

## Fair Market Value Appraisal

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Client:

**Masterworks**

Job Number:

**12647.1**

Appraisal Effective Date:

**June 19, 2018**

Total Appraised Value:

**\$8,500,000**

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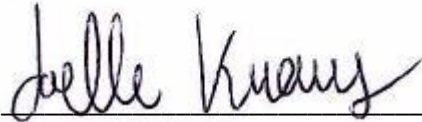
**SIGNED CERTIFICATION**

I, the undersigned, on behalf of Winston Art Group, Tax ID #27-2541263, being duly sworn, hereby depose and certify:

That to the best of the appraiser's knowledge and belief:

- the statements of fact contained in this report are true and correct.
- this appraisal represents our best judgment and opinion as to the FAIR MARKET VALUE of the subject property.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions, disclaimers, and terms and limiting conditions outlined in this report, and these are the appraiser's personal, impartial and unbiased professional analyses, opinions, and conclusions.
- the appraiser has no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- the appraiser has not performed services as an appraiser or in any other capacity for the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- the appraiser has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- the appraiser's compensation for completing this assignment is based on an hourly rate and not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- the appraiser's analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the 2018-2019 *Uniform Standards of Professional Appraisal Practice*.
- the appraiser has not made a personal inspection of the property that is the subject of this report.

- the Managing Director of Winston Art Group, Elizabeth von Habsburg, provided significant personal property appraisal assistance by reviewing the values and cataloguing for property that is subject in this report.



Joelle Kraus

Appraiser – Fine Art

19<sup>th</sup> day of June, 2018

## SCOPE OF WORK

**Purpose of Appraisal:** The appraiser was asked to prepare a Fair Market Value appraisal from images and description for internal use. This report is not valid for any other purposes.

**Category of Items:** Fine Art

**Use of Appraisal Report:** Internal Use

**Client:** Masterworks

**Owner:** Masterworks

**Authenticity / Ownership Interest / Art Loss Registry:** The question of title was not considered for this appraisal. The appraised value is based on whole ownership and possessory interest undiminished by any liens, fractional interests or any other form of encumbrance or alienation. The appraiser did not undertake a title search with the Art Loss Registry. The appraiser is not an authenticator but has no reason to doubt the authenticity of the property unless otherwise noted in the narrative.

**Effective Date of Appraisal:** Values expressed in this appraisal are effective as of the date of issuance, June 19, 2018.

**Date of Report:** June 19, 2018

**User(s) of Appraisal:** This appraisal can be used and relied upon by the client. Any other user is considered an unintended user.

**Assignment Considerations and Limiting Conditions:** The appraiser was unable to inspect the property in person; she therefore appraised solely from images and descriptions provided by the client. Information relating to the purchase of the property and other cataloguing was provided by the client. A formal condition report has been supplied by the client for the property in this assignment (see Appendix B). As such general condition comments have been included in the narrative when applicable.

The appraiser was given adequate time to research the property but was unable to review the catalogue raisonné. Relevant comparable information is included in the document or maintained in the work file at the offices of Winston Art Group and are available upon request. The appraiser was unable to personally examine the comparable works used for this assignment, and thus relied on information available through online databases, dealers, and/or galleries.

**Extraordinary Assumptions:** An extraordinary assumption is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. The appraised values assume clear title, good

condition, and authenticity. The appraiser did not inspect the property in person, she thus relied solely on images and descriptions provided by the client and assumed this information to be accurate.

The appraiser was unable to personally examine the comparable works used for this assignment, and thus relied on information available through online databases, dealers, and/or galleries and assumed authenticity, condition and value information to be accurate. All information provided by the client is assumed to be accurate.

**Hypothetical Conditions:** A hypothetical condition is defined as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. No hypothetical conditions have been applied to this appraisal.

**Method of Examination:** The appraiser was unable to examine the property in person; she therefore relied on the images and description provided by the client to confirm physical characteristics.

**Fine Arts Procedures:** Paintings which are framed are generally examined without being removed from their frames. Accordingly, opinions as to value may not take into account such factors as the condition and size of print margins, obscured signatures, edition or date information or the condition of verso if not discussed in the provided condition report.

Works of art are not subjected to x-ray or testing by other specialized equipment; evaluation of condition is made on the basis of visual examination. A black light was not used to examine the fine art for the present assignment. Overpainting, prior restorations, etc., may not always be apparent to the unaided eye and may not be taken into account in determining value.

**Photography:** Images were taken from the Christie's website and have been scanned for use in the document.

**Method of Research:** Research was conducted in the offices of Winston Art Group and with on-line auction result databases and relevant retail galleries when necessary to identify sale prices of comparable property. The appraiser regularly attends auction previews and sales in this genre, as well as major fairs exhibiting comparable material and discusses the market trends with auction house professionals and dealers. In addition, the appraiser consulted sale catalogues and other printed materials that support the appraisal. Due to limited time constraints the appraiser was unable to review the catalogue raisonné for the present assignment.

**Sources of Data:** Including but not limited to;

- Artnet
- Artprice
- Sotheby's website and catalogues

- Christie's website and catalogues

**Approach to Value:** The appraiser has employed the "market comparison" approach to arrive at the appraised "Fair Market Value". The "income" approach was not considered applicable as the property in this report is not used to generate income. The "cost" approach was not considered applicable as there is no need to determine the value of the subject property based on the cost of manufacturing or recreating an identical object at this time.

**Market Examined:** The "market comparison" approach analyzes recent sales of comparable articles at major international and regional auction houses, private and public sales, shows and exhibitions, as well as prevailing prices at retail shops and galleries where the article may normally be traded.

**Type of Valuation:** The **Fair Market Value** is defined by the IRS as stated in the Treasury Regulation Sections 20.2031-1 (b) is "the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts" (IRS Publication 561). According to Technical Advisory Memorandum 9235005 [May 27, 1992], fair market value should include the buyer's premium.) The fair market value of a particular item of property includible in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate. Thus, in the case of an item of property includible in the decedent's gross estate, which is generally obtained by the public in the retail market, the fair market value of such an item of property is the price at which the item or a comparable item would be sold at retail. (Treasury Regulations Section 20.2031-1 (b))

**Type of Appraisal & USPAP Compliancy:** This report is considered an restricted appraisal according to the rules of *USPAP 2018-2019 (Uniform Standard of Professional Appraisal Practice)* and follows the guidelines of *USPAP* for providing all of the necessary information/analysis to satisfy the report writing requirements of an restricted appraisal.

If the Appraisal is being used for investment purposes (including, but not limited to, distribution to third-parties who may acquire an interest in the subject Property), you acknowledge and agree that the Appraisal shall not be construed as providing investment advice or be relied upon by those making investment decisions, and we and our appraisers specifically disclaim any liability to such unknown and unauthorized third-parties.



WAG #: 12647/249237

**MONET, CLAUDE (French, 1840-1926)  
Coup de vent, 1881**

Signed and dated '81 Claude Monet' lower right  
Oil on canvas  
32 1/8" x 25 5/8"

**CONDITION**

See Appendix B for condition report prepared by Christie's noting the subject work is relined, "but nothing shows under ultra violet light".

**PROVENANCE**

The artist  
Galerie Durand-Ruel, Paris, January 1883  
Harris Whittemore, Connecticut, March 1891  
Christie's, New York, 12 November 1985, lot 3  
Galaxy Enterprises Ltd., Tokyo, by 1986  
Private collection  
Private collection

**LITERATURE**

(Possibly) P.H., 'L'exposition de Claude Monet à l'Union League Club, New York', in *L'Art dans les deux Mondes*, 28 February 1891, p. 173 (titled 'Near Trouville').  
O. Reuterswärd, *Monet*, Stockholm, 1948, p. 284.  
D. Wildenstein, *Claude Monet, Biographie et catalogue raisonné*, vol. I, 1840-1881, Lausanne, 1974, no. 688, p. 408 (illustrated p. 409).  
D. Wildenstein, *Claude Monet, Catalogue raisonné*, vol. V, *Supplément aux peintures, dessins, pastels*, Lausanne, 1991, no. 688, p. 36.  
D. Wildenstein, *Monet, Catalogue Raisonné*, vol. II, Cologne & Lausanne, 1996, no. 688, pp. 258 & 259 (illustrated p. 259).

