

SECURITIES AND EXCHANGE COMMISSION

FORM 1-U

Filing Date: **2024-01-04** | Period of Report: **2024-01-04**
SEC Accession No. [0001493152-24-000796](#)

([HTML Version](#) on [secdatabase.com](#))

FILER

Masterworks 278, LLC

CIK: **1976016** | IRS No.: **923611154** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **1-U** | Act: **33** | File No.: **24R-00859** | Film No.: **24510211**
SIC: **5990** Retail stores, nec

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 1-U

CURRENT REPORT

Pursuant to Regulation A of the Securities Act of 1933

January 4, 2024

Date of Report: (Date of earliest event reported)

MASTERWORKS 278, LLC

(Exact name of issuer as specified in its charter)

Delaware
State of other jurisdiction of
incorporation or organization

92-3611154

(I.R.S. Employer
Identification No.)

225 Liberty Street, 29th Floor, New York, NY 10281

(Full mailing address of principal executive offices)

(203) 518-5172

(Issuer's telephone number, including area code)

www.masterworks.com

(Issuer's website)

Class A Ordinary Shares

(Securities issued pursuant to Regulation A)

Item 9. Other Events

As previously disclosed by Masterworks 278, LLC (the "Company" or "we") in its Current Report on Form 1-U as filed with the SEC on October 5, 2023, the Company received consent from the holders of the requisite number of voting shares of the Company to amend agreements to which it is party with respect to each of the following:

- To change the way Masterworks' management fee equity will be earned such that management fee equity will be issued at the Cayman subsidiary level (i.e. the segregated portfolio of Masterworks Cayman, SPC that holds title to the artwork indirectly owned by the Company) as opposed to the Company level.
- To accelerate the vesting on management fee shares previously earned and eliminate vesting provisions on Masterworks' management fee equity going forward.

On December 31, 2023, the members of the Company and the Board of Managers of the Company entered into a Second Amended and Restated Limited Liability Company Operating Agreement of the Company to change the entity that issues management

fee shares and eliminate the vesting provisions relating to management fee shares. A copy of the form of the Second Amended and Restated Limited Liability Company Operating Agreement of the Company is attached to this Form 1-U as Exhibit 2.1.

In addition, the Company, Masterworks Cayman, on behalf of the 278 Segregated Portfolio, and Masterworks Administrative Services, LLC entered into an Amended and Restated Management Services Agreement to make changes consistent with the amendments described above. A copy of the form of Amended and Restated Management Services Agreement is attached to this Form 1-U as Exhibit 6.1.

In addition, with respect to any shares issued by Masterworks Cayman, SPC, the Company has attached the Amended and Restated Memorandum and Articles of Association of Masterworks Cayman, SPC and Form of Designation of SPC Ordinary Shares and SPC Preferred Shares to this Form 1-U as Exhibit 6.2 and Exhibit 6.3, respectively.

Safe Harbor Statement

This Current Report on Form 1-U contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "projects," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties, including those described under the section entitled "Risk Factors" in our most recent Offering Circular filed with the Securities and Exchange Commission ("SEC"), as such factors may be updated from time to time in our periodic filings and offering circular supplements filed with the SEC, which are accessible on the SEC's EDGAR website. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in our filings with the SEC. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Exhibit Index

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
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2.1	Form of Second Amended and Restated Operating Agreement.
6.1	Form of Amended and Restated Management Services Agreement.
6.2	Amended and Restated Memorandum and Articles of Association of Masterworks Cayman, SPC.
6.3	Form of Designation of SPC Ordinary Shares and SPC Preferred Shares.

SIGNATURES

Pursuant to the requirements of Regulation A, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MASTERWORKS 278, LLC

By: /s/ Joshua B. Goldstein

Name: Joshua B. Goldstein

Title: General Counsel

Date: January 4, 2024

**FORM OF SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
MASTERWORKS [Entity Number], LLC**

December 31, 2023

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**SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
MASTERWORKS [Entity Number], LLC**

This Second Amended and Restated Limited Liability Company Operating Agreement (this “Agreement”) of Masterworks [Entity Number], LLC, a Delaware limited liability company (the “Company”), is dated as of December 31, 2023, and is entered into by the Members (as defined herein) and the Board of Managers of the Company.

RECITALS:

A. The Company has heretofore been formed as a limited liability company under the Delaware Act (as defined below) pursuant to a Certificate of Formation filed with the Secretary of State of the State of Delaware on [Formation Date].

B. Masterworks Gallery, LLC (the “Initial Member”) has entered into that certain Limited Liability Company Operating Agreement, dated as of [Formation Date], as amended on [Date of First Filing] and November 6, 2023 (collectively, the “Amended Agreement”) and now desires to amend and restate the Amended Agreement in its entirety as set forth herein;

C. The Company and the Initial Member acknowledged the status of the Company initially, prior to the admission of one or more additional Persons (defined hereinafter) as Members, as a disregarded entity for U.S. federal income tax purposes whose U.S. federal income taxable attributes, if any, would be deemed attributed solely to the Initial Member as its sole member; provided, however, owing to the contemplation of the imminent admission of one or more Persons as additional Members, upon such occurrence, the Company would be deemed to have become classified as a partnership for U.S. federal income tax purposes by default. Accordingly, this Agreement has been intentionally structured contemplating that eventuality, through its implementation of certain applicable concepts of U.S. federal partnership tax law, and prescription of certain processes and procedures incidental to such tax classification, that would become applicable only upon admission of such one or more Persons as additional Members.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Amended Agreement is hereby amended and restated in its entirety to provide as set forth herein, and the Members hereby agree as follows:

ARTICLE 1 GENERAL PROVISIONS

1.1 Definitions. For the purpose of this Agreement, the following terms shall have the following meanings:

“Adjustment Year” has the meaning ascribed to said phrase under Section 6225(d)(2) of the Code.

“Administrator” has the meaning set forth in 2.1(d).

“Affiliate” means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. For the purposes of this definition, the term “controls,” “is controlled by” or “under common control with” means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities, by contract or otherwise. No Member shall be deemed to be an “Affiliate” of the Company solely by reason of being a Member of the Company.

“Agreement” has the meaning set forth in the preamble.

“Artwork” has the meaning set forth in Section 1.6(a).

“ATS” refers to an alternative trading system operated by an SEC-registered broker dealer.

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“Beneficial Owner” of a security is a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of, such security and/or (ii) investment power, which includes the power to dispose, or to direct the disposition of, such security. The terms “Beneficially Own” and “Beneficial Ownership” shall have correlative meanings. Notwithstanding the forgoing, any determination as to whether a Person is a “Beneficial Owner” shall be determined in accordance with Section 13d-3(a) of the Securities Exchange Act, as amended. If such Person would be deemed a Beneficial Owner pursuant to Section 13, such Person shall be deemed a Beneficial Owner for purposes of this Agreement and, conversely, if such Person would not be deemed a Beneficial Owner pursuant to Section 13, such Person shall not be deemed a Beneficial Owner for purposes of this Agreement.

“Board” has the meaning set forth in 2.1.

“Capital Contribution” means, with respect to each Member, the amount of cash or the Fair Value of any property contributed or deemed to be contributed by such Member, if any, to the capital of the Company from time to time pursuant to Section 3.1.

“Cause” has the meaning set forth in Section 2.9.

“Certificate” means a certificate (i) in global form in accordance with the rules and regulations of the Depository or (ii) in such other form as may be adopted by the Board, issued by the Company evidencing ownership of one or more Shares.

“Change in Tax Classification” has the meaning set forth in Section 5.2(h).

“Class A Member” means a Member holding one or more Class A Ordinary Shares or Class A Preferred Shares.

“Class A Ordinary Shares” shall have the meaning ascribed to it in Section 2.4(a).

“Class A Preferred Shares” shall have the meaning ascribed to it in Section 2.4(a).

“Class A Shares” shall have the meaning ascribed to it in Section 2.4(a).

“Class B Member” means a Member holding one or more Class B Ordinary Shares.

“Class B Ordinary Shares” shall have the meaning ascribed to it in Section 2.4(a).

“Class C Ordinary Share” shall have the meaning ascribed to it in Section 2.4(a).

“Class C Member” means a Member holding the Class C Ordinary Share.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Commission” means the United States Securities and Exchange Commission.

“Company” has the meaning set forth in the preamble.

“Conversion Percentage” shall have the meaning ascribed to it in Section 2.4(d)(ii).

“Delaware Act” means the Chapter 18 of Subtitle II of Title 6 of the Delaware Code, referred to as the Delaware Limited Liability Company Act, as amended from time to time, and any successor thereto.

“Depository” means, with respect to any Shares issued in global form, The Depository Trust Company and its successors and permitted assigns.

“DGCL” means the General Corporation Law of the State of Delaware, 8 Del. C. Section 101, et seq., as amended, supplemented or restated from time to time, and any successor to such statute.

“Dissolution Event” has the meaning set forth in Section 6.1.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

“Fair Value” means, with respect to securities or any other assets, other than cash, the fair market value determined by the Board.

“Fiscal Year” means each fiscal year of the Company (or portion thereof), which shall end on December 31; provided, however, that, upon Termination of the Company, “Fiscal Year” means the period from the January 1 immediately preceding such Termination to the date of such Termination.

“Independent Manager” shall refer to a member of the Board that meets the standards of an “independent director” set forth in NASDAQ Marketplace Rule 4200(a)(15) (on any successor rule) with respect the Company, the Administrator and

their respective affiliates. In the event a Special Committee is formed, the term “Independent Manager” shall, as the context requires, refer generically to each Independent Manager.

“Initial Member” has the meaning set forth in the introductory paragraph.

“Involuntary Transfer” shall mean any Transfer of Shares, or proposed Transfer of Shares, (i) in the case of a Member who is a natural person, upon such Member’s death or the entry by a court of competent jurisdiction adjudicating such Member incompetent to manage such Member’s person or such Member’s property; (ii) in the case of a Member that is a trust, the termination of the trust, (iii) in the case of a Member that is a partnership, the dissolution and commencement of winding up of the partnership; (iv) in the case of a Member that is an estate, the distribution by the fiduciary of the estate’s interest in the Company; and (v) in the case of a Member that is a corporation, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter.

“Liabilities” has the meaning set forth in Section 4.2(b).

“Liquidating Trustee” has the meaning set forth in Section 6.3(a).

“Liquidation Price” shall mean with respect to any Share, the amount distributable to the holder of such Share pursuant to Section 3.3 hereof, as determined immediately after the occurrence of a Dissolution Event.

“Management Services Agreement” has the meaning set forth in Section 2.1(d).

“Masterworks Shares” has the meaning set forth in Section 2.8(c).

“Masterworks Investor” refers to an affiliate of Masterworks that has raised capital from unaffiliated third party investors to invest the proceeds in a diversified collection of artwork and which acquires Class A Ordinary Shares as part of such investment strategy.

