refinance the Loan at Maturity

The primary source of repayment for the loans is the sale of the collateral. If the net realizable sale proceeds from the collateral is insufficient to satisfy full repayment of the outstanding principal loan balance, there is a risk of loss which would impact the Issuer's ability to repay principal on the Notes.

Borrowers May Substitute Collateral Which May Increase Concentration or Reduce Diversification

Borrowers may request that artwork collateral be substituted with other eligible artwork collateral in a variety of circumstances. After conducting its due diligence, lender may agree to accept eligible substitute artwork collateral that may change the composition of the pool and thereby increase concentration in a particular artist or genre, or may reduce the diversification of the pool overall where, for example, multiple artworks will be substituted for a single eligible artwork.

Cross-Border Lending Increases Risks that Loan Documents Will Not be Enforceable and that the Security Interest in the Collateral Will Not be Perfected

Some countries are very protective of their own nationals (especially where private individuals are doing business with a U.S. lender), so even if a loan agreement provides for New York governing law (for example), a lender must consider whether a foreign court would exert jurisdiction over a claim before its courts or whether a U.S. judgment could be recognized, domesticated and enforced locally.

There are also some risks in local perfection, where the lender takes a security interest in the collateral pursuant to local law governed documents, such as pledges and chattel mortgages, because, unlike the Uniform Commercial Code in the U.S., various local security documents are not always filed or registered in local jurisdictions if such jurisdictions do not maintain registers of liens, charges or other proof of a lender's security interest.

Most jurisdictions require the physical transfer of collateral to the lender in order to perfect the lender's security interest. In case the loan and the security agreements are subject to different laws, coordination among the two jurisdictions is paramount, in particular regarding the adjudication process, but legal challenges to the enforceability of the lender's security interest and loan documents could result in potential credit losses, which may negatively impact the Issuer's ability to make principal and interest payments on the Notes.

Increased Scrutiny of Art Transactions and Money Laundering Concerns

The art market has increasingly been the focus of attention from legislators and law makers in the U.S., the European Union, and the United Kingdom, among others. There is proposed legislation in the U.S. and the E.U. (e.g., The Fifth E.U. Anti-Money Laundering Directive) that would subject U.S. dealers and auction houses to anti-money-laundering obligations. These specter of implementation of these proposed laws has the potential to depress the art market. The possibility of increased scrutiny of art transactions could subject the lender to additional regulatory oversight and the costs of compliance could have an impact on the lender.

The taxing authorities in the U.S. have also increased their focus on art transactions in several high-profile cases involving the avoidance of sales and use taxes. Imposed under state and local U.S. law, each state's sales tax requirements vary, and intermediaries have been served with third-party subpoenas and required to cooperate in these investigations. If borrowers or guarantors with responsibilities for collecting and paying sales and use taxes become the subject of such examinations, it could materially and adversely impact a loan, and this may negatively impact the Issuer's ability to make principal and interest payments on the Notes.

Risk of Loss is Increased Due to Use of Leverage

The lender may use borrowed money or debt ("Leverage") to finance the loans it makes to its borrowers. Leverage is provided either through structured credit facilities with financial institutions or through a direct senior participation interest in a loan from a financial institution (each a "Leverage Provider"). In both cases, the lender uses funds from these Leverage Providers, together with its own funds, to make a loan to a borrower. While Leverage can increase returns for investors holding the junior participation interest in a loan, in the event of default, the leverage provider will have the right to receive its interest and principal in full prior to the junior participant's receipt of any payments. Therefore, a relatively small loss on a loan may result in a proportionally greater loss to the lender that holds such junior participation interest.

In addition, Leverage enables the Issuer to issue the Notes at a higher interest rate than the interest rate that actually accrues on a loan. As a result, if the leverage on a loan is repaid in part or in full, or if the cost of Leverage increases or is no longer available, the lender will receive a reduced gross yield on the loan, possibly at a rate lower than the interest rate owing on the Notes. In this case, the repayment in part or full of a leverage facility or the increased cost or unavailability of Leverage may have a material adverse effect on the Issuer's ability to pay interest on a loan at the target interest rate on such Notes.

The Issuer, the Manager and Related Parties May Purchase, Sell and/or Hypothecate Loans and Participation Interests to Each Other

The Issuer, the Manager and/or each of its affiliates and each of their respective principals, members, managers, directors, officers and/or affiliates, may sell, buy or hypothecate loans (use loans as collateral for another loan) or participation interests to each other, provided that such loans or participation interests meet the Issuer's underwriting criteria. The Issuer, the Manager and/or each of its affiliates and each of their respective members, managers, principals, directors, officers and/or affiliates, may make a profit on the sale of an existing loan or participation interest to an affiliated individual or entity. There will be no independent review or assessment of the value of such loans or participation interests. However, to the extent loans and/or participations are sold, transferred or assigned between SPVs and/or affiliates of the Issuer, such transaction will be on commercial terms that, in the opinion of the Manager, would have been reached in an arm's length transaction with or among unaffiliated third parties to ensure fair and equitable treatment among the parties.