**EXHIBITIONS**

(Probably) New York, National Academy of Design, *Celebrated Paintings*, May - June 1887, no. 150 (titled 'Near Trouville').  
(Possibly) New York, Union League Club, *Paintings by Old Masters, and Modern Foreign and American Artists, Together with an Exhibition of the Work of Monet the Impressionist*, February 1891, no. 70.  
Baltimore, Museum of Art, *Contrasts in Impressionism*, November - December 1942, no. 8 (illustrated p. 21).  
Waterbury, Fulkerson Hall, *Art on Loan*, October 1965, no. 13.

**FURTHER DETAILS**

*Coup de vent* is considered a transitional work, created in the early 1880s when Monet began to focus on pure landscape, atmospheric and light effects - themes which came to define his mature style and Impressionism at large. Several paintings from this period (1878-1882) have appeared at auction in recent years, and compare closely with *Coup de vent* in date, style, scale, and subject matter. In particular, see the auction sales results for *Vetheuil* (1879) and *Sur la falaise a Pourville* (1882) which provide us a potential range of value for the subject work.

As illustrated from the estimates and results of comparable auction sales (see Appendix A), the Fair Market Value (including buyer's premium) reasonably falls within the range of \$8-10 million.



**Fair Market Value**

The appraiser has additionally reviewed the Christie's prepared condition report for the subject work (see Appendix B) and this has been weighed in our approach to value. For comparison, we have reviewed a Sotheby's condition report for the above mentioned *Sur la falaise Pourville* (1882), noting "Under UV, there is some very minor pin-dot fluorescence along the extreme right framing edge corresponding with old losses". The work sold above its high estimate, thus indicating some level of tolerance for minor condition concerns. In the case of the subject work, despite the UV examination apparently showing no defects, the appraiser has taken a more cautious view given the relining stated in the Christie's condition report indicating the potential of old damage or paint surface irregularities.

The Fair market value (including buyer's premium) has been set at: \$8,500,000. The Hammer Price, which is the sale price before adding the buyer's premium, is just under \$7,370,000.

WINSTON  
ART GROUP

**Fair Market Value**

**Grand Total (1 Item) \$8,500,000**

## Appendix A

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### *Auction Comparable Sales*

6/15/2018

Artnet

## artnet price database



### THE SUBJECT WORK

1	<p><b>Claude Monet</b></p> <p>Title Description Medium Year of Work Size Misc. Sale of Estimate</p>	<p>Coup de vent</p> <p>Claude Monet (1840-1926)Coup de ventsigned and dated '81 Claude Monet' (lower ri</p> <p>oil on canvas</p> <p>1881</p> <p>Height 32 in.; Width 25.8 in. / Height 81.4 cm.; Width 65.5 cm.</p> <p>Signed</p> <p>Christie's London: Wednesday, June 20, 2018 [Lot 00018]</p> <p>Impressionist &amp; Modern Art Evening Sale</p> <p>5,000,000 - 7,000,000 GBP (6,688,963 - 9,364,548 USD)</p>
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**Note: this example is considerably smaller than the subject work, and lacks the bold composition and light effects present in the subject**

3	<p><b>Claude Monet</b></p> <p>Title Description Medium Year of Work Size Misc. Sale of Estimate Sold For</p>	<p>Le Pommier</p> <p>Claude Monet (1840-1926)Le Pommiersigned and dated 'Claude Monet 1879' (lower ri</p> <p>oil on canvas</p> <p>1879</p> <p>Height 21.3 in.; Width 25.8 in. / Height 54.2 cm.; Width 65.5 cm.</p> <p>Signed</p> <p>Christie's New York: Tuesday, May 15, 2018 [Lot 0028A]</p> <p>Impressionist and Modern Art Evening Sale</p> <p>1,500,000 - 2,500,000 USD</p> <p>7,062,500 USD Premium</p>
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**Note: outlier; given the strength of the Rockefeller provenance**

4	<p><b>Claude Monet</b></p> <p>Title Description Medium Year of Work Size Misc. Sale of Estimate Sold For</p>	<p>La Seine à Lavacourt</p> <p>Claude Monet (1840-1926) La Seine à Lavacourt signed 'Claude Monet' (lower right) oil o</p> <p>oil on canvas</p> <p>1879</p> <p>Height 23.7 in.; Width 32.1 in. / Height 60.2 cm.; Width 81.5 cm.</p> <p>Signed</p> <p>Christie's New York: Tuesday, May 8, 2018 [Lot 00011]</p> <p>The Collection of Peggy and David Rockefeller: 19th and 20th Century Art, Evening Sale</p> <p>8,000,000 - 12,000,000 USD</p> <p>15,837,500 USD Premium</p>
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1/3

6/15/2018

Artnet

## artnet price database



**Notably, offered at a lower estimate than the subject work and exceeded its high estimate**

6	<p><b>Claude Monet</b></p> <p>Title Vétheuil</p> <p>Description Claude Monet (1840-1926)Vétheuilsigned 'Claude Monet' (lower right)oil on c</p> <p>Medium oil on canvas</p> <p>Year of Work 1879</p> <p>Size Height 25.8 in.; Width 36.3 in. / Height 65.5 cm.; Width 92.2 cm.</p> <p>Misc. Signed</p> <p>Sale of Christie's London: Tuesday, February 27, 2018 [Lot 00027] Impressionist and Modern Art Evening Sale</p> <p>Estimate 4,000,000 - 6,000,000 GBP (5,560,962 - 8,341,443 USD)</p> <p>Sold For 7,546,250 GBP Premium (10,491,102 USD)</p>
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**This example was offered and sold at auction in 2011 for \$5 million (approx); note that the subject work is fresh to the market.**

17	<p><b>Claude Monet</b></p> <p>Title PRÈS MONTE-CARLO</p> <p>Description Signed Claude Monet and dated 83 (lower left)Oil on canvas25 7/8 by 32 1/4 in.</p> <p>Medium oil on canvas</p> <p>Year of Work 1883</p> <p>Size Height 25.8 in.; Width 32.3 in. / Height 65.6 cm.; Width 82 cm.</p> <p>Misc. Signed</p> <p>Sale of Sotheby's New York: Monday, May 9, 2016 [Lot 00059] Impressionist &amp; Modern Art Evening Sale</p> <p>Estimate 5,000,000 - 7,000,000 USD</p> <p>Sold For 7,082,000 USD Premium</p>
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**Compared to the subject - a muddier palette and lacking the bold composition and light effects present in the subject work, created around the same time**

27	<p><b>Claude Monet</b></p> <p>Title Sur la falaise à Pourville</p> <p>Description Signed Claude Monet and dated 82 (lower right)Oil on canvas23 3/4 by 32 in.</p> <p>Medium oil on canvas</p> <p>Year of Work 1882</p> <p>Size Height 23.7 in.; Width 32 in. / Height 60.3 cm.; Width 81.3 cm.</p> <p>Misc. Signed</p> <p>Sale of Sotheby's New York: Wednesday, May 7, 2014 [Lot 00010] Impressionist and Modern Art Evening sale</p> <p>Estimate 5,000,000 - 7,000,000 USD</p> <p>Sold For 8,229,000 USD Premium</p>
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6/15/2018