“Manager” has the meaning set forth in 2.1.

“Member” has the meaning set forth in the preamble and includes any Person later admitted to the Company as a Member.

“National Securities Exchange” means an exchange registered with the Commission under Section 6(a) of the Exchange Act or any successor thereto.

“Offering” means the offering by the Company of Class A Ordinary Shares for sale to the public pursuant to Regulation A under the Securities Act of 1933, as amended (the “Act”) or, in any replacement offering of Class A Ordinary Shares, as determined by the Board in the event such Offering shall not proceed for any reason.

“Officers” has the meaning set forth in Section 2.2.

“Partnership Representative” has the meaning set forth in Section 5.2(a).

“Person” means an individual, a corporation, a company, a voluntary association, a partnership, a joint venture, a limited liability company, a trust, an estate, an unincorporated organization, a governmental authority or other entity.

“Prior Interests” has the meaning set forth in Section 2.4(b).

“Protected Person” means: (i) the members of the Board; (ii) the Administrator and its Affiliates; (iii) any Member; (iv) any Officer; or (v) any Person who serves at the request of the Board on behalf of the Company as an officer, director, partner, member, stockholder or employee of any other Person.

“Record Date” means the date established by the Company for determining (a) the identity of the Record Holders entitled to notice of, or to vote at, any meeting of Members or entitled to exercise rights in respect of any lawful action of Members or (b) the identity of Record Holders entitled to receive any report or distribution or to participate in any offer.

“Record Holder” or “holder” means the Person in whose name such Shares are registered on the books of the Company or the Transfer Agent, as applicable, as of the opening of business on a particular Business Day.

“Redemption” has the meaning set forth in Section 6.2(a).

“Redemption End Date” has the meaning set forth in Section 6.2(b).

“Redemption Shares” has the meaning set forth in Section 6.2(a).

“Reviewed Year” has the meaning ascribed to said phrase under Section 6225(d)(1) of the Code.

“Sale of the Artwork” means the transfer of title and ownership of the Artwork to an un-Affiliated third-party and receipt by the Company of value therefor as determined by the Board.

“Segregated Portfolio” shall mean the segregated portfolio of Masterworks Cayman, SPC, a Cayman Islands segregated portfolio company, that holds title to the Artwork.

“Service” has the meaning set forth in Section 5.2(a).

“Special Committee” shall mean a committee of the Board of Managers of the Company comprised of two individuals, each of whom qualifies as an Independent Manager.

“Share” has the meaning set forth in Section 2.4.

“SPC Preferred Share” shall mean a non-participating preferred share of the Segregated Portfolio of Masterworks Cayman, SPC entitled to a \$20 liquidation preference prior to any distribution to the holders of SPC ordinary shares. The holder of each SPC Preferred Share shall have the right to exchange such SPC Preferred Share for one Class A Ordinary Share of the Company.

“Substitute Member” means a Person who is admitted as a Member of the Company pursuant to Section 2.7 as a result of a Transfer of Shares to such Person.

“Tax Proceeding” has the meaning set forth in Section 5.2(a).

“Termination” means the date of the cancellation of the Certificate of Formation of the Company following the end of the Winding Up Period by the filing of a Certificate of Cancellation of the Company with the Secretary of State of the State of Delaware.

“Transfer Agent” means, with respect to any class of Shares, such bank, trust company or other Person (including the Company or one of its Affiliates) as shall be appointed from time to time by the Company to act as registrar and transfer agent for such class of Shares; provided that if no Transfer Agent is specifically designated for such class of Shares, the Administrator or the Company shall act in such capacity.

“Transfer” means, with respect to a Share and the associated membership interest in the Company, a transaction by which the Record Holder of a Share assigns such Share to another Person who is or becomes a Member, and includes a sale, assignment, gift, exchange or any other disposition by law or otherwise, including any transfer upon foreclosure of any pledge, encumbrance, hypothecation or mortgage.

“Treasury Regulations” means the regulations of the U.S. Treasury Department issued pursuant to the Code.

“Value Increase” shall have the meaning ascribed to it in Section 2.4(d)(i).

“Vote Limit” means the percentage interest specified in a Vote Limit Certificate by a Vote Limited Member pursuant to which such Member (together with such Vote Limited Member’s affiliates) will be irrevocably limited to such Vote Limit in any vote taken under Sections 2.1, 2.8, 2.9 and 8.2.

“Vote Limit Certificate” means a certificate in substantially the form attached hereto as Exhibit B which is delivered to the Company in accordance with Article 8.

“Vote Limited Member” means any Member who beneficially owns 5% or more of the outstanding Class A shares (excluding Masterworks Shares) submits a Vote Limit Certificate to the Board which designates such Member as a Vote Limited Member, either separately or jointly with one or more other Members.

“Voting Member” means a Member holding one or more Voting Shares.

“Voting Shares” means the Class A Ordinary Shares, excluding any Shares beneficially owned by the Administrator or any of its Affiliates and shares beneficially owned by a Vote Limited Member in excess of the Vote Limit.

“Winding Up Period” means the period from the Dissolution Event to the Termination of the Company.

1.2 Name. The name of the Company is “Masterworks [Entity Number], LLC.” All business of the Company shall be conducted under such name. The Members may elect to change the name of the Company at any time.

1.3 Principal Office. The principal office of the Company shall be at a location as determined by the Board either within or outside of the United States. The Company shall keep its books and records at its principal office.

1.4 Registered Office and Registered Agent. The street address of the registered office of the Company in the State of Delaware shall be as selected by the Board. The Board may elect to change the registered office and the registered agent of the Company at any time.

1.5 Term. The Company was formed on [Formation Date] and shall continue its regular business activities until the Company is dissolved.

1.6 Purpose and Powers.

(a) The Company is organized for the purposes of undertaking such activities as determined by the Board and, subject to the terms and conditions herein and of the Delaware Act, the Members, which are permitted by applicable law and engaging in activities incidental or ancillary thereto. Notwithstanding the forgoing, the Company has been organized to form a subsidiary which will acquire the artwork as identified on Schedule 1 (the “Artwork”) and undertake certain actions with respect thereto.

(b) The Company shall possess and may exercise all the powers and privileges granted by the Delaware Act or by any other law or by this Agreement, together with any powers incidental thereto, which are necessary or convenient to the conduct, promotion or attainment of the business, purposes or activities of the Company.

1.7 Power of Attorney.

(a) Each Member hereby constitutes and appoints each of the Chief Executive Officer, the Chief Financial Officer and the Secretary of the Company and, if a Liquidating Trustee shall have been selected pursuant to Section 6.3(a), the Liquidating Trustee (and any successor to the Liquidating Trustee by merger, transfer, assignment, election or otherwise) and each of their authorized officers and attorneys-in-fact, as the case may be, with full power of substitution, as his true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices:

(A) all certificates, documents and other instruments (including this Agreement and the Certificate of Formation and all amendments or restatements hereof or thereof) that the Chief Executive Officer, Chief Financial Officer or Secretary of the Company, or the Liquidating Trustee, determines to be necessary or appropriate to form, qualify or continue the existence or qualification of the Company as a limited liability company in the State of Delaware and in all other jurisdictions in which the Company may conduct business or own property;

(B) all certificates, documents and other instruments that the Chief Executive Officer, the Chief Financial Officer or Secretary of the Company, or the Liquidating Trustee, determines to be necessary or

appropriate to reflect, in accordance with its terms, any amendment, change, modification or restatement of this Agreement;

(C) all certificates, documents and other instruments (including conveyances and a certificate of cancellation) that the Board or the Liquidating Trustee determines to be necessary or appropriate to reflect the dissolution, liquidation and termination of the Company pursuant to the terms of this Agreement;

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(D) all certificates, documents and other instruments relating to the admission, withdrawal, removal or substitution of any Member pursuant to, or other events described in, ARTICLE 2 or ARTICLE 3; and

(E) all certificates, documents and other instruments (including agreements and a certificate of merger) relating to a merger, consolidation or conversion of the Company; and

(ii) execute, swear to, acknowledge, deliver, file and record all ballots, consents, approvals, waivers, certificates, documents and other instruments that the Board or the Liquidating Trustee determines to be necessary or appropriate to (i) make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Members hereunder or is consistent with the terms of this Agreement or (ii) effectuate the terms or intent of this Agreement; provided, that when required by any provision of this Agreement that establishes a percentage of the Members or of the Members of any class or series required to take any action, the Chief Executive Officer, Chief Financial Officer or Secretary of the Company, or the Liquidating Trustee, may exercise the power of attorney made in this Section 1.7(a)(ii) only after the necessary vote, consent, approval, agreement or other action of the Members or of the Members of such class or series, as applicable.

(b) Nothing contained in this Section 1.7 shall be construed as authorizing the Chief Executive Officer, Chief Financial Officer or Secretary of the Company, or the Liquidating Trustee, to amend, change or modify this Agreement except in accordance with Section 8.2 or as may be otherwise expressly provided for in this Agreement.

(c) The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and, to the maximum extent permitted by law, not be affected by the subsequent death, incompetency, disability, incapacity, dissolution, bankruptcy or termination of any Member and the Transfer of all or any portion of such Member's Shares and shall extend to such Member's heirs, successors, assigns and personal representatives. Each such Member hereby agrees to be bound by any representation made by the Chief Executive Officer, Chief Financial Officer or Secretary of the Company, or the Liquidating Trustee, acting in good faith pursuant to such power of attorney; and each such Member, to the maximum extent permitted by law, hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the Chief Executive Officer, Chief Financial Officer or Secretary of the Company, or the Liquidating Trustee, taken in good faith under such power of attorney in accordance with Section 1.7. Each Member shall execute and deliver to the Chief Executive Officer, Chief Financial Officer or Secretary of the Company, or the Liquidating Trustee, within 15 days after receipt of the request therefor, such further designation, powers of attorney and other instruments as any of such Officers or the Liquidating Trustee determines to be necessary or appropriate to effectuate this Agreement and the purposes of the Company.

ARTICLE 2 MANAGEMENT; MEMBERS AND SHARES

2.1 Rights and Duties of the Board of Managers.

(a) The Company is a manager-managed limited liability company. Accordingly, management of the affairs of the Company shall be vested in a Board of Managers (the "Board"). The Persons constituting the Board (each, a "Manager") will be (i) the "managers" of the Company for all purposes under the Act and (ii) the Board for all purposes under this Agreement. The Board will have the power to act only by a majority of the Managers in accordance with the provisions and in the manner specified herein. A person does not need to be a Member to serve on the Board. The Board will initially consist of three members and shall initially consist of, Nigel Glenday, Josh Goldstein and Eli Broverman as the Independent Manager, who shall serve until they resign or are replaced by a majority of the Board, and new members of the Board shall be appointed by a majority of the Board. Provided, however, the Members holding 66 2/3% of the Voting Shares can vote to remove and replace a Manager for "Cause" in accordance with Section 2.9. The size of the Board may be increased, including, without limitation, in connection with forming a Special Committee, or decreased from time to time by action of the Board.

