Art Lending Fund LLC (ALF) January 2023

SHINNECOCK PARTNERS

Founded 1988

ALF seeks to generate attractive income through art-secured lending. Similar to traditional asset-based loans, art-secured loans are backed by fine art instead of more traditional forms of collateral (e.g., real estate, equipment, inventory, receivables, etc.). See www.shinnecock.com for details on our approach.

Fund Characteristics and Advantages

Strong historical experience:

- Incubated strategy for 22 months prior to ALF launch

Attractive investor net yield:

- 7%+ target (unlevered)
- Current gross portfolio yield (including cash): 10.3%

Exceptional principal protection:

- Hard asset lending with substantial downside buffer (current weighted-average LTV of 38%)
- Current duration: 3.5 months
- Museum-quality and auction-worthy collateral
- Tax-favorable legal structure

Comparative Benchmarks 7/1/2017 - 01/31/2023

	CAGR	Max. Drawdown	Duration (Months)
ALF (incl. incubation period)	7.6%	0.0%	< 7
U.S. BIG Bond Index	0.8%	(15.8%)	72
PIMCO High Yield ETF	2.0%	(13.2%)	24

The Market

Vibrant art-secured lending market:

- \$21 - \$24 billion in loans outstanding (2019), with art dealers and galleries representing 8% - 10% of the total
- Steady annual appreciation of art at approximately 8% over the past 50 years and 5% over the past 20 years
- Max single-year decline of 25.5% (1990) in past 38 years for the Sotheby's Mei Moses Art Index
- Low correlation (0.29) between fine art values and the S&P 500 over the same time period

Our competitive edge:

- Speed: undertake loan process quickly
- Flexibility: customize loan to each borrower's need
- Independence: no requirement for institutional relationship or bank deposit account

Monthly Returns (net)

Pro forma art lending returns from incubation period in blue — ALF actual monthly returns in black

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	CAGR
2017	-	-	-	-	-	-	0.7%	1.4%	0.7%	0.7%	0.7%	0.7%	**5.0%**	**10.2%**
2018	0.7%	0.6%	0.7%	0.7%	0.7%	0.6%	0.7%	0.7%	0.7%	0.7%	0.5%	0.6%	**8.2%**	**8.2%**
2019	0.6%	0.5%	0.6%	0.6%	0.3%	0.4%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	**6.6%**	**6.6%**
2020	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%	0.5%	0.5%	0.6%	0.6%	0.6%	**7.0%**	**7.0%**
2021	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	**7.3%**	**7.3%**
2022	0.6%	0.5%	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	**7.5%**	**7.5%**
2023	0.7%												**0.7%**	**7.9%**

Investment Process

- Originate loans directly through ArtLending.com or through loan originators with experience working in fine art finance
- Evaluate each potential loan against rigorous underwriting criteria
- Consult with our advisory board of domain experts (collateral assessment, sourcing, and deal structure)
- Diversify by artist and borrower
- Take possession and store art used as collateral in an ALF-controlled facility and file a UCC Financing Statement

Shinnecock Partners Highlights

- 31-year record of successfully identifying investment opportunities
- High quality service providers: Spicer Jeffries (auditor), SS&C (administrator), First Republic Bank (cash custodian)
- Shinnecock Partners has invested in multiple alternative lending sectors since 2013, and has managed a diversified alternative lending fund since January 2016

Key Facts

Launch Date:	5/1/2019	Notice:	90 days	High Water Mark:	Yes
Minimum Investment:	\$100,000	Lockup:	1 year		
Additions:	Monthly	Management Fee:	1%	Available to taxable, tax-deferred, and tax-exempt investors	
Withdrawals:	Quarterly	Incentive Fee:	10%	Accredited Investor/Qualified Client standard	

NOTES

This Performance Summary is for discussion purposes only and does not constitute an offer to sell or a solicitation of an offer to buy an interest in Art Lending Fund LLC ("ALF"). Any offer to sell or solicitation of an offer to buy an interest in ALF may be made only by the delivery of ALF's Confidential Private Placement Memorandum (the "Memorandum") specifically addressed to the recipient thereof. In the event that the terms of this document and the Memorandum are conflicting, the Memorandum's terms shall control. You must be an "accredited investor" to receive a copy of the Memorandum, but only investors that meet all of ALF's investor suitability requirements will be allowed to invest.