Artnet

**artnet** price database



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**Claude Monet**

Title	L'Église de Varengeville, soleil couchant
Description	signed and dated 'Claude Monet 82' (lower right) oil on canvas 25½ x 31.7/8 in. (64
Medium	oil on canvas
Year of Work	1882
Size	Height 25.5 in.; Width 31.9 in. / Height 64.8 cm.; Width 81 cm.
Misc.	Signed
Sale of	Christie's London: Tuesday, February 4, 2014 [Lot 00016] Impressionist/Modern Evening Sale
Estimate	4,000,000 - 7,000,000 GBP (6,521,030 - 11,411,803 USD)
Sold For	5,682,500 GBP Premium (9,263,939 USD)

## Appendix B

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*Condition report provided by client*

Issue Date 29 May 2018

CONDITION REPORT

Sale No 15483

Sale Title Impressionist & Modern Art Evening Sale

Sale Date 20 June 2018

Further to your recent enquiry, we are pleased to provide to you the condition report(s) you requested. This report has been prepared by Christie's specialists and is no substitute for physical examination by you and/or your advisors. Christie's specialists are not trained restorers and the report set forth below is not a comprehensive condition report prepared by a professional conservator. While we make certain observations on the work which we trust are helpful, we recommend you consult your own restorer for a more complete report. Prospective purchasers should bear in mind that this report will not disclose any imperfections which may only be revealed during the course of subsequent restoration. This report is provided to you as a courtesy and Christie's is not responsible for the accuracy or completeness of this report. Buyers are reminded that Christie's warranties with respect to property are limited as set forth in our Conditions of Sale and do not extend to condition.

Lot

45 Claude Monet (1840-1926) *Coup de vent* signed and dated '81 Claude Monet' (lower right) oil on canvas

Oil on canvas. Lined. The edges taped. On the original stretcher, and with Durand-Ruel wax seal and inventory label still attached. One or two very fine lines of craquelure in the sky. Nice passages of impasto throughout the foreground and in the tree towards the right. Examined under ultra-violet light: Nothing shows under ultra-violet light. Subject to the foregoing, it is our opinion that this work appears to be in generally good condition.

We thank you for your interest in the forthcoming sale. We remind you again that all property is sold 'as is' and should be viewed personally by you or by your professional adviser before the sale to assess its condition.



**MARKET OVERVIEWS****Impressionist and Modern Art / Post-War and Contemporary Art**

With impressively high auction totals, the art market seems to be healthier in 2017 than it has been in years past. Auction houses are receiving exceptional press as a result of numerous notable and record breaking sales this cycle, representative of a market favoring fresh and high quality works in public sales. 94% of lots sold at auction were middle market works (priced \$5,000-\$50,000) but only accounted for 13% of the total value. Works priced above \$1,000,000 accounted for only 1% of transactions, but 48% of the total value of sales at auction in 2016, outpacing all other segments in growing value. Recent art fairs have demonstrated the influence of the most recent auction cycle on the purchase potential of these highly priced works. For galleries that can afford to attend, art fairs are being used as a marketing platform to acquire new buyers, especially because dealers are able to benefit from market transparency, expertise, instilling buyer confidence, and ensuring buyer anonymity in the private sector. The Sotheby's London Contemporary Art Auction held on June 28<sup>th</sup>, 2017 demonstrated consistently high demand after strong May sales in New York and even stronger sales in Basel. This auction shows the extent to which public sales at auction and at art fairs are intertwined.

2016 saw closures of several small and mid-size galleries, indicative of the trend toward consolidation as well as the growing influence of mega galleries such as Gagosian, David Zwirner, and Hauser & Wirth. As the acceptance of art as a liquid asset grows, the demand for works found in small and mid-range galleries decreases. An intensely commercial and competitive art market has resulted in galleries such as Stellar Rays, Andrea Rosen, and Mike Weiss to fold, move, or merge. Though online sales only represented 8% of transactions in the private sector, the internet is playing a larger role in how collectors look at art resulting in less foot traffic for these smaller galleries. Dealers made 51% of sales at their galleries, and 41% of their sales at art fairs. Over half of sales dealers made to private collectors were to new clients, further indicative of the trend toward privately brokered sales and the growing role of art dealers. Also worth noting is that 40% of the value and volume within this sector was accounted for by middle market works priced within \$5,000-\$50,000. These factors have augmented the pre-existing division between mega galleries with deeper pockets that are able to reach a larger audience (by financing booths at major art fairs, for example), and smaller galleries that tend to cater less towards the commercial and more towards the artistic potential of a work.

### Impressionist and Modern Art

The Impressionist and Modern Art categories are some of the most prolific in the art market. Both are defined as works created in Europe between the 1860s and the middle of the twentieth century (post-World War II works are included if the artist was active before the war) by thousands of artists of many nationalities and in many different styles. Just a small percentage of the artists are well known today; many are obscure and of regional, rather than international, interest.

Modern art remained the second largest sector of the fine art market, accounting for 23% of the value of sales and 29% by volume. Not far behind was the Impressionist and Post-Impressionist sector, which represented 12% of the value and 18% of the total lots sold in the fine art market. These two markets currently lag behind the Post-War and Contemporary market, which has received much frenzied attention in recent years. At the present time, buyers are seeking quality works and are willing to wait to purchase until they find something new to the market. The movement away from public auction sales has allowed for private art dealers and galleries to somewhat corner the market for high quality Impressionist and Modern works. Christie's, for example, reported to have brokered over \$1 billion in privately brokered sales in 2016. The reported drop in sales (31% decrease in Impressionist works sold and 43% decrease in Modern works sold in 2016), can be attributed to the decrease in number of works consigned publicly, with the lost revenue being compensated by the surge in privately brokered sales. High buy-in rates at auction are also indicative of market shifts and resultant uncertainty. The European Fine Art Foundation reported that the Modern art market shrunk 35% to private dealers this past year in Europe. Despite the changing landscape of this sector, public prices have remained healthy indicating a stable and resilient market for Impressionist and Modern art.

Notable sales in Impressionist and Modern works include Pablo Picasso's *Les femmes d'Alger (Version 'O')* (1855) fetching \$179.4 million at Christie's New York, May 11, 2015 and setting the record for a single work sold at auction, as well as with Amedeo Modigliani's *Nu Couché* (1917-1918), which sold for \$170.4 million at Christie's New York, November 9, 2015, the second highest price paid for an artwork at auction. Christie's New York Impressionist and Modern Evening Sale held in May 2017 saw Brancusi's *La muse endormie* (1910) sell for \$51.4 million, breaking a record for the artist. In London, Christie's saw record highs for Max Beckmann's *Bird Hell* (1937-1938) which sold for \$45.8 million breaking the record for the artist and for an expressionist work sold at auction. George Vantogleroo's *Composition dans la caree avec couleurs jaune-vert-bleu-indigo-orange* sold for 1.4 million, as did Hannah Hoch's *Frau and Saturn* (1922) both breaking records for the respective artists. Christie's June 2017 Impressionist and Modern sale saw their highest total since 2010, selling 30 of the 32 lots offered and seeing a stronger presence from Asian buyers. Sotheby's saw a 45% increase year on year in their London Impressionist and Modern June sale, though still lagged behind Christie's London auction total this cycle. Sotheby's impressive increase in revenue can perhaps be attributed to Wassily Kandinsky breaking his standing auction record twice in less than half an hour, with *Four Figures on Three Squares* (1943) selling for \$586,003 and *Murnau - Landscape with Green House* (1909) selling for \$26.4 million.

### **Post-War and Contemporary Art**

The postwar field of collecting is broadly defined as art made after the Second World War (1945). It is typically considered art that bridged Modernism with Postmodernism, and has become the new “blue-chip” field of collecting. Contemporary art is largely an artwork that has been made by a living artist, though the more established deceased artists remain included in this category. Emerging art is a subcategory of Contemporary art that came into the lexicon of the art market circa the mid-1990s.