(b) The Company shall have at least one Independent Manager serving as one of the members of the Board. To the fullest extent permitted by law, the Independent Manager shall consider only the interests of the Company in acting or otherwise voting on the matters set forth in this Article 2. The Independent Manager shall act where other Managers are excluded from voting on certain matters involving a direct or indirect conflict of interest between any Manager on the one hand and public investors on the other hand. The prior consent of the Independent Manager shall be required to appoint a second Independent Manager for the purpose of serving on a Special Committee. All right, power and authority of the Independent Manager shall be limited to the extent necessary to exercise those rights and perform those duties specifically set forth herein and the Independent Manager shall have no authority to bind the Company.

(c) Except as otherwise expressly provided in this Agreement or as required by the Delaware Act, the Board shall have complete and exclusive discretion in the management and control of the affairs and business of the Company, and shall possess all powers necessary, convenient or appropriate to carrying out the purposes and business of the Company, including doing all things and taking all actions necessary to carry out the terms and provisions of this Agreement. Except as otherwise expressly provided in this Agreement, the Board shall have, and shall have full authority in its discretion to exercise, on behalf of and in the name of the Company, all rights and powers of a “manager” of a limited liability company under the Delaware Act necessary or convenient to carry out the purposes of the Company. Except as otherwise expressly provided in this Agreement, the Board or Persons designated by the Board, including officers and agents (including the Administrator) appointed by the Board, will be the only Persons authorized to execute documents which will be binding on the Company. To the fullest extent permitted by Delaware law, but subject to any specific provisions hereof granting rights to one (1) or more Members (e.g., the right of Masterworks Gallery, LLC to designate Board members), the Board will have the power to perform any acts, statutory or otherwise, with respect to the Company (including with respect to any Subsidiary of the Company) or this Agreement, which would otherwise be possessed by the Members under Delaware law, and the Members will have no power whatsoever with respect to the management of the business and affairs of the Company (including with respect to any Subsidiary of the Company) except as expressly provided herein.

(d) The Company shall enter into a management services agreement with Masterworks Administrative Services, LLC (the “Administrator”) in form and substance as reasonably determined by the Initial Member (the “Management Services Agreement”). The Board has authorized the Administrator to manage all day to day operations of the Company. Any amendment to the Management Services Agreement that would be adverse or detrimental to the interests of members of the Company must be approved by holders of a majority of voting shares.

(e) Subject to the terms and conditions herein, all decisions regarding the management and operations of the Company shall be made by the Board, provided, however, that the Administrator shall have all power and authority to take any and all actions necessary to effectuate the intent and purpose of the Management Services Agreement and the Board may designate any Officers of the Company to have control or authority with respect to one or more decisions or areas of operation, and may include such limitations or restrictions on such power as they may deem reasonable.

2.2 Officers.

(a) At any time, the Board may appoint and replace individuals as officers or agents of the Company (“Officers”) with such titles as the Board may elect to act on behalf of the Company with such power and authority as the Board may delegate to such persons. Any number of offices may be held by the same person. Officers shall hold their offices for such terms as shall be determined from time to time by the Board. Unless otherwise determined and set forth by the Board and subject to the policies and procedures of the Company applicable to Officers and employees, each Officer shall have the powers, rights and obligations as are customarily held and exercised by other persons in similar positions in limited liability companies organized under the Delaware Act, subject to Section 2.1(c). The Officers shall hold office until their successors are chosen and qualified. Any Officer may be removed at any time, with or without cause, by the Board. The Officers may also be officers or employees of other Persons. The Officers, to the extent of their powers set forth in this Agreement or otherwise vested in them by action of the Board not inconsistent with this Agreement, are agents of the Company for the purpose of the Company’s business and the actions of the Officers taken in accordance with such powers shall bind the Company. Except to the extent otherwise provided herein, each Officer shall have a fiduciary duty of loyalty and care as set forth in the Delaware Act. No Officer shall at any time serve as trustee in bankruptcy for any Affiliate of the Company.

(b) Notwithstanding the foregoing, it shall be deemed not to be a breach of any duty (including any fiduciary duty) or any other obligation of any type whatsoever of any Manager or any officer or employee or any Affiliates of such Manager, officer or employee (other than any express obligation contained in any agreement to which such Person and the Company or any of its subsidiaries are parties) to engage in outside business interests and activities in preference to or to the exclusion of the Company or in direct competition with the Company; provided such Person does not engage in such business or activity as a result of or using confidential information provided by or on behalf of the Company to such Person; provided, further, that a Person shall not be deemed to be in direct competition with the Company solely because of such Person's ownership, directly or indirectly, solely for investment purposes, of securities of any publicly traded entity if such Person does not, together with such Person's Affiliates, collectively own 5% or more of any class or securities of such publicly traded entity, and such Person is not a director or officer (and does not hold an equivalent position) in such publicly traded entity. Neither the Board, not any officer or employee shall have no obligation hereunder or as a result of any duty expressed or implied by law to present business opportunities to the Company that may become available to Affiliates of such Person. None of any Member or any other Person shall have any rights by virtue of the Board's or any officer's or employee's or any Affiliates of the Board, officer or employee duties as the Board or any Manager, officer or employee or this Agreement in any business ventures of the Administrator or any Manager or any officer or employee or any Affiliates of the Administrator or any such Manager, officer or employee.

(c) Nigel S. Glenday shall continue to serve as the Chief Executive Officer and Chief Financial Officer and Josh Goldstein shall continue to serve as the General Counsel and Secretary of the Company, each to serve in such capacity until his earlier death, resignation or removal from office.

2.3 Members.

(a) A Person shall be admitted as a Member and shall become bound by, and shall be deemed to have agreed to be bound by, the terms of this Agreement if such Person purchases or otherwise lawfully acquires any Share, and such Person shall become the Record Holder of such Share, in accordance with the provisions of this Agreement. A Member may be a Class A Member, a Class B Member and or Class C Member, and, in such case, shall have the rights and obligation accorded to the Class A Ordinary Shares with respect to such Class A Ordinary Shares or the rights and obligation accorded to the Class A Preferred Shares with respect to such Class A Preferred Shares, as applicable, the rights and obligations accorded to the Class B Ordinary Shares with respect to such Class B Ordinary Shares and the rights and obligations accorded to the Class C Ordinary Share with respect to such Class C Ordinary Share. A Person may become a Record Holder without the consent or approval of any of the Members and without physical execution of this Agreement. A Person may not become a Member without acquiring a Share.

(b) The name and mailing address of each Member or such Member's representative shall be listed on the books and records of the Company maintained for such purpose by the Company or the Transfer Agent.

(c) Except as otherwise provided in the Delaware Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and the Members shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member of the Company.

(d) Except to the extent expressly provided in this Agreement: (i) no Member shall be entitled to the withdrawal or return of any Capital Contribution, except to the extent, if any, that distributions made pursuant to this Agreement or upon dissolution of the Company may be considered as such by law and then only to the extent provided for in this Agreement; (ii) no Member shall have priority over any other Member either as to the return of Capital Contributions or as to profits, losses or distributions; (iii) no interest shall be paid by the Company on Capital Contributions; and (iv) no Member, in its capacity as such, shall participate in the operation or management of the Company's business, transact any business in the Company's name or have the power to sign documents for or otherwise bind the Company by reason of being a Member.

(e) Any Member shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Company, including business interests and activities in direct competition with the Company. Neither the Company nor any of the other Members shall have any rights by virtue of this Agreement in any such business interests or activities of any Member.

2.4 Shares; Membership Interests.

(a) The total of the membership interests in the Company shall be divided into (i) Class A Ordinary Shares having the rights and preferences as set forth herein (the “Class A Ordinary Shares”), (ii) Class A Preferred Shares having the rights and preferences as set forth herein (the “Class A Preferred Shares” and, together with the Class A Ordinary Shares, the “Class A Shares”), (iii) Class B Ordinary Shares having the rights and preferences as set forth herein (the “Class B Ordinary Shares”), and (iv) Class C Ordinary Share having the rights and preferences as set forth herein (the “Class C Ordinary Share” and, together with the Class A Ordinary Shares, the Class A Preferred Shares and the Class B Ordinary Shares, the “Shares” and each a “Share”). Class A Ordinary Shares, Class A Preferred Shares and Class B Ordinary Shares shall have the same rights, powers and duties, except as otherwise set forth in this Agreement. The number of Class A Ordinary Shares shall be limited to the maximum number of Class A Ordinary shares offered in the Offering, plus (i) the number of Class A Ordinary Shares which may be issued upon conversion of the Class A Preferred Shares, plus (ii) the number of Class A Ordinary Shares which may be issued upon exchange of the SPC Preferred Shares of the applicable Segregated Portfolio plus (iii) the number of Class A Ordinary Shares which may be issued upon conversion of the Class B Ordinary Shares. The number of Class A Preferred Shares shall be limited to the number of Class A Preferred Shares which have been issued pursuant to the Management Services Agreement, provided that following the date hereof, SPC Preferred Shares (exchangeable for Class A Ordinary Shares) shall be issued pursuant to the Management Services Agreement instead of Class A Preferred Shares. The number of Class B Ordinary Shares shall be limited to up to 1,000. The number of Class C Ordinary Shares shall be limited to one. The Shares of the Members shall be as set forth on Exhibit A attached hereto, which may be updated as set forth herein. For the avoidance of doubt, in the event that all of the Class A Ordinary Shares are not sold pursuant to the Offering, the Board shall, upon the final closing of the Offering, issue a number of Class A Ordinary Shares to the Initial Member equal to the aggregate number of Class A Ordinary Shares that remain unsold in the Offering, as repayment in full of any and all obligations owing to the Initial Member in respect of advances made to acquire the Artwork and true-up fees payable to the Initial Member. The name and mailing address of each Member or such Member’s representative shall be listed on the books and records of the Company maintained for such purpose by the Company or the Transfer Agent.

(b) Prior to the date hereof and as set forth in the Amended Agreement, the Initial Member has been issued 1,000 Class B Ordinary Shares.

(c) Notwithstanding any provision to the contrary in this Agreement, the Board shall have full power and authority to schedule one or more closings to issue Class A Ordinary Shares and admit Members to the Company in accordance with the provisions of this Agreement. Any Person that acquires Class A Ordinary Shares and is admitted as a Member of the Company after the date hereof, shall, in connection with such Member’s acquisition of such Class A Ordinary Shares, be deemed to pay to the Company such Member’s *pro rata* share of any amounts used to acquire the Artwork, including any true-up fees and any other amounts paid to the Company by the previously admitted Members.