The limited liability company membership interests in ALF are speculative securities and their purchase involves a high degree of risk. **You should consider all risk factors set forth in the Memorandum before investing in ALF**. Specifically, you should be aware that:

- You could lose a substantial portion, or even all, of your investment
- Tax-exempt investors should consult their tax, legal and financial advisers regarding the specific tax consideration of an investment in ALF.
- Withdrawals and transfers are restricted; no market exists or is expected to exist for the limited liability company membership interests
- ALF is not a mutual fund and is not subject to regulation under the Investment Company Act of 1940, as amended

Performance Statistic Definitions and Notes

The FTSE Russell U.S. Broad Investment-Grade (BIG) Bond Index ("U.S. BIG Bond Index") measures the value of the broad U.S. investment-grade bond market, including Treasury, government agency, corporate and mortgage-backed securities. All bonds in the index must be rated at least BBB- or Baa3, have a maturity of at least one year, and a total value outstanding of at least $200 million.

The PIMCO 0-5 Year High Yield Corporate Bond Index Exchange-Traded Fund ("PIMCO High Yield ETF") is designed to capture, before fees and expenses, continuous exposure to the short maturity segment of the high yield corporate bond sector. The fund tracks The ICE BofAML 0-5 Year US High Yield Constrained Index, and has an effective duration of approximately 2 years.

We provide various indices as proxies for certain sectors of the broader markets. However, inclusion of this data in no way implies a direct comparison to the performance of ALF. An unmanaged index does not represent the return available from any particular investment as there is no consideration of the costs that would be incurred to achieve the results, e.g. transaction fees, bid/ask spreads, administrative and management expenses, etc.

"CAGR" or "Compound Annual Growth Rate" is the annual return that an investment would have realized over the specified period had the investment grown at a consistent interest rate for the duration of such period.

"Max. Drawdown" means the largest peak-to-valley decline experienced by the specified strategy, i.e. the greatest cumulative percentage decline in month-end net asset value due to losses sustained in any period in which the initial month-end value is not equaled or exceeded by a subsequent month-end net asset value.

"Asset Duration" or "Duration" is the weighted-average time until principal repayment. Consideration is given to amortization of principal, interest received and any prepayments. For the Citigroup Broad Investment Grade Bond Index and the PIMCO 0-5 Year High Yield Corporate Bond Index Exchange-Traded Fund, the approximate current effective duration is shown.

"LTV" or "Loan-to-Value" is the ratio of a loan amount to the value of the underlying asset or collateral securing the loan. For example, a $500,000 loan secured by an artwork appraised at $1,000,000 would have a loan-to-value of 50%, notwithstanding any interest prepayment deducted from the loan proceeds.

2019 market estimate courtesy of: Deloitte Touche Tohmatsu Limited, and ArtTactic. "Art & Finance Report 2019." https://www2.deloitte.com/lu/en/pages/art-finance/articles/art-finance-report.html.

"Accredited Investors" are generally individuals with a net worth of at least $1 MM (including assets held with spouse but excluding primary residence), or $200K income ($300K with spouse) in each of the past two years and expected in the current year.

ALF uses a capital call structure in order to balance cash inflows against investible loans and other cash needs. ALF may call any portion of an investor's capital commitment at any time within six months of the initial commitment date. If after six months the total amount committed has not been called, the remaining commitment amount is released.
See Memorandum for details.

Pro forma returns from the incubation period

Shinnecock Income Fund L.P. ("SIF"), a fund managed by the same general partner as ALF, began investing in art-secured loans in July 2017. Pro forma returns shown were calculated by deducting estimated ALF expenses (1% annual), a 1% annual management fee and a 10% incentive fee from the actual gross returns of the art-secured loans held by SIF. For loans that were made after the first day of the month, or exited prior to the last day of the month, the return for that loan was adjusted to reflect the expected return that would have been achieved for the entire monthly period. SIF transferred its art-secured loans to ALF at ALF's launch and became an LLC member with no special liquidity provision (SIF has ceased making any direct art-secured loans).

Because SIF is already a widely diversified alternative-lending portfolio, its art-secured lending allocation was more concentrated than ALF's portfolio diversification guidelines of no more than 15% to any borrower or artist. August 2017 performance was an outlier due to the collection of a prepayment penalty. Because the pro forma returns reflect the performance of the SIF art-secured loan portfolio as a whole, and because partial-month loan returns are adjusted to reflect full-month returns, the pro forma performance shown does not reflect the actual or theoretical impact of any uninvested portions of the portfolio (i.e., "cash drag"). SIF is audited annually by Spicer Jeffries LLP.