Staggeringly high prices for art at the top end of the market have made headlines recently, as expanding classes of collectors in emerging markets and easy money from the world’s central banks have spurred prices to higher levels than ever. In fact, the entire market is sustained by increasing competition between rival auction houses, Christie’s and Sotheby’s, making this a highly attractive market for sellers of prized works of art with more guarantees, higher sell-through rates, and reduced seller fees all around. This interest in the Post-War and Contemporary market has resulted in it increasing in value by more than 600 percent between 2004 and 2014. In 2016, prices for Post-War and Contemporary art are up 4.5%, though collectors tastes are shifting. Buy-in rates in this sector are at a 5-year high of 34.5%, evidence of the departure from the public sector, and changing tastes of collectors. Quality lots by lesser known artists did better at auction than average lots by blue chip artists, indicating that the market favors high quality works.

#### *Market conditions for blue-chip material: STRONG*

The venues for sale are highly publicized Evening Sale auctions, major fine art galleries and, by extension, the major international art fairs such as TEFAF and Art Basel. Additionally, private treaty sales to clients facilitated by auction houses, galleries and advisors are playing a larger role in this market. In terms of sale prices and collector interest, this market is eclipsed only by the Evening Sales for Post-War and Contemporary Art. This sector accounts for 52% of the art market by value and 37% of overall transactions. Post-War and contemporary art was also the most exhibited art sector worldwide, accounting for 92% of the numbers of exhibitions in 2016, with 80% relating to artists born after 1945 indicating an emphasis on living artists both at auction and within exhibitions.

Notable sales in Post-War and Contemporary works include Roy Lichtenstein’s *Nurse* (1964), which sold for \$95.4 million, Mark Rothko’s *No. 10* (1958), which sold for \$81.9 million, Cy Twombly’s *Untitled (New York City)* (1968), which sold for \$70.5 million, Jean-Michele Basquiat’s *Untitled* (1982), which sold for \$57.3 million and Francis Bacon’s *Self-Portrait* (1970), which sold for \$30 million. The May 2017 auction cycle also saw impressive sales and broke long standing records. At Sotheby’s Jean-Michel Basquiat’s *Untitled* (1982) sold for \$110.5 million, setting a new high for a work by an American artist sold at auction. Jonas Wood’s *Black Still Life* (2012) sold for \$1.2 million, Wolfgang Tillmans’s *Freischwimmer 123* (2004) sold for \$660,000, and Blinky Palermo’s *Rot/Gelb* (1968) sold for \$4.2 million -- all breaking records for works sold at auction by their respective artists. Christie’s, too, saw record breaking highs in May 2017. Mark Grotjhan’s *Untitled (S III Released to France Face 43.14)* (2011) sold for \$16.8 million, Rudolf Stingel’s *Untitled (after Sam)* (2006) sold for \$10.6 million, Robert Gober’s *Untitled* (1985) sold for \$5.3 million, and David Salle’s *Footman*, (1986) which sold for \$583,500 all broke previous standing auction records for their respective artists. After beating last year’s Christie’s Post-War and Contemporary Evening Sale by more than \$170 million, Christie’s reported that 85% of their collection

was fresh to the market or had been off the market for over twenty years, indicating the overall health of public sales and trend toward fresh high quality works. In London, Sotheby's sold all but 1 of the 41 lots offered at auction. Their June Post-War and Contemporary sale was led by a Warhol-Basquiat titled *Sweet Pungent* (1984-1985) sold for \$5.7 million, tripling its high estimate. After high demand for works by Wolfgang Tillmans at fairs such as Basel, his work *Freischwimmer #81* (2005) quadrupled its high estimate selling for \$647,500.

*Market conditions for mid-level and entry-end material: STABLE*

Prices for mid-level and entry-level artwork continue to be stable, with sales mostly taking place at Day Sale auctions in New York and London, at regional auction houses in North America and Europe, and at galleries specializing in fine art.

Christie's recent London sale in 2016 bolstered the middle market with record sales for artists Joseph Beuys and Robert Mangold, and strong returns for several works including Yayoi Kusama's *Accretions 1*, 1967, which the seller purchased in 1998 for \$19,500 and sold for \$961,228. Also, Luc Tuymans' "*Mrs.*" which the seller purchased at Christie's November 2006 sale for \$1.1 million, sold for \$2.2 million at the February 2016 sale.

The emerging contemporary market, in which buyers hope to see a return in a short period of time, has leveled out from the hype of 2013-2014. Turbulent economic and political trends have led buyers to be less risk adverse, and as such, are not looking to flip works as quickly as before.

## APPRAISAL TERMINOLOGY & DEFINITIONS

**Actual Cash Value:** A term that refers to market value and is generally synonymous with payment restricted to cash. Some insurance policies also define ACA as the replacement cost minus any depreciation.

**Administrator:** An individual appointed by the court if a decedent has died without a will, if no executor is named in the will, or in the will, or if the executor named cannot or will not serve.

**Ad Valorem:** Derived from the Latin, this term means “according to value” and is commonly used in relation to a tax levied on property in proportion to the value of the property.

**Alternate Valuation Date:** A term most frequently identified with estate appraisals. At present, it is the date six months to the day after the date of death, on which the fiduciaries of an estate can chose, legally, to have the estate valued rather than on the date of the death. In this manner, the IRS allows the estate the choice of a date that may be more advantageous for tax purposes in the event that the market or price for the objects in question has changed significantly, usually declining in value materially, from the date of the death to the date six months after the death. If the alternate date of death is chosen, then all items in the estate must be valued on that alternate date, not just personal property.

**Antique:** As defined by the United States Customs Department, any object that is 100 years old or older is an antique. However, the term is broadly interpreted with its definition varying from object to object and year to year. Generally speaking, the following are the most accepted definitions: 1.) an item collected or desirable due to its rarity, condition, utility or some other unique feature that is older than 100 years. Motors vehicles, in contrast, are considered antiques in the United States if they are older than twenty-five years, while some electronic gadgets of more recent vintage may be considered antiques. 2.) ancient art such as sculptures, gem, medals and seals collected from Greek and Roman civilizations.

**Appraisal:** As defined in the Uniform Standards of Professional Appraisal Practice (USPAP), “the act or process of developing an opinion of value; an opinion of value.” According to the USPAP, value can “be numerically expressed as a specific amount, as a range of numbers, or as a relationship (e.g., not more than, not less than) to a previous value opinion or numerical benchmark (e.g., assessed value, collateral value).” It should be noted that the USPAP states that using any other term for an appraisal does not remove the work from being in compliance with USPAP; it is an appraisal if an opinion of value is given/

**Appraisal Report:** The written or oral communication of an appraiser’s conclusions transmitted to the client upon completion of the assignment. The USPAP includes requirements for reporting.

**Appraiser:** One who is expected to perform valuation services competently in a manner that is independent, impartial and objective.

**Arbitration:** Arbitration is a cost-effective alternative to litigation. Arbitration is the submission of a dispute to one or more impartial persons for a decision known as an “award.” Awards are made in writing and are generally final and binding on the parties in the case.

**Assembled, associated or married pieces:** Terms used to describe a piece of furniture or other piece of decorative art that is composed of parts from various other pieces of furniture. A married piece is beyond a mere restoration and is often an attempt at deception unless the marriage is clearly identified as such when sold.

**Blockage Discount:** A principle applied to the valuation of large groups of similar and like items that, if sold during a limited period of time, might result in a depression of the prices one might expect if the items were sold separately in an ordinary market cycle.

**Buyer's Premium:** The percentage of the bid or "hammer" price paid by the buyer to the auction house when purchasing an item. The fee usually ranges between 5 percent and 25 percent.