(d) The Class A Members may elect to convert their Class A Preferred Shares into Class A Ordinary Shares, in whole or in part, at any time prior to the consummation of the Sale of the Artwork, subject to the terms and conditions herein, for no additional consideration. Each Class A Preferred Share or SPC Preferred Share will automatically convert to one Class A Ordinary Share upon any Transfer of such Class A Preferred Shares to an entity that is not an Affiliate of the Administrator. In addition, a holder of SPC Preferred Shares of the Segregated Portfolio may elect to exchange its SPC Preferred Shares into Class A Ordinary Shares of the Company at a one-for-one exchange ratio, in whole or in part, at any time contemporaneously with or prior to the consummation of the Sale of the Artwork, subject to the terms and conditions herein, for no additional consideration.

(e) The Class B Members may elect to convert their Class B Ordinary Shares into Class A Ordinary Shares, in whole or in part, at any time prior to the consummation of the Sale of the Artwork, subject to the terms and conditions herein, for no additional consideration pursuant and to the following conversion formula: The number of Class A Ordinary Shares issuable upon conversion of Class B Ordinary Shares shall equal (A) the Value Increase, multiplied by (B) the Conversion Percentage, multiplied by (C) 20%, divided by (D) the Class A Ordinary Share Value. For purposes herein:

(i) “Value Increase” means, the aggregate value of Shares outstanding at such time (including any shares issuable upon exchange of Class A Preferred Shares and SPC Preferred Shares, which shall be deemed to be outstanding for such purposes), minus the product of (A) the number of Class A Ordinary Shares outstanding (including any shares issuable upon exchange of Class A Preferred Shares and SPC Preferred Shares, which shall be deemed to be outstanding for such purposes) at such time and (B) \$20.00, if such difference is positive.

(ii) “Conversion Percentage” means, (A) the number of Class B Ordinary Shares being converted, divided by (B) the total number of Class B Ordinary Shares issued and outstanding (i.e. up to 1,000).

(iii) “Class A Ordinary Share Value” means, as of the close of business on the day preceding the date, the volume weighted average trading price of the Class A Ordinary Shares on all trading platforms or trading systems on which the Class A Ordinary Shares are being traded over the forty-five (45) trading days then ended, provided, that if the total

aggregate trading volume over such 45-trading-day period is less than 5% of the public float, such period shall be extended to the ninety (90) trading days then ended, provided, further, if the total aggregate trading volume over such 90-trading-day period is less than 5% of the public float, the holder of the Class B Ordinary Shares shall request that the Board obtain an appraisal of the value of the Class A Ordinary Shares from one or more independent nationally-recognized third party appraisal companies and such appraisal shall constitute the Class A Ordinary Share Value.

(f) The Class C Ordinary Share will only be issued to, or subsequently transferred to, a Masterworks Investor, if any, and will have the right to remove and or replace all or any members of the Board of Managers and reconstitute the Board without “cause” for any reason. The Class C Ordinary Share, once issued, may be redeemed or cancelled by mutual agreement between the Class C Member and the Company.

(g) Any investor in the Offering, generally cannot own, or be deemed to beneficially own, as “beneficial ownership” is determined pursuant to Section 13(d) and 13(g) of the Securities Act, more than 19.99% of the total number of Class A Ordinary Shares outstanding. Such ownership limitation does not apply to any affiliate of Masterworks or to any lender to any affiliate of Masterworks. We may waive such limit on a case-by-case basis in our sole discretion. In addition, except as otherwise set forth in this Section 2.4(e), if a Member beneficially owns more than 10% of the Class A Ordinary Shares offered in the Offering, such Member acknowledges that the Member’s name, address and holdings may be reported in the Company’s ongoing SEC filings, including the beneficial ownership table in the Company’s Annual Report on Form 1-K. If a Vote Limited Member submits an irrevocable request in writing to the Board to limit its voting rights to 10% or less of the Company’s Voting Shares, such Vote Limited Member’s name, address and holdings may not be reported in the Company’s ongoing SEC filings, unless such person is otherwise deemed to be an “affiliate” of the Company as defined in Rule 405 of the Securities Act. The determination of affiliate status for such purposes shall be made by the Board in its sole and absolute discretion and the Company or its transfer agent may require any shareholder that owns more than 10% of the Class A Ordinary Shares to provide a legal opinion and or other information it deems necessary or appropriate to determine such person’s affiliate status. If any such shareholder owns more than 10% of the Class A Ordinary Shares and is deemed to be an “affiliate”, notwithstanding the limit on voting, such person will be identified in the beneficial ownership table in the Company’s Annual Report on Form 1-K.

2.5 Certificates and Representations of Shares.

(a) Shares may be recorded in book entry form or may be evidenced by certificates or electronic or crypto tokens or coins, or in any other form, as determined by the Board as may be permitted by the Delaware Act. Notwithstanding anything to the contrary herein, unless the Board shall determine otherwise in respect of one or more classes of Shares or as may be required by the Depository with respect to any specific class of Shares, Shares shall not be evidenced by physical Certificates. No Member shall have the right to require the Company to issue physical Certificates representing Shares for any reason, except as may be required by applicable law. If the Board authorizes the issuance of Shares to any Person in the form of physical Certificates, the Company shall issue one or more Certificates in the name of such Person evidencing the number of such Shares being so issued. Certificates shall be executed on behalf of the Company by the Board. If and to the extent a Transfer Agent has been appointed with respect to any class or series of Shares, no Certificate representing such class or series of Shares shall be valid for any purpose until it has been countersigned by the Transfer Agent; provided, however, that if the Board elects to issue Shares in global form, the Certificates representing Shares shall be valid upon receipt of a certificate from the Transfer Agent certifying that the Shares have been duly registered in accordance with the directions of the Company. Any or all of the signatures required on the Certificate may be by facsimile. If any officer or Transfer Agent who shall have signed or whose facsimile signature shall have been placed upon any such Certificate shall have ceased to be such officer or Transfer Agent before such Certificate is issued by the Company, such Certificate may nevertheless be issued by the Company with the same effect as if such Person were such officer or Transfer Agent at the date of issue. Certificates for any class or series of Shares shall be consecutively numbered and shall be entered on the books and records of the Company as they are issued and shall exhibit the holder’s name and number and type of Shares.

(b) If any mutilated Certificate is surrendered to the Company or the Transfer Agent, the appropriate officers on behalf of the Company shall execute, and the Transfer Agent shall countersign and deliver in exchange therefor, a new Certificate evidencing the same number and class or series of Shares as the Certificate so surrendered. The appropriate officers on behalf of the Company shall execute, and the Transfer Agent shall countersign and deliver, a new Certificate in place of any Certificate previously issued if the Record Holder of the Certificate: (i) makes proof by affidavit, in form and substance satisfactory to the Company, that a previously issued Certificate has been lost, destroyed or stolen; (ii) requests the issuance of a new Certificate before the Company has notice that the Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim; (iii) if requested by the Company, delivers to the Company a bond, in form and substance satisfactory to the Company, with surety or sureties and with

fixed or open penalty as the Company may direct to indemnify the Company and the Transfer Agent against any claim that may be made on account of the alleged loss, destruction or theft of the Certificate; and (iv) satisfies any other reasonable requirements imposed by the Company. If a Member fails to notify the Company within a reasonable time after he has notice of the loss, destruction or theft of a Certificate, and a Transfer of the Shares represented by the Certificate is registered before the Company or the Transfer Agent receives such notification, the Member shall be precluded from making any claim against the Company or the Transfer Agent for such Transfer or for a new Certificate. As a condition to the issuance of any new Certificate under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Transfer Agent) reasonably connected therewith.

2.6 Record Holders. The Company shall be entitled to recognize the Record Holder as the owner of a Share and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such Share on the part of any other Person, regardless of whether the Company shall have actual or other notice thereof, except as otherwise provided by law or any applicable rule, regulation, guideline or requirement of any National Securities Exchange on which such Shares are listed for trading. Without limiting the foregoing, when a Person (such as a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing) is acting as nominee, agent or in some other representative capacity for another Person in acquiring and/or holding Shares, as between the Company on the one hand, and such other Persons on the other, such representative Person shall be the Record Holder of such Shares.

2.7 Registration and Transfer of Shares.

(a) Any Transfer of any Shares shall only be completed subject to the compliance by the Member and the proposed transferee with all applicable laws; and furthermore may only be completed in accordance with the provisions of this Agreement.

(b) Other than (i) any Transfer of Shares which is an Involuntary Transfer or (ii) any Transfer that occurs on an alternative trading system that has been approved by the Company in writing, and Transfer of Shares shall be subject to the prior written approval of the Company, which the Company may give or withhold in its sole discretion (and any such approval may be revocable, contingent or irrevocable in the sole discretion of the Board).

(c) The Company shall keep or cause to be kept on behalf of the Company a register (which may be in electronic form) that will provide for the registration and Transfer of Shares. The Company may appoint a Transfer Agent to act as registrar and transfer agent for the purpose of registering any class of Shares and Transfers of such class of Shares as herein provided. For Shares represented by Certificates, upon surrender of a Certificate for registration of Transfer of any Shares evidenced by a Certificate, the appropriate Officers of the Company shall execute and deliver, and in the case of Shares for which a Transfer Agent has been appointed, the Transfer Agent shall countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the Record Holder's instructions, one or more new Certificates evidencing the same aggregate number and type of Shares as were evidenced by the Certificate so surrendered, provided that a transferor shall provide the address and facsimile number for each such transferee as set forth on Exhibit A at any time.

(d) The Company shall not recognize any Transfer of Shares evidenced by Certificates until the Certificates evidencing such Shares are surrendered for registration of Transfer. No charge shall be imposed by the Company for such Transfer; provided, that as a condition to the issuance of Shares, whether or not such Shares are evidenced by Certificates, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed with respect thereto. The Company's transfer agent may require a transferring shareholder to pay reasonable and customary fees in connection with any voluntary transfer of Class A shares.

(e) By acceptance of the Transfer of any Share, each transferee of a Share (including any nominee holder or an agent or representative acquiring such Shares for the account of another Person) (i) shall be admitted to the Company as a Substitute Member with respect to the Shares so Transferred to such transferee when any such Transfer or admission is reflected in the books and records of the Company or the Transfer Agent, as applicable, (ii) shall be deemed to agree to be bound by the terms of this Agreement, (iii) shall become the Record Holder of the Shares so transferred, (iv) grants powers of attorney to the Officers of the Company and any Liquidating Trustee, as specified herein, and (v) makes the consents and waivers contained in this Agreement. The Transfer of any Shares and the admission of any new Member shall not constitute an amendment to this Agreement.

(f) Nothing contained in this Agreement shall preclude electronic book-entry only Transfer of Shares or the settlement of any transactions involving Shares entered into through electronic systems maintained by the Administrator on behalf of the Company, facilities of the Depository or any National Securities Exchange on which such Shares are listed for trading.