**Buy In (BI):** Occurs at auction when an object does not meet its reserve price and fails to sell.

**Catalogue Raisonné:** A scholarly catalogue that should include all the known works of an artist or all of his or her known works of an artist or all of his or her known works in a specific medium at the time of the catalogue's compilation. Essential information identifying the works is included, making the catalogue a definitive reference book.

**Certificate of Authentication/Authenticity:** An official document that certifies that the piece in question is right, of the period, and by the artist designated. Some states (including New York) require specific information be included on a certificate of authentication.

**Clear Title:** Refers to ownership of property that is free from encumbrance, obstruction, burden or limitation.

**Comparables:** Those objects selected by the appraiser as being similar to one being appraised. An examination and analysis of sales figures for similar works or comparable objects allows the appraiser to arrive at an appraised value for the object under consideration.

**Condition:** Term referring to the physical state of a property and must be noted in an appraisal document.

**Conservation:** The treatment and preventive care of an object so that its condition does not deteriorate and will remain stable; the preservation of a work of art involving careful maintenance and protection of an object, using materials and procedures that will have no adverse effect on it.

**Cost Approach:** A valuation approach used to determine the value of an object based upon the cost of re-creating the identical piece. This approach may be applied to the decorative arts when the methods of construction or materials used are replicable.

**Craquelure:** The result of natural movement of the support (canvas) and or the shrinking of the medium during the aging process of painting. It usually appears on the surface in a spider web-like series of cracks. The surface can be stabilized by reclining the canvas and filling the cracks.

**Crazing:** The fine and random cracking that extends only through the surface of pottery, porcelain, stone, or concrete. Crazing can appear along or perpendicular to the length of a piece, only in polygonal shapes, or as random spider webs and is due to differential contraction between the surface and interior sections, often as a result of changes in temperature. It has no significance in terms of structure or durability, and does not by itself constitute a cause for rejection. It can, however, mark the beginning of disintegration. All ceramic and concrete products and many natural stones under varying conditions of moisture and temperature are frequently subject to crazing. In some Asian potteries and porcelains, crazing is admired and produced in a deliberate and regulated manner.

**Cultural Patrimony:** Objects that are associated with the Holocaust, items from past and present wars that were pillaged or removed from their homelands or owners, and those objects taken and robbed from the underdeveloped and poor countries. Today, there is an effort to prevent the continuous exploitation and export of these treasures from their homelands.

**Fair Market Value (FMV):** Regarding income tax, Treas. Reg. Section 1.170A-1(c)(2) provides that the fair market value is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts. Regarding estate tax, Treas. Reg. Section 20.2031-6(a) provides that a fair market value of a decedent's household and personal effects is the price that a willing buyer would pay to a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the relevant facts. Regarding gift tax, Treas. Reg. Section 25.2512-1 of the Gift Tax Regulations provides that the value of the property is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.

**Forced Liquidation Market:** The market in which property is quickly sold within a restricted time frame and without the freedom to consider the most appropriate marketplace, the time of exposure, or the price.

**Forced Liquidation Value:** The lowest range "NET" value, usually for the purpose of a quick and/or forced sale. It is defined as "the most probable price in terms of cash, or other precisely revealed terms, for which the property would change hands if sold immediately without regard to the relevant market place."

**Form 8283:** Federal tax law allows you to claim a deduction for the value of all property you donate to a qualified charity during the year provided you are eligible to itemize deductions. Generally, any nonprofit organization that promotes religious, literary, educational, scientific, humanitarian or other charitable causes will qualify. However, if the combined value of all property you donate is more than \$500, you must prepare Form 8283 and attach it to your tax return.

**Foxing:** Brown spots caused by iron particles in the paper that "rust" and discolor the paper when it is exposed to humidity. Sometimes, mold is mistaken for foxing.

**Fractional Gifts:** Fractional gifts of art allow the donor to have partial possession of the object over a



specified period of time until full ownership transfers to the donee.

**Hammer Price:** The actual bid price at auction as the hammer falls; it does not include the buyer's premium.

**Highest and Best Use:** A term commonly used in appraising real estate property that has been carried over into the field of personal property appraisals. The term refers to the evaluation of personal property, when the possible, in the most appropriate marketplace that will bring the highest price.

**Hypothetical Conditions:** According to USPAP, those conditions that are contrary to the conditions that actually exist, but are supposed for the purpose of reasonable analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal or economic characteristics of a subject property or about conditions external to the property, such as the market conditions or trends, or about the integrity of data used in an analysis. Appraisals of damaged or destroyed objects employ hypothetical conditions. A hypothetical condition may be used in an assignment only if 1) the use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis or for purposes of comparison; 2) the use of the hypothetical condition results in a credible analysis; and 3) the appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.

**Income Approach:** A valuation approach used to determine the value of a work of art or object that will be used to generate future income. This is most often done through leasing, rental or the creation of reproductions but not through a one-time only sale with transfer of title and/or copyright.

**Inherent Vice:** Extreme conditions of temperature, light, and humidity contribute to an object deteriorating or destroying itself. The resulting loss of value is caused by the inherent nature of the object rather than the result of an external cause or a casualty.

**Inpainting:** Similar to overpainting, a technique commonly used by conservations to restore a painting that has suffered the loss or deterioration of paint on a canvas or other medium. It generally implies work that is well done with a minimum of intervention by the conservator.

**In the Style Of:** Refers to an item that is not of the period in which it was supposed to have been made but rather was made at a later time as a copy of an earlier piece.

**Lined:** A term that usually refers to a painting on canvas that has been supported by another layer of canvas due to the deterioration of the original support.

**Liquidation Value:** A value based on the price realized in a sale situation under moderately forced or limiting conditions and under time constraints. This action may be initiated by the owner or a crediting institution. It is implicit in this definition that liquidation value will generally be lower than market value.

**Loss of Value:** The difference in value between the value of the property prior to damage and the value of the property after that damage has been repaired.



**Market Analysis:** The study of market conditions for a specific type of personal property; sometimes both the retail and wholesale markets must be examined and analyzed.

**Marketable Cash Value:** The value realized, net of expenses, by a willing seller disposing of property in a competitive and open market to a willing buyer, both being reasonably knowledgeable of all the relevant facts and neither being under constraint to buy or sell.

**Medium:** 1.) The material from which an object or artwork is made or on which it is produced; it may include paper, canvas, board, cel (acetate), bronze; 2.) The specific tool and material used by an artist; e.g., brush and oil paint, chisel and stone; 3.) The mode of expression used by an artist; e.g., painting, sculpture, graphic arts, etc.; 4.) A liquid that may be added to a paint to increase its manipulability without decreasing its adhesive, binding or film forming properties.

**Mint Condition:** The condition of artwork or other objects that is the same as when they were originally created. A term taken from coinage, it refers to the same condition as when a coin was minted.

**Most Appropriate Market or Marketplace:** The venue in which an appraiser determines that an object can be sold most easily and at the highest price. In the case of personal property, when comparables are scarce, it frequently references the most appropriate market, which can be a combination of auction and private gallery sales.

**Net Value:** A term commonly used in matters of equitable distribution to indicate the market value of personal property exclusive of any sales commissions or any other costs that would reduce the value of the property.

**No Commercial Value (NCV):** A term that usually refers to an object or a group of objects, usually in estate situations, for which it is not reasonable to assign a monetary value; for example, a mattress and a box spring.

**Original Cost:** Also known as the historical cost or the cost of acquiring an item of personal property.

**Overpainting:** A term that refers to restorative work on a painting in which is applied over already dry areas of paint. It sometimes includes the original artist's glazes. Overpainting is similar to inpainting, but inpainting only fills in areas of missing paint without covering the original paint.

**Oxidation:** The binding of oxygen to a metal to form rust or the binding of oxygen to wood to darken it.

**Patina:** A film, produced by oxidation that builds up on the surface of an object. The term also refers to the final coating that is applied to a bronze by the artist or the foundry crafting the bronze.

**Personal Property:** Defined by USPAP as "identifiable, tangible objects that are considered by the general public as being "personal"; for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment.

**Pre-Existing Damage:** Any wear, tear, repairs or other changes to new condition seen on an item of personal property prior to its evaluation in a damage and/or loss of value situation.

**Preservation:** Related to conservation and restoration, preservation actions are taken to prevent further changes to or deterioration of objects, sites or structures.

**Primary Market:** A market created either by the maker or the maker's agent when an object is sold for the first time, usually in galleries or stores. The secondary market is the venue for the sale of an object between a seller and a buyer when neither of them have participated in the creation or initial sale of the object. In the instance of multiples, a valid secondary market cannot exist while the maker or his agent retains a supply of the original offering.

**Primary Source:** Material, used in research and data comparisons, that is gathered from first-hand witnesses and includes auctions attended, galleries, art fairs and stores visited as well as actual comparables witnessed by the appraiser.

**Provenance:** The history of an object that may include its past ownership as well as its exhibition and catalogue history.

**Pristine/Mint/Proof Condition:** Refers to an object in excellent condition, as if new, and usually in its original packaging or box.

**Publication 561:** A publication of the IRS designed to help donors and appraisers determine the value of property (other than cash) that is given to qualified organizations. It also explains what kind of information you must have to support the charitable contribution deduction you claim on your return. This publication does not discuss how to figure the amount of your deduction for charitable contributions or written records and substantiation required.

**Qualified Appraisal:** An appraisal will be treated as a qualified appraisal within the meaning of §170 (f)(11)(E) if the appraisal complies with all the requirements of §1.170A-13(c) of the existing regulations (except for the extent the regulations are inconsistent with § 170 (f)(11)), and is conducted by a qualified appraiser in accordance with generally accepted appraisal standards. See sections 3.02(2) and 3.03 of Notice 2006-96. An appraisal will be treated as having been conducted in accordance with generally accepted appraisal standards within the meaning of §170 (f)(11)(E)(i)(II) if, for example, the appraisal is consistent with the substance and principles of the Uniform Standards of Professional Appraisal Practice ("USPAP").

**Qualified Appraiser:** (1) Appraisal designation. An appraiser will be treated as having earned an appraisal designation from a recognized professional appraiser organization within the meaning of §170 (f)(11)(E)(ii)(I) if the appraisal designation is awarded on the basis of demonstrated competency in valuing the type of property for which the appraisal is performed. (2) Education and experience in valuing the type of property. An appraiser will be treated as having demonstrated verifiable education and experience in valuing the type of property subject to the appraisal within the meaning of §170 (f)(11)(E)(iii)(1) if the appraiser makes a declaration in the appraisal that, because of the appraiser's background, experience, education and membership in professional associations, the appraiser is qualified to make appraisals of the type of property being valued. (3) Minimum education and experience. An appraiser will be treated as having met minimum education and experience

requirements within the meaning of § 170 (f)(11)(E)(ii)(I) if the appraiser has successfully completed college or professional-level coursework that is relevant to the property being valued, has obtained at least two years of experience in the trade or business of buying, selling, or valuing the type of property being valued, and has fully described in the appraisal the appraiser's education and experience that qualify the appraiser's education and experience that qualify the appraiser to value the type of property being valued.

**Recto:** The right-hand page of a book or the front side of a leaf or picture.

**Refinished Condition:** When a piece has been stripped or skinned of its original patina and has received a new finish.

**Related Use Rule:** An IRS rule that is applied to charitable contributions and states that to receive the full allowable tax deduction, a donor must donate property to an institution whose mission explicitly includes the acquisition and use of such property.

**Replacement Value:** The amount it would cost to replace an item with one of similar and like quality purchased in the most appropriate marketplace within a limited amount of time.

**Reproduction:** Refers to a piece made as an exact copy of an original period piece, but is not made to deceive.

**Resale Value:** The price at which an item can be sold in the marketplace.

**Reserve:** The minimal amount for which a consignor agrees to sell a work at auction. By law, the reserve must not more than the low estimate. Generally, a reserve is 10-50 percent below the low estimate.

**Restoration:** A process whereby, if an object has lost a part and that is missing part or piece is replaced or restored to simulate the original, the object can be returned as closely as possible to its original condition.

**Retail Replacement Value (RRV):** A property's highest value, usually for insurance purposes, that is defined as the highest amount in terms of US dollars that would be required to replace the property with another of similar age, quality, origin, appearance, provenance and condition within a reasonable length of time in an appropriate and relevant market. When applicable, sales and/or import tax, commissions, and or premiums are included in this amount.

**Retail Value:** Used to establish a price guideline for retail pricing, the appraised retail value is derived from retail replacement value. It is defined as a reasonable amount in terms of US dollars that would be required to purchase a property of similar age, quality, origin, appearance, provenance, and condition within a reasonable length of time in an appropriate and relevant market. Unlike retail replacement value, a retail value does not include any fees or additional costs such as taxes, framing, conservation, restoration or additional commissions.

**Retrospective Appraisal:** A type of appraisal that gives an opinion of value with an effective date that is prior to the date of the report.

**Sales Comparison Approach:** The most commonly applied valuation approach when appraising personal property, in which appraised value is based on achieved prices for similar works by the same artist or artisan of equal standing and related reputation (alternatively called Comparative Market Data Approach, Market Data Approach or Comparable Market Data Approach.)

**Salvage Value (SV):** A valuation term implying abandonment by the rightful owner with the result that the person recovering the property may be entitled to a pre-agreed percentage of any net price realized in a future sale. Although there have been some exceptions, salvage is generally the lowest or rock-bottom price realized in a sale situation. This is the net price, in cash or other precisely revealed terms, for which the property would change hands if sold immediately without regard to the relevant marketplace and appropriate use. In certain cases, this may be required to disassemble and dispose of the property in a quick, forced and expedient manner.

**Scheduled Articles:** A term used by insurance companies for articles of personal property that are individually listed, described and valued on an insurance policy. Although some insurance companies will accept a receipt of a recent purchase, the schedule is typically based on an appraisal. Scheduled items usually carry a lower insurance premium than items that are covered by a blanket insurance policy.

**Scrap Value:** The amount of money that could be realized if a property were sold for the value of its material content.

**Secondary Market:** Refers to the marketplace in which a used object is bought and sold. Once an item is no longer available from the original source, it is considered a secondary market item. The term usually refers to the auction market and is in no way associated with the value or the condition of the object. The secondary is the venue for the sale of an object, through an auction or a gallery, between a seller and a buyer, neither of whom has participated in the creation or initial sale of the object. In the instance of multiples, a valid secondary market cannot exist while the maker or his agent retains a supply of the original offering.

**Secondary Source:** Examples of secondary sources utilizing exact primary sources in research and data comparison are Artnet, ArtFact, P4a, Gordonsart, Art-Sales-Index, newel.com and other internet research tools.

**Seller's Premium:** The percentage of the bid or "hammer" price paid by a seller to an auction house when selling an item. The fee ranges from nothing to 35 percent and may be more negotiable than the buyer's premium.

**Statement of Assumptions & Limiting Conditions:** Terms or concepts generally linked together in most appraisals. An assumption is that which is taken to be true. An extraordinary assumption is an assumption, directly related to a specific assignment, that, if found to be false, could alter the appraiser's opinions or conclusions. A limiting condition refers to the conditions that limit the

appraiser's examination or research of the appraised items and the appraisal assignment. Hypothetical conditions are those that are contrary to what exists, but are supposed for the purpose of analysis.