(g) The Initial Member and its Affiliates shall not be permitted to Transfer any Class B Shares that are Beneficially Owned by them prior to the one-year anniversary of the final closing of the Offering, except to a Masterworks Affiliate or as required by law or in bankruptcy or similar proceeding, provided, however, notwithstanding the definition of the term “Transfer,” the Initial Member and its Affiliates shall be permitted, during such one-year period, to pledge any or all of such Shares to unaffiliated third-party lenders and, for the avoidance of doubt, such lenders shall not be subject to the provisions of this Section 2.7(g) if they obtain Beneficial Ownership of such Shares in connection with a default by the Initial Member and its Affiliates pursuant to the transactions in which such third-party lenders obtained such Shares.

(h) Any Class A shares held by a Member that beneficially owns greater than 10% of the outstanding Class A shares, whether or not any of such shares constitute Voting Shares for purposes of this Agreement, shall bear a customary “restricted” legend, which may be a virtual legend, evidencing the restricted nature thereof. Such Member shall not be entitled to execute a voluntarily transfer of such shares through the ATS (or any similar system or market that permits transfers of unrestricted securities) or request removal of such restrictive legend on such shares, unless the Company and its Transfer Agent are satisfied, in their sole and absolute discretion, that such proposed de-legending and/or transfer complies with applicable federal securities laws and the Company and/or its Transfer Agent shall be entitled to require the requesting Member to furnish the Company with an opinion from counsel of national recognition in support of such request.

(i) The Class C Ordinary Share, once issued, can only be transferred between Masterworks affiliated entities, including from one Masterworks Investor to another.

(j) Any Transfer or attempted Transfer of any Share(s) in contravention of this Agreement shall be absolutely null and void *ab initio* and of no force or effect, on or against the Company, any Member, any creditor of the Company or any claimant against the Company and may be enjoined, and shall not be recorded on the books and records of the Company. No distributions of cash or property of the Company shall be made to any transferee of any Share(s) which is/are Transferred in violation hereof, nor shall any such Transfer be registered on the books of the Company. The Transfer or attempted Transfer of any Share(s) in violation hereof shall not affect the Beneficial Ownership of such Share(s), and, notwithstanding such Transfer or attempted Transfer, the Member making such prohibited Transfer or attempted Transfer shall retain the right to vote, if any, and the right to receive liquidation proceeds and any other distributions with respect to the Shares.

2.8 Voting.

(a) Each Voting Share shall be entitled to and shall constitute one (1) vote. Except as otherwise set forth in this Agreement, the Voting Shares shall vote together as a single class on all matters submitted for approval of Members. Upon the issuance of the Class B Ordinary Shares in exchange for the Prior Interests, the Class B Ordinary Shares shall constitute Voting Shares and have the right to vote on any matter on which the Members are entitled to vote on hereunder or on which the Members are required to vote pursuant to the Delaware Act and shall be entitled to and shall constitute one (1) vote. Upon any issuance of any Class A Ordinary Shares, the Class B Ordinary Shares shall no longer constitute Voting Shares and shall have no further voting rights except as specifically set forth herein, unless such right to vote is specifically required and mandated by the Delaware Act or as set forth herein. The Class A Preferred Shares do not constitute Voting Shares.

(b) In determining any action or other matter to be undertaken by or on behalf of the Company, each Member shall be entitled to cast a number of votes equal to the number of Voting Shares that such Member holds, with the power to vote, at the time of such vote unless otherwise set forth in this Agreement. Unless otherwise set forth in this Agreement, or otherwise required by the Delaware Act, the taking of any action by the Company which required a vote of the Members as set forth above shall be authorized by the affirmative vote of a majority of the Voting Shares, subject to any approval of the Board as required herein.

(c) Notwithstanding the forgoing, any Class A Shares issued to any Affiliate of the Administrator pursuant to the Management Services Agreement, as set forth in Section 2.4 or otherwise held by any Affiliate of the Administrator (the “Masterworks Shares”), shall not, while such Shares are Beneficially Owned by any Affiliate of the Administrator, be entitled to vote on any matter on which the Class A Members are entitled or required to vote hereunder or pursuant to the Delaware Act, and shall not be considered in determining the existence of a quorum or in the total number of votes available or required hereunder or pursuant to

the Delaware Act. Once the Masterworks Shares, if any, are Transferred to any Person who is not an Affiliate of the Administrator, the Masterworks Shares shall thereafter have all voting rights that any other Voting Shares held by any Class A Member have hereunder or pursuant to the Delaware Act. In the event that the Delaware Act or any other law requires, at any time, that the Masterworks Shares vote on any matter notwithstanding the provisions herein, the Masterworks Shares shall be required to be, and shall be, voted in the same proportion as the Voting Shares that are not Masterworks Shares are voted by the Class A Members. Any Masterworks Shares shall bear a customary “restricted” legend, which may be a virtual legend, evidencing the restricted nature thereof.

(d) In addition to the other matters on which the Members holding Voting Shares have the right to vote as set forth herein, the approval of Members holding a majority of the Voting Shares shall be required for the Company to undertake any of the following actions, except as otherwise set forth herein:

(i) acquiring any additional material assets, other than those incidental to the direct or indirect ownership, maintenance and promotion of the Artwork or the eventual Sale of the Artwork and other than the ownership of any equity or membership interests of any subsidiary of the Company which owns or holds the Artwork;

(ii) conducting any business activities, except for activities relating to its direct or indirect investment in the Artwork and the ownership, maintenance and promotion of the Artwork or the eventual Sale of the Artwork; and

(iii) incurring any material loans or material borrowing arrangements to be entered into by the Company as a debtor other than those incidental to the direct or indirect investment in the Artwork and the ownership, maintenance and promotion of the Artwork or the eventual Sale of the Artwork;

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(iv) amending, waiving or failing to comply with any material provision of this Agreement, including amending this Agreement to increase the number of Shares that may be issued hereunder; and

(e) The Company will own the Artwork for an indefinite period and may sell the Artwork at any time following the final closing of the Offering.

(f) In any vote of the Voting Members pursuant to Section 2.8(d), any Shares that are Beneficially Owned by the Initial Member or any Affiliate of the Initial Member, shall not be entitled to vote of any such matter and shall not be considered in determining the total number of votes available or required hereunder or pursuant to the Delaware Act, provided, however, that, in the event that the Delaware Act or any other law requires that such Shares that are Beneficially Owned by the Initial Member or any Affiliate of the Initial Member vote on any matter notwithstanding this Section 2.8(f), such Shares shall be required to be, and shall be, voted in the same proportion as the Voting Shares that are Beneficially Owned by Members holding Voting Shares other than the Initial Member or any Affiliate of the Initial Member.

(g) Any member that beneficially owns 5% or more of the Class A shares (excluding shares beneficially owned by Masterworks) may provide the Company with a Vote Limit Certificate in the form of Exhibit B that from the effective date set forth in such notice (or if no such effective date is indicated, the date such notice is received by the Company) such Member shall be subject to a Vote Limit. Any shares beneficially owned by such Vote Limited Member in excess of the Vote Limit shall not constitute Voting Shares for any purposes of this Agreement for so long as such shares are beneficially owned by such Vote Limited Member or any affiliate of such Vote Limited Member.

2.9 Removal or Replacement of a Manager. Any Manager may be removed or replaced without “Cause” at any time by a majority of the Board and each Manager may be removed and or replaced and our Board can be reconstituted for any reason by the Class C Member, if any.

In addition, any Manager may be removed for “Cause” upon the approval of Voting Members holdings at least two-thirds of the Voting Shares. For purposes herein, “Cause” shall mean:

(a) the commission by the applicable Manager of fraud, gross negligence or willful misconduct;

(b) the conviction of the applicable Manager of a felony;

(c) a material violation by the applicable Manager of any applicable law that has a material adverse effect on the business of the Company;

(d) the bankruptcy or insolvency of the applicable Manager.

2.10 Withdrawal or Removal and Replacement of Administrator. The Administrator may withdraw for any reason upon notice to the Initial Member, provided that such withdrawal shall be effective only following a Sale of the Artwork and distribution of the proceeds. The Administrator may be removed and replaced at any time for any reason with or without approval of the Board upon the affirmative vote of Voting Members holding at least two-thirds of the Voting Shares.

ARTICLE 3 CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNT; DISTRIBUTIONS; ALLOCATIONS

3.1 Capital Contributions. Persons seeking to become a Member shall be required to purchase or acquire Shares and make capital contributions in such forms and in such amounts and at such times as the Board may require, if any, in its sole discretion (any, a “Capital Contribution”) whereupon a capital account for a new Member will be established, and, if applicable, accreted, in the amount of such Member’s Capital Contribution or based upon the fair market value of property contributed, and the new Member shall be issued a number of Class A Ordinary Shares as determined by the Board, and the Board shall update Exhibit A attached hereto accordingly. The provisions of this Section 3.1 are solely intended for the benefit of the Members and, to the fullest extent permitted by law, shall not be construed as conferring any benefit upon any creditor of the Company (and no such creditor shall be a third-party beneficiary of this Agreement). The Members shall have no duty or obligation to any creditor of the Company to make any contribution to the Company.

3.2 Capital Account

(a) There shall be established for each Member on the books of the Company a Capital Account in accordance with Section 704 of the Code and the Treasury Regulations promulgated thereunder.

(b) At the close of each Fiscal Year, and at certain other periods, as in the case of a withdrawal, there shall be determined for each Member, such Member’s closing Capital Account for such period which shall be determined by adjusting such Member’s opening Capital Account for such period, as the case may be, as follows: (i) by increasing such Member’s Capital Account by (A) such Member’s allocable share of each item of the Company’s income and gain for such period (allocated in accordance with Section 3.2(d)), and (B) the Capital Contributions, if any, made by such Member during such period and (ii) by decreasing such Member’s Capital Account by (A) the amount of cash or the Fair Value of any property distributed in kind to such Member by the Company during such period and (B) such Member’s allocable share of each item of the Company’s loss and deduction for such period (allocated in accordance with Section 3.2(d)). Each Member’s Capital Account shall be further adjusted with respect to any special allocations or adjustments pursuant to this Agreement.

(c) In the event the Company is terminated during any period in accordance with ARTICLE 6, the closing Capital Accounts of the Members for such Fiscal Year then completed will be determined as of the date of termination of the Company in the manner provided in this Section 3.2.

(d) For each Fiscal Period, as of the end of such Fiscal Period, each item of income, deduction, gain or loss of the Company (determined in accordance with U.S. tax principles as applied to the maintenance of capital accounts) shall be allocated among the Capital Accounts of the Members in such manner that as closely as possible gives economic effect to the provisions of Section 3.3 and Section 6.3(b).