**Tertiary Market:** A marketplace that occurs in a forced sale situation such as a liquidation or salvage sale.

**Thermoluminescence Test:** The definitive way to tell the true age of pottery, stoneware, porcelain, bronze and terra cotta. There are only a handful of laboratories worldwide that perform the thermoluminescence test, the most prominent of which is in Oxfordshire, England. Today, most large auction houses will not put an artifact on sale without a certificate showing that the test has verified the object's age. To test an object's thermoluminescence, a small sample (about 100 milligrams) is heated to extreme temperatures. Most mineral materials store up increasing amounts of radioactive energy that is drawn from radioactive decay in and around the mineral. When heated (thermo), most minerals release the stored energy in the form of light (luminescence). By measuring the amount of light released from a material, one can calculate how many years have passed since the artifact was fired. Generally, the more light released, the older the item is.

**Ultraviolet Light (UV):** Short, high-energy, invisible light waves beyond violet in the light spectrum, with a length of 250 to 400 nanometers.

**Uniform Standards of Professional Appraisal Practice (USPAP):** The appraisal standards covering the development and communication of appraisers' opinions and conclusions published by the Appraisal Standards Board of The Appraisal Foundation. First published in 1987, these standards apply to all disciplines of appraising.

**Verso:** The left-hand page of a book or the back side of a leaf or a picture.

**Vintage:** A widely used term that refers to an object that was formerly in vogue, but not more than 100 years old. This definition may vary by object; for example, a vintage fountain pen is generally thought to be one manufactured before 1965.

**Work Size:** The dimensions of works on panel or board. When the word "sight" is used in conjunction with work size, it refers to the dimensions of the visible image of the work.

**TERMS AND LIMITING CONDITIONS<sup>1</sup>**

The Appraisal is subject to these Terms and Limiting Conditions, all of which are a part of the Appraisal unless expressly set aside or limited in writing by Winston Art Group.

The intended user of the Appraisal report is the client identified in the Engagement Letter (“Client”) and any use of or reliance on by third-parties is prohibited unless authorized in writing by the Appraiser. Possession of this Appraisal or its copy does not carry with it the right of publication, nor may this Appraisal be used for *any purpose* by anyone other than the Client or other authorized users without the express written consent of Winston Art Group. The Client may not use the Appraisal for any purpose other than the Purpose set forth in the Engagement Letter. If the Appraisal is reproduced, copied, or otherwise used it must be done so in its entirety including the cover document and all attachments. Furthermore, no change shall be made to any item of Property, any value, or any other provision in this Appraisal except by Winston Art Group.

The Appraisal is based only on the readily apparent identity of the appraised Property, without any inquiry or investigation, and no further opinion or statement of authenticity, genuineness, attribution or authorship is made unless otherwise expressly stated in the Appraisal report. The Appraisal will not be a representation or warranty of the Property’s authenticity, genuineness, condition, title, period of creation, description, legality of import and export, attribution, or provenance because, among other reasons:

- scholarship and expertise (including stylistic and scientific) may not be available with respect to many items of art, making determinations of authenticity difficult;
- documents concerning title and prior ownership are often not available, are inaccurate, or require detailed and extensive research that is beyond the scope of this Appraisal;
- laws, rules, and regulations relating to import, export, and ownership of fine art and cultural property are complex and often require information not held or provided by owners of such art or which are not otherwise available; and
- meaningful evaluations of condition often require the services of experienced fine art conservators.

Where this appraisal is based not only on the readily apparent identity of the appraised property, but also on any factual data or documentation supplied by the Client, this appraisal report shall so state by making reference to that information, and copies of that documentation shall be retained in the appraiser’s work file. However, the appraiser is not responsible for the accuracy of this information.

The appraised values are based on the whole ownership and possessory interest of the appraised property undiminished by any liens, fractional interest or any other form of encumbrance or alienation. The appraisal is not an indication or certificate of title of ownership. The identification of the ownership interest of the appraised property has been generally represented to the appraiser by the Client and no

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<sup>1</sup> Except where otherwise defined, these Terms and Limiting Conditions adopt the defined terms set forth in Winston Art Group’s engagement letter (the “Engagement Letter”).

inquiry or investigation will be made by the appraiser, nor is any opinion to be given, as the truth of such representation.

The Appraisal, and any value provided therein, represents only the good-faith opinion of the Appraiser based on the information provided by Client and the assumptions set forth in the Appraisal. The values given are for the same or comparable items, and in providing Winston Art Group's opinion, Winston Art Group will assume that (i) the appraised Property is owned by Client, free from all liens, encumbrances or other third party claims; (ii) the appraised Property is authentic and correctly attributed (irrespective of any intervening changes in scholarship and/or any claims that might be asserted under the Visual Artists Rights Act or otherwise); (iii) all legal or other requirements relating to the appraised Property (including with respect to materials compliance, *e.g.*, under the Endangered Species Act and/or the Convention on the International Trade in Endangered Species of Wild Fauna and Flora) have been satisfied; (iv) Client has provided Winston Art Group with all information of which Client is aware or should be aware relating to the appraised Property that might impact its value, including without limitation in relation to its attribution or authenticity (including third party opinions with respect thereto), condition (including all past restorations), and provenance; and (v) the Appraisal has not been sought in connection with a transaction involving any purchase, sale, exchange or division of the appraised Property.

Where this Appraisal is based not only on the readily apparent identity of the appraised Property, but also on any factual data or documentation supplied by the Client, this Appraisal shall so state by making reference to that information, and copies of that documentation shall be retained in the Appraiser's work file. However, Appraiser is not responsible for the accuracy of this information or for any errors in data or documentation supplied by the Client.

Because our Appraisal is prepared for the Client, and the Client alone is the sole intended user unless otherwise stated in the Scope of Work, we cannot be responsible for any actions taken by third-parties who may come into possession of the Appraisal without our prior, written permission or for any use of the Appraisal beyond its specific Purpose. If the Appraisal is being used for investment purposes (including, but not limited to, distribution to third-parties who may acquire an interest in the subject Property), you, the Client, acknowledge and agree that the Appraisal shall not be construed as providing investment advice or be relied upon by those making investment decisions, and we and our appraisers specifically disclaim any liability to such unknown and unauthorized third-parties. In consideration of our agreement to provide the services described herein, you and your agents hereby agree to release Winston Art Group and its Appraisers from and against any and all liability arising out of or relating to the services provided pursuant to this agreement, and you agree to indemnify, defend, and hold harmless Winston Art Group and its Appraisers, directors, officers, agents, independent contractors, and employees (collectively, "WAG") from and against any and all claims, actions, damages, losses, liabilities and expenses (including, without limitation, reasonable attorneys' fees and other reasonable professional fees) arising out of, or based upon, WAG's provision of services under this agreement, including the Appraisal itself (including, but not limited to, any legal process, *e.g.*, a subpoena, served upon WAG by third-parties relating to the Appraisal). Other than due to intentional wrongdoing done in bad faith or gross negligence, WAG shall not be liable to you, any of your representatives, or any third-party, for any matter contained in the Appraisal or services that WAG provides to you under this agreement. You agree to advance any professional fees or costs deemed necessary by WAG in its sole



discretion within 10 days of notice by WAG that such fees and costs are required pursuant to this paragraph.