(e) If all or a portion of a Member’s Shares are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Shares so transferred.

3.3 Distributions

(a) The Company, in the sole discretion of the Board, in the event there are Available Funds, may make distributions thereof (“Distributions”) to Members as set forth herein. “Available Funds” means the Company’s gross cash receipts from operations, less the sum of: (1) payments of principal, interest, charges and fees pertaining to any of the Company’s indebtedness; (2) costs and expenses incurred in the conduct of the Company’s business; and (3) amounts reserved to meet the reasonable needs of the Company’s business. Notwithstanding anything herein to the contrary, no Member may receive a Distribution to the extent that, after

giving effect to the Distribution, all liabilities of the Company (other than to a Member on account of its Shares and liabilities for which the recourse of creditors is limited to specific property of the Company) exceed the fair market value of the assets of the Company (except that property that is subject to a liability for which the recourse of the creditors is limited to such property shall be included in the assets of the Company only to the extent the Fair Market Value of such property exceeds that liability). In the event of a Distribution to a Member that would be deemed violative of applicable law, the applicable Member may be required to return such Distribution to the Company. Each Distribution in respect of any Shares shall be paid by the Company, directly or through the Transfer Agent or through any other Person or agent, only to the Record Holder of such Shares as of the Record Date set for such Distribution. Such payment shall constitute full payment and satisfaction of the Company's liability in respect of such payment, regardless of any claim of any Person who may have an interest in such payment by reason of an assignment or otherwise.

(b) If the Administrator declares and determines to make any Distribution of cash or other assets to the Members, all such Distributions shall be made to the Members as follows:

(A) 100% to the Class A Preferred Members, pro rata in proportion to the number of Class A Preferred Shares held by each such Member until the aggregate Distributions (including all prior Distributions made pursuant to this Section 3.3, if any) paid per Class A Preferred Share equals \$20.00; and

(B) 100% to the Members holding Class A Ordinary Shares, pro rata in proportion to the number of Class A Ordinary Shares held by each such Member until the aggregate Distributions (including all prior Distributions made pursuant to this Section 3.3, if any) paid per Class A Ordinary Share equals \$20.00; and

(C) In the event any funds remain available for distribution after payments referenced in clause (B), (1) 80% of such remaining amount to the Class A Members, pro rata in proportion to the number of Class A Shares held by each such Member and (2) 20% of such remaining amount to the Class B Members, pro rata in proportion to the number of Class B Ordinary Shares held by each such Member, *provided* that the percentage of such remaining amount required to be distributed to the Class B Members shall be reduced (and the percentage distributed to the Class A Members shall be correspondingly increased) to the extent any Class B Ordinary Shares have been previously converted into Class A Ordinary Shares, by the percentage of Class B Ordinary Shares previously converted into Class A Ordinary Shares. Upon mutual agreement of the Class B Members and the Company, the Class B Ordinary Shares may be redeemed by the Company for a nominal amount.

(c) By way of examples and not limitation, (i) in the event of a Distribution pursuant to Section 3.3(b)(C) prior to the conversion of any Class B Ordinary Shares, such Distribution shall be apportioned 20% to the Class B Ordinary Shares and 80% to the Class A Shares, pro rata, and (ii) in the event of a Distribution pursuant to Section 3.3(b)(C) following the conversion of 25% of the Class B Ordinary Shares, the Distribution apportioned to the Class B Ordinary Shares shall be proportionately reduced by 25% of 20%, to 15%.

(d) Except as otherwise provided herein or as required by law, no Member shall be required to restore or repay to the Company any funds properly distributed to it pursuant to this Section 3.3.

3.4 Tax Allocations. Each item of income, gain, loss or deduction recognized by the Company shall be allocated among the Members for U.S. federal, state and local income tax purposes in the same manner that each such item is allocated to the Member's Capital Accounts pursuant to Section 3.2(d) or as otherwise provided herein, provided that the Board may adjust such allocations as long as such adjusted allocations have substantial economic effect or are in accordance with the interests of the Members in the Company, in each case within the meaning of the Code and the Treasury Regulations. Tax credits and tax credit recapture shall be allocated in accordance with the Members' interests in the Company as provided in Treasury Regulations section 1.704-1(b)(4)(ii). Items of Company taxable income, gain, loss and deduction with respect to any property (other than cash) contributed to the capital of the Company or revalued shall, solely for tax purposes, be allocated among the Members, as determined by the Board in accordance with Section 704(c) of the Code, so as to take account of any variation between the adjusted basis of such property to the Company for U.S. federal income tax purposes and its fair market value at the time of contribution or revaluation, as the case may be. All of the Members agree that the Board is authorized to select the method or convention, or to treat an item as an extraordinary item, in relation to any variation of any Member's interest in the Company described in section 1.706-4 of the Treasury Regulations in determining the Members' distributive shares of Company items. All matters concerning allocations for U.S. federal, state and local and non-U.S. income tax purposes, including accounting procedures, not expressly provided for by the terms of this Agreement shall be determined by the Board in its sole discretion. Each Class B Ordinary Share is intended to be treated as a profits interest for U.S. federal income tax purposes, and all of the Members agree to report consistently with, and to take any action requested by the Board to ensure, such treatment.

ARTICLE 4 LIABILITY; INDEMNIFICATION

4.1 Liability of a Member. The liability of each Member shall be limited as provided in the Delaware Act and as set forth in this Agreement. No Member shall be obligated to restore by way of Capital Contribution or otherwise any deficits in its Capital Account (if such deficits occur).

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4.2 Exculpation and Indemnification.

(a) No Protected Person shall be liable to the Company or any Manager or any other Member for any action taken or omitted to be taken by it or by other Person with respect to the Company, including any negligent act or failure to act, except in the case of a liability resulting from such Protected Person's own actual fraud, gross negligence, willful misconduct, bad faith, breach of fiduciary duty, reckless disregard of duty or any intentional and material breach of this Agreement or conduct that is subject of a criminal proceeding (where such Protected Person has reasonable cause to believe that such conduct was unlawful). With the prior consent of the Board, any Protected Person may consult with legal counsel and accountants with respect to Company affairs (including interpretations of this Agreement) and shall be fully protected and justified in any action or inaction which is taken or omitted in good faith, in reliance upon and in accordance with the opinion or advice of such counsel or accountants. In determining whether a Protected Person acted with the requisite degree of care, such Protected Person shall be entitled to rely on written or oral reports, opinions, certificates and other statements of the directors, officers, employees, consultants, attorneys, accountants and professional advisors of the Company selected with reasonable care; provided that no such Protected Person may rely upon such statements if it believed that such statements were materially false.

(b) To the fullest extent permitted by law, the Company shall indemnify, hold harmless, protect and defend each Protected Person against any losses, claims, damages or liabilities, including reasonable legal fees, costs and expenses incurred in investigating or defending against any such losses, claims, damages or liabilities or in enforcing a Protected Person's right to indemnification under this Agreement, and any amounts expended in respect of settlements of any claims approved by the Board (collectively, "Liabilities"), to which any Protected Person may become subject:

(i) by reason of any act or omission or alleged act or omission (even if negligent) arising out of or in connection with the activities of the Company;

(ii) by reason of the fact that it is or was acting in connection with the activities of the Company in any capacity or that it is or was serving at the request of the Company as a partner, shareholder, member, director, officer, employee, or agent of any Person;

unless, such Liability results from such Protected Person's own actual fraud, gross negligence, willful misconduct, bad faith, breach of fiduciary duty, reckless disregard of duty or intentional and material breach of this Agreement or conduct that is subject of a criminal proceeding (where such Protected Person has reasonable cause to believe that such conduct was unlawful).

(c) The Administrator may, on behalf of the Company, reimburse (and/or advance to the extent reasonably required) each Protected Person for reasonable legal or other costs and expenses (as incurred) of such Protected Person in connection with investigating, preparing to defend or defending any claim, lawsuit or other proceeding relating to any Liabilities for which the Protected Person may be indemnified pursuant to this Section 4.2 and for all costs and expenses, including fees, expenses and disbursements of attorneys, reasonably incurred by such Protected Person in enforcing the indemnification provisions of this Section 4.2; provided, that such Protected Person executes a written undertaking to repay the Company for such reimbursed or advanced costs and expenses if it is finally judicially determined that such Protected Person is not entitled to the indemnification provided by this Section 4.2. Upon any liquidation of the Company, such reimbursements or advancement of expenses shall be reimbursed by the Company to the Administrator prior to any other distributions hereunder.

(d) The provisions of this Section 4.2 shall continue to afford protection to each Protected Person regardless of whether such Protected Person remains in the position or capacity pursuant to which such Protected Person became entitled to indemnification under this Section 4.2 and regardless of any subsequent amendment to this Agreement; provided, that, no such amendment shall reduce or restrict the extent to which these indemnification provisions apply to actions taken or omissions made prior to the date of such amendment.

(e) Any indemnification under this Section 4.2 or otherwise shall be paid out of and to the extent of the Company's assets only.

ARTICLE 5 ACCOUNTING; FINANCIAL AND TAX MATTERS

5.1 Accounting Basis. The Company shall use such method of accounting as may be determined by the Board that is consistent with United States generally accepted accounting principles or such other accounting methods and conventions as the Board may from time to time determine to be used in the preparation of the Company's tax returns.

5.2 Tax Matters.

(a) The Board (shall designate a Person as the partnership representative of the Company for purposes of Section 6223 of the Code ("Partnership Representative") and any similar provision under any state or local or non-U.S. tax laws, and such Person shall be responsible for acting as the liaison between the Company and the Internal Revenue Service ("Service"). The Partnership Representative shall have the exclusive authority and discretion to determine all matters and shall be authorized to take any actions necessary with respect to preparing and filing any U.S. federal, state or local or non-U.S. tax returns of the Company, to make or cause the Company to make any elections required or permitted to be made by the Company under any provisions of the Code or any other applicable laws and has the sole authority under the Code to deal with the Service regarding any audit, examination or investigation (including any judicial or administrative proceeding) of the Company by any U.S. federal, state or local or non-U.S. taxing authority ("Tax Proceeding") to the exclusion of all Members. At any time during an audit by the Service of the Company, the Board shall have the authority to remove, with or without cause, the Partnership Representative and appoint a replacement Partnership Representative.

(b) Each of the Members consents to and agrees to become bound by all actions of the Partnership Representative, including any contest, settlement or other action or position which the Partnership Representative may deem proper under the circumstances. The Members specifically acknowledge, without limiting the general applicability of this Section 5.2, that the Partnership Representative will not be liable, responsible or accountable in damages or otherwise to the Company or any Member with respect to any action taken by it in its capacity as a Partnership Representative, except for bad faith, fraud, gross negligence, willful misconduct or breach of fiduciary duty. All reasonable out-of-pocket expenses incurred by the Partnership Representative in such capacity will be considered expenses of the Company for which the Partnership Representative will be entitled to full reimbursement.

(c) In connection with any Tax Proceeding, the Partnership Representative shall resolve each issue in the Tax Proceeding only in accordance with the affirmative accession of the Board to the advice of the Partnership Representative made, either independently or in consultation with the Company's tax preparer, after appropriately articulating to it the issues involved and the dynamics of the impact upon the Company and the Members respective to any such proposed posture.

(d) If, in connection with a Tax Proceeding, the Service assesses a tax against the Company, the Partnership Representative, acting under Section 6225(c)(2) of the Code, may require all of the Members, or Persons who were previously Members as to an applicable Reviewed Year but not as of an applicable Adjustment Year, and the Persons signing this Agreement as a condition to becoming a Member hereby agree in such case, to file amended tax returns for the Reviewed Year and to pay their share of such assessed tax for such applicable period, in proportion to the share of partnership income or loss ascribed to each for such year, or, as necessary, upon such substantially similar allocation basis as the former basis of allocation may under then existing circumstances be required to be modified to address in a case in which the obligated Person would not as of such an applicable Adjustment Year then be a Member. This provision shall survive each Person's cessation as a Member of the Company or any amendment or termination of this Agreement for so long as a return of a Reviewed Year of the Company as to which any Person was a Member would be open to audit, and each Person signing this Agreement as a Member hereby agrees to indemnify the Company and the other Members from and against any amounts of assessed taxes as they would be otherwise obligated to pay in accordance with this Section 5.2, in a case in which such Person would not do so, as well as against all reasonable attorneys' fees and costs that would be incurred by the Company or such other one or more Members in the event undertakings, including legal proceedings, to enforce such obligation hereunder against such Person were commenced.

(e) The Members acknowledge that the Board reserves the right to supplement or amend any applicable provisions of this Agreement, including as to this Section 5.2, to address such additional processes or procedures as may be indicated as such unresolved issues are prospectively addressed as to reasonably facilitate the Company's compliance with the Code.

(f) The Members shall provide the Company with such information, which may be necessary or desirable in connection with preparing and filing tax elections or otherwise in connection with the compliance with applicable tax laws, including providing information in connection with Section 743 of the Code and elections permitted thereunder. The Board shall cause to be prepared and filed all tax returns of the Company that are required for U.S. federal, state or local or non-U.S. tax purposes and shall make all determinations as to tax elections by the Company. The Company shall use reasonable efforts to furnish to all Members tax information as is reasonably required for U.S. federal, state and local income tax reporting purposes as soon as practicable following the end of the fiscal year. Each Member shall be required to report for all tax purposes consistently with such information provided by the Company.

(g) Notwithstanding anything otherwise to the contrary herein, the Board is authorized to take any action that may be required to cause the Company to comply with any withholding or other similar requirements established pursuant to the Code or any other provision of U.S. federal, state or local or non-U.S. tax law or otherwise. To the extent the Company is required to or elects to withhold and pay over or otherwise pay any withholding or other taxes payable, or required to be deducted, by the Company or any of its Affiliates pursuant to the Code or any provision of U.S. federal, state or local or non-U.S. tax law or otherwise, attributable to a Member (including taxes attributable to income or gain allocable to such Member) or resulting from such Member's participation in the Company or a Transfer to such Member, the Board may treat the amount withheld as a distribution of cash pursuant to Section 3.4 to the extent such Member would have received a cash distribution but for such withholding or other taxes. To the extent that such payment exceeds the cash distribution that such Member would have received but for such withholding or other taxes, the Board shall notify such Member as to the amount of such excess and such Member shall make a prompt payment to the Company of such amount by wire transfer, which payment shall not constitute a Capital Contribution of such Member.

ARTICLE 6 DISSOLUTION; REDEMPTION; WINDING UP; TERMINATION

6.1 Dissolution. The Company shall commence its winding up upon the first to occur of the following (the "Dissolution Event"):

- (a) upon the determination of the Voting Members with the approval of the Board, at any time;
- (b) the insolvency or bankruptcy of the Company;
- (c) the sale of all or substantially all of the Company's assets, which for the avoidance of doubt includes a sale of 100% of the equity interests of any subsidiary of the Company which owns the Artwork or the Sale of the Artwork by the Company or such subsidiary; or
- (d) the entry of a decree of judicial dissolution under Section 18-802 of the Delaware Act.

The Dissolution Event shall be effective on the day on which such event occurs and immediately thereafter the Company shall commence the Winding Up Period during which its affairs shall be wound up in accordance with Section 6.2, Section 6.3 and Section 6.4.

6.2 Redemption.

(a) Upon the occurrence of the Sale of the Artwork, the Company shall use its reasonable best efforts to repurchase and redeem all of the Class A Ordinary Shares outstanding (the "Redemption Shares") from each Class A Member for an amount per Class A Ordinary Share equal to the Liquidation Price (the "Redemption"). The Redemption of any Class A Ordinary Share shall be effected by the Company making payment of the Liquidation Price to the account of the Member (or to a custodian or agent for the benefit of the Member) or by such other means as the Board reasonably determines and the Class A Ordinary Share(s) for which the liquidation amount has been paid shall be deemed to be retired and canceled immediately upon the making of such payment.

(b) Notwithstanding anything to the contrary in this Agreement, the Redemption shall be completed no later than one day prior to the date a liquidating distribution is required to be made pursuant to Section 6.3 hereof (the "Redemption End Date").

(c) To the extent that the Redemption is not complete as of the Redemption End Date, any Class A Members remaining shall be paid a liquidating distribution equal to the Liquidation Price per Share in accordance with Section 6.3 hereto.

(d) No monies shall be distributed to the Administrator, the Initial Member or their Affiliates pursuant to this Section 6.2 in respect of Shares owned by them and such funds shall only be distributed in connection with a liquidating distribution pursuant to Section 6.3.

(e) The Company shall not execute a Redemption unless and until the Company has determined that (i) the Liquidation Price payable in the Redemption will be the same as the amount payable per Class A Ordinary Share in a liquidating distribution and (ii) no liabilities, obligations or claims (actual or contingent), other than claims of Members with respect to Shares, exist, will be incurred or are reasonably likely to be asserted against the Company and the Company shall have obtained reasonable assurances from the Administrator that any liabilities, obligations or claims, if asserted, would be the sole and absolute responsibility of the Administrator pursuant to the Administrative Services Agreement, irrespective of the nature or magnitude of such liabilities, obligations or claims.

(f) Except as otherwise provided herein or as required by law, no Member shall be required to restore or repay to the Company any funds properly distributed to it pursuant to this Section 6.2.

6.3 Winding Up and Termination.

(a) Except to the extent set forth in Section 6.2, upon the occurrence of a Dissolution Event, the property and business of the Company shall be wound up by the Board or, in the event of the unavailability of the Board, by a Person designated as a liquidating trustee by the Board (the Board or such liquidating trustee, the "Liquidating Trustee"). Subject to the requirements of applicable law and the further provisions of this Section 6.3, the Liquidating Trustee shall have discretion in determining whether to sell or otherwise dispose of Company assets or to distribute the same in kind and the timing and manner of such disposition or distribution. While the Company continues to hold assets, the Liquidating Trustee may in its discretion expend funds, acquire additional assets and borrow funds. The Liquidating Trustee may also authorize the payment of fees and expenses reasonably required in connection with the winding up of the Company and any fees and expenses payable pursuant to any agreement to which the Company is party.

(b) Within a reasonable period of time following the occurrence of a Dissolution Event, after allocating all items of income, gain, loss or deduction pursuant to Section 3.4, the Company's assets (except for assets reserved pursuant to Section 6.4) shall be applied and distributed in the following manner and order of priority:

(i) the claims of all creditors of the Company (including Members except to the extent not permitted by law) shall be paid and discharged other than liabilities for which reasonable provision for payment has been made; and

(ii) to the Members in the same manner as Distributions under Section 3.3.

Notwithstanding anything to the contrary in this Agreement, liquidating distributions shall be made no later than the last to occur of (x) 90 days after the date of disposition (including pursuant to Section 6.4 of the last remaining asset of the Company and (y) the end of the Company's taxable year in which the disposition referred to in clause (x) shall occur.

(c) The Liquidating Trustee shall allocate securities for distribution in kind to the Members. Notwithstanding any other provision of this Agreement, the amount by which the Fair Value of any property to be distributed in kind to the Members (including property distributed in liquidation and property distributed pursuant to Section 3.3) exceeds or is less than the adjusted basis of such property shall, to the extent not otherwise recognized by the Company, be taken into account in computing income, gains and losses of the Company for purposes of crediting or charging the Capital Account of, and distributing proceeds to, the Members, pursuant to this Agreement.

(d) When the Liquidating Trustee has completed the winding up described in this Section 6.3, the Liquidating Trustee shall cause the Termination of the Company.

6.4 Assets Reserved and Pending Claims.

(a) If, upon the occurrence of a Dissolution Event, there are any assets that, in the judgment of the Liquidating Trustee, cannot be sold or distributed in kind without sacrificing a significant portion of the value thereof or where such sale or distribution is otherwise impractical at the time of the Dissolution Event, such assets may be retained by the Company if the Liquidating Trustee determines that the retention of such assets is in the best interests of the Members. Upon the sale of such assets or a determination by the Liquidating Trustee that circumstances no longer require their retention, such assets (at their Fair Value) or the proceeds of their

sale shall be taken into account in computing Capital Account on winding up and amounts distributable pursuant to Section 6.3(b), and distributed in accordance with such value.

(b) If there are any claims or potential claims (including potential Company expenses in connection therewith) against the Company (either directly or indirectly, including potential claims for which the Company might have an indemnification obligation) for which the possible loss cannot, in the judgment of the Liquidating Trustee, be definitively ascertained, then such claims shall initially be taken into account in computing The Capital Account upon winding up and distributions pursuant to Section 6.3(b) at an amount estimated by the Liquidating Trustee to be sufficient to cover any potential loss or liability on account of such claims (including such potential Company expenses), and the Company shall retain funds (or assets) determined by the Liquidating Trustee in its discretion as a reserve against such potential losses and liabilities, including expenses associated therewith, and for any other Company purpose. The Liquidating Trustee may in its discretion obtain insurance or create escrow accounts or make other similar arrangements with respect to such losses and liabilities. Upon final settlement of such claims (including such potential Company expenses) or a determination by the Liquidating Trustee that the probable loss therefrom can be definitively ascertained, such claims (including such potential Company expenses) shall be taken into account in the amount at which they were settled or in the amount of the probable loss therefrom in computing the Capital Account on winding up and amounts distributable pursuant to Section 6.3(b), and any excess funds retained shall be distributed as such funds would be distributed under Section 6.3(b).