The following headings may be used in the report to describe an item of Property's authorship, but this shall not be understood as a guarantee or statement of fact as to authenticity, genuineness, attribution, or authorship:

- BELLINI, GIOVANNI (Italian, 1430-1516)  
In our best judgment and opinion, the work is presumed to be by the named artist.
- Attributed to BELLINI, GIOVANNI (Italian, 1430-1516)  
In our best judgment and opinion, probably a work by the artist in whole or in part but less certainty as to authorship expressed in the preceding category.
- Studio of BELLINI, GIOVANNI (Italian, 1430-1516)  
In our best judgment and opinion, a work by an unknown hand in the studio of the artist which may or may not have been executed under the artist' direction.
- Circle of BELLINI, GIOVANNI (Italian, 1430-1516)  
In our best judgment and opinion, a work by an as yet unidentified but distinct hand closely associated with the named artist but not necessarily his pupil.
- Style of.... Follower of BELLINI, GIOVANNI (Italian, 1430-1516)  
In our best judgment and opinion, probably a work by a painter working in the artist's style, contemporary or nearly or contemporary, but not necessarily his pupil.
- Manner of BELLINI, GIOVANNI (Italian, 1430-1516)  
In our best judgment and opinion, probably a work in the style of the artist and of a later date
- After BELLINI, GIOVANNI (Italian, 1430-1516)  
In our best judgment and opinion, a copy (of any date) of a known work of the artist.

The following descriptions may be used in the report to describe that a work is signed, dated, or inscribed by the artist:

"Signed..." / "Dated..." / "Inscribed..."

The following descriptions may be used in the report to describe that the signature, date, or inscription appears to be by a hand other than that of the artist:

"Bearing signature..." / "Bearing date..." / "Bearing inscription..."

Appraiser considered the physical condition of the appraised Property to be generally good and acceptable for their specific markets unless otherwise expressly stated in the Appraisal. Functional obsolescence (damage as to render the item unusable for its essential purpose) or economic obsolescence (lack of demand) of appraised Property will only be noted if applicable. The dimensions given for each item of Property were determined under field conditions and therefore should be considered approximate.



Winston Art Group prides itself on its knowledge of the fine and/or decorative art market, and many other things that we believe will assist in providing you with an appraisal of your Property. However, fine and/or decorative art is, by its very nature, unique. Art is unlike other “assets” you may have, such as stocks, real estate, etc., and the art market is unlike any other in a variety of respects. Neither Winston Art Group nor Appraiser gives guarantees or make promises about the future and you should not expect such. Winston Art Group’s Appraisal shall represent Appraiser’s reasonable judgment and opinion, based on the specified Purpose, under the then-current art market conditions, but neither Winston Art Group nor Appraiser is making a statement of fact as to prices, values, etc. Winston Art Group and Appraiser do not make representations or warranties of what any individual item of Property would actually realize through a private sale or a public auction and, because myriad economic, social, and currency developments—as well as other factors unique to the art market—may influence the purchase or sales price of a particular object at a particular time, we cannot predict with precision market conditions or the materiality of market variables such as ownership, market “freshness,” and saturation. The values expressed in the Appraisal are based on current information and no opinion is hereby expressed as to any future value, or to any past value, unless otherwise expressly stated. Furthermore, the values expressed do not specifically account for sales tax, excise tax, packing and shipping costs, commissions, storage costs, or conservation costs, unless otherwise expressly stated in the report.

If the Appraisal is being used for investment purposes (including, but not limited to, distribution to third-parties who may acquire an interest in the subject Property), you acknowledge and agree that the Appraisal shall not be construed as providing investment advice or be relied upon by those making investment decisions, and we and our appraisers specifically disclaim any liability to such unknown and unauthorized third-parties.

**JOELLE KRAUS**  
**APPRAISER**  
**MODERN, POST-WAR and CONTEMPORARY ART**

**WORK EXPERIENCE**

**Winston Art Group**, New York, NY (2013 - Present)

*Appraiser, Fine Art*

- Prepares appraisals for insurance coverage, damage or loss, financial and estate planning, art as collateral, donation, family division, and estate tax

**Phillips Auction House**, New York, NY (2012)

*Editions and Multiples Department*

**The Metropolitan Museum of Art**, New York, NY (2012)

*Development Office and Office of the Registrar*

**Interview Magazine**, New York, NY (2009 - 2011)

**Art in America Magazine**, New York, NY (2009 - 2011)

*Editorial Department, Contributing Writer and Researcher for Fashion, Nightlife, Arts & Culture for the Online Publications*

**EDUCATION**

**Syracuse University, Syracuse, New York, School of Visual and Performing Arts, B.F.A. (2009 - 2013)**

*Dual Major, Art History and Studio Art*

**AAA, Damage & Loss**, Advanced Issues in Appraising at Herrick Feinstein, LLP, CE Credit

**PROFESSIONAL ASSOCIATIONS**

**Certified in USPAP (Uniform Standards of Professional Appraisal Practice) (2016-2017)**

**Notary Public, New York** – Qualified in New York County (2014 - 2018)

**Candidate for Accredited Membership with the Appraiser's Association of America (2018)**

**ELIZABETH von HABSBERG, AAA**  
**18<sup>TH</sup>, 19<sup>TH</sup>, 20<sup>TH</sup> CENTURY AND CONTEMPORARY FINE ART**  
**EUROPEAN FURNITURE AND DECORATIVE OBJECTS**  
**MANAGING DIRECTOR**

**WORK EXPERIENCE**

**Winston Art Group**, New York, NY (2010-Present)

*Managing Director and Board Member*

- Appraises Fine and Decorative Art
- Advises private clients on the purchase, sale, and maintenance of their collections
- Acts as Expert Witness
- Lectures Worldwide on all aspects of the Art Market

**Gurr Johns**, New York, NY (1992-2010)

*President and Director*

- New Business Development
- Specialist in 18th, 19th and 20th Century Fine Art, European furniture and decorative arts

**Habsburg Fine Art Auctioneers**, New York, NY (1988-1991)

*Vice President*

- Director, Estates and Appraisals Department
- General Appraiser and New Business Development

**Christie's Fine Art Auctioneers**, New York, NY (1981-1988)

*Assistant Vice President in charge of Appraisal Department*

- General Appraiser

**EDUCATION**

**Columbia University**, New York, M.A.

**Stanford University**, California, B.A.

**PROFESSIONAL ASSOCIATIONS**

- Certified in Uniform Standards of Professional Appraisal Practice, 2010; 7-hour recertification in USPAP, 2012, 2014 and 2016
- Fellow, Pierpont Morgan Library
- Board Member and Certified Appraiser, Appraisers Association of America, NY (2002-2015)
- Certified member of Appraisers Association of America, NY (Impressionist and Modern Fine Art; Furniture and Furnishings)
- Co-Chair, Annual Awards Luncheon for Excellence in the Arts Committee, Appraisers Association of America
- Co-Chair, Advisory Council, Appraisers Association of America

- Director, Kunstadter Family Foundation
- Associate Member, IMUA (Inland Marine Underwriters Association)
- Member, ArtTable, Inc.
- Trustee of The Appraisal Foundation, Washington, DC (2008 – 2015); Vice Chair 2013; Chair 2014; Immediate Past Chair 2015
- Associate Member, STEP USA
- Fellow, Royal Institution of Chartered Surveyors
- Award received: “50 Most Influential Women in Wealth Management”, Private Asset Management, 2015

**OTHER INFORMATION**

- Lecturer/Instructor on Fine and Decorative Art, Art as an Asset Class, Art Succession Planning, and Art Market Trends – to Trusts and Estates departments of law firms, Fine Art insurance firms, Private Clients, Matrimonial attorneys, Art Fairs, Museums, Graduate Schools, and Institutions countrywide
- Expert Witness (New York, Philadelphia, Palm Beach, and Texas courts)
- Revised four volumes of the Antique Hunter’s Guide, Black Dog and Leventhal Press, 2000/2001 (Silver/Pewter; Furniture – 2 vols; Pottery/Porcelain)
- Contributing Author, “Fine Art and High Finance”, Bloomberg Press, 2010
- Contributing Author, “The Appraisal Handbook”, 2013