ARTICLE 7 MEMBER MEETINGS

7.1 Member Meetings.

(a) There shall be no meetings of the Members unless called by the Board or as otherwise specifically required by the Delaware Act. No Members or group of Members, acting in its or their capacity as Members, shall have the right to call a meeting of the Members.

(b) All acts of Members to be taken hereunder shall be taken in the manner provided in this Agreement. If authorized by the Board, and subject to such guidelines and procedures as the Board may adopt, if a meeting of the Members is called Members and proxyholders not physically present at a meeting of Members may by means of remote communication participate in such meeting and be deemed present in person and vote at such meeting.

(c) A majority of the Shares present at such meeting, either in person or by proxy, and entitled to vote thereat, shall constitute a quorum for the purpose of such meeting, unless any such matter to be acted upon requires the approval of two-thirds of the Voting shares, in which case two-thirds of the Shares present at such meeting, either in person or by proxy, and entitled to vote thereat, shall constitute a quorum for the purpose of such meeting. The Delaware Court of Chancery may issue such orders as may be appropriate, including orders designating the time and place of such meeting, the record date for determination of Members entitled to vote, and the form of notice of such meeting.

(d) No Members or group of Members, acting in its or their capacity as Members, shall have the right to call a meeting of the Members.

7.2 Notice of Meetings of Members.

(a) Notice, stating the place, day and hour of any meeting of the Members, as determined by the Board, and the purpose or purposes for which the meeting is called, as determined by the Board, shall be delivered by the Company not less than 5 calendar days nor more than 60 calendar days before the date of the meeting, in a manner and otherwise in accordance with the terms herein to each Record Holder who is entitled to vote at such meeting. Such further notice shall be given as may be required by Delaware or applicable federal law or any exchange on which any Shares are then listed. Only such business shall be conducted at a meeting of Members as shall have been brought before the meeting pursuant to the Company's notice of meeting. Any previously scheduled meeting of the Members may be postponed, and any meeting of the Members may be canceled, by resolution of the Board upon public notice given prior to the date previously scheduled for such meeting of the Members.

(b) The Board shall designate the place of meeting for any meeting of the Members. If no designation is made, the place of meeting shall be the principal office of the Company.

7.3 Record Date. For purposes of determining the Members entitled to notice of or to vote at a meeting of the Members, the Board may set a Record Date, which shall not be less than 5 nor more than 60 days before the date of the meeting (unless such requirement conflicts with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Shares are listed for trading, in which case the rule, regulation, guideline or requirement of such exchange shall govern). If no Record Date is fixed by the Board, the Record Date for determining Members entitled to notice of or to vote at a meeting of Members shall be at the close of business on the day next preceding the day on which notice is given. A determination of Members of record entitled to notice of or to vote at a meeting of Members shall apply to any adjournment or postponement of the meeting; provided, however, that the Board may fix a new Record Date for the adjourned or postponed meeting.

7.4 Adjournment. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed, if the time and place thereof are announced at the meeting at which the adjournment is taken, unless such adjournment shall be for more than 30 days. At the adjourned meeting, the Company may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days or if a new Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with this ARTICLE 7.

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7.5 Waiver of Notice; Approval of Meeting. Whenever notice to the Members is required to be given under this Agreement, a written waiver, signed by the Person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a Person at any such meeting of the Members shall constitute a waiver of notice of such meeting, except when the Person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Members need be specified in any written waiver of notice unless so required by resolution of the Board. All waivers and approvals shall be filed with the Company records or made part of the minutes of the meeting.

7.6 Quorum; Required Vote. At any meeting of the Members, the holders of a majority of the Voting Shares entitled to vote represented in person or by proxy shall constitute a quorum unless any such action by the Members requires approval by holders of a greater percentage of Voting Shares entitled to vote, in which case the quorum shall be such greater percentage. The submission of matters to Members for approval shall occur only at a meeting of the Members duly called and held in accordance with this Agreement at which a quorum is present; provided, however, that the Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by the required percentage of Shares entitled to vote specified in this Agreement. Any meeting of Members may be adjourned from time to time by the chairman of the meeting to another place or time, without regard to the presence of a quorum.

7.7 Conduct of a Meeting; Member Lists.

(a) The Board shall have full power and authority concerning the manner of conducting any meeting of the Members, including the determination of Persons entitled to vote, the existence of a quorum, the satisfaction of the requirements of this ARTICLE 7, the conduct of voting, the validity and effect of any proxies and the determination of any controversies, votes or challenges arising in connection with or during the meeting or voting. The Board shall designate a Person to serve as chairman of any meeting and shall further designate a Person to take the minutes of any meeting. All minutes shall be kept with the records of the Company maintained by the Board. The Board may make such other regulations consistent with applicable law and this Agreement as it may deem advisable concerning the conduct of any meeting of the Members, including regulations in regard to the appointment of proxies, the appointment and duties of inspectors of votes, the submission and examination of proxies and other evidence of the right to vote.

(b) A complete list of Members entitled to vote at any meeting of Members, arranged in alphabetical order and showing the address of each such Member and the number of Shares registered in the name of such Member, shall be open to the examination of any Member, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days before the meeting, at the principal place of business of the Company. The Member list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Member who is present.

7.8 Action Without a Meeting. On any matter that is to be voted on, consented to or approved by Members, the Members may take such action without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, shall be approved by the Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted.

7.9 Voting and Other Rights.

(a) Only those Record Holders of Voting Shares on the Record Date set pursuant to Section 7.3 shall be entitled to notice of, and to vote at, a meeting of Members or to act with respect to matters as to which the holders of the Voting Shares have the right to vote or to act. All references in this Agreement to votes of, or other acts that may be taken by, the Voting Shares shall be deemed to be references to the votes or acts of the Record Holders of such Voting Shares on such Record Date.

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(b) With respect to Voting Shares that are held for a Person's account by another Person (such as a broker, dealer, bank, trust company or clearing corporation, or an agent of any of the foregoing), in whose name such Voting Shares are registered, such other Person shall, in exercising the voting rights in respect of such Voting Shares on any matter, and unless the arrangement between such Persons provides otherwise, vote such Voting Shares in favor of, and at the direction of, the Person who is the Beneficial Owner, and the Company shall be entitled to assume it is so acting without further inquiry.

(c) No Members shall have any cumulative voting rights.

7.10 Proxies and Voting.

(a) On any matter that is to be voted on by Members, the Members may vote in person or by proxy, and such vote may be made, or proxy may be granted in writing, by means of electronic transmission or as otherwise permitted by applicable law. Any such proxy shall be delivered in accordance with the procedure established for the relevant meeting.

(b) For purposes of this Agreement, the term "electronic transmission" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

(c) The Board may, and to the extent required by law, shall, in advance of any meeting of Members, appoint one or more inspectors to act at the meeting and make a written report thereof. The Board may designate one or more alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of Members, the chairman of the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. Every vote taken by ballots shall be counted by a duly appointed inspector or inspectors.

(d) With respect to the use of proxies at any meeting of Members, the Company shall be governed by paragraphs (b), (c), (d) and (e) of Section 212 of the DGCL and other applicable provisions of the DGCL, as though the Company were a Delaware corporation and as though the Members were shareholders of a Delaware corporation.

(e) In the event that the Company becomes subject to Regulation 14A under the Exchange Act, pursuant to and subject to the provisions of Rule 14a-16 under the Exchange Act, the Company may, but is not required to, utilize a Notice of Internet Availability of Proxy Materials, as described in such rule, in conjunction with proxy material posted to an Internet site, in order to furnish any proxy or related material to Members pursuant to Regulation 14A under the Exchange Act.

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ARTICLE 8 MISCELLANEOUS

8.1 Addresses and Notices. Any notice, demand, request, report or proxy materials required or permitted to be given or made to a Member under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication (including electronic communication) to the Member at the address described below. Any notice, payment or report to be given or made to a Member hereunder shall be deemed conclusively to have been given or made, and the obligation to give such notice or report or to make such payment shall be deemed conclusively to have been

fully satisfied, upon sending of such notice, payment or report to the Record Holder of such Shares at his address as shown on the records of the Transfer Agent or delivered electronically as otherwise shown on the records of the Company (including on Exhibit A attached hereto), regardless of any claim of any Person who may have an interest in such Shares by reason of any assignment or otherwise. An affidavit or certificate of making of any notice, payment or report in accordance with the provisions of this Section 8.1 executed by the Company, the Board or the Transfer Agent or the mailing organization shall be prima facie evidence of the giving or making of such notice, payment or report. If any notice, payment or report addressed to a Record Holder at the address of such Record Holder appearing on the books and records of the Transfer Agent or the Company is returned by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver it or is returned or there is a delivery failure through any electronic communication, such notice, payment or report and any subsequent notices, payments and reports shall be deemed to have been duly given or made without further mailing (until such time as such Record Holder or another Person notifies the Transfer Agent or the Company of a change in his address or electronic address, as applicable) if they are available for the Member at the principal office of the Company for a period of one year from the date of the giving or making of such notice, payment or report to the other Members. Any notice to the Company shall be deemed given if received by the Secretary at the principal office of the Company designated pursuant to the terms and conditions herein. The Board and the Officers may rely and shall be protected in relying on any notice or other document from a Member or other Person if believed by it to be genuine.

8.2 Amendments; Waiver. Except as otherwise expressly provided in this Agreement, any provision of this Agreement may be amended or waived only by an instrument in writing executed by the Board and Class A Members holding a majority of the Voting Shares, provided, however, any amendment which disproportionately and adversely affects the Class A Members, must be approved by the Class A Members holding a majority of the Class A Ordinary Shares voting as a separate class. Notwithstanding the foregoing, the Board may amend this Agreement and the schedules and exhibits hereto, without the approval of the Members (i) to evidence the joinder to this Agreement of a new Member of the Company; (ii) in connection with the Transfer of Shares; (iii) in connection with any issuance of Shares to the Administrator or to any existing members, whether as a result of issuances to the Administrator pursuant to the Management Services Agreement, upon conversion of the Series B Ordinary Shares pursuant to Section 2.4(d), or otherwise, (iv) as otherwise required to reflect Capital Contributions, distributions and similar actions hereunder; (v) to reflect the naming of new officers, members of the Board or replacement of officers or managers of the Company; (vi) pursuant to Section 8.7, and (vii) any change the Board deems necessary or appropriate to enable trading of membership interests. Notwithstanding the foregoing the Board is authorized to make such amendments to this Agreement as required in order to comply with any applicable law, including, without limitation, any securities law or tax law, whether currently in place or promulgated in the future.

8.3 Successors and Assigns. This Agreement shall inure to the benefit of, and shall be binding upon, the successors and permitted assigns of the Members.

8.4 No Waiver. Except as set forth in Section 8.17 hereof with respect to forum selection, no failure or delay by any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

8.5 Survival of Certain Provisions. The covenants and agreements set forth in Section 4.1, Section 4.2 and Section 5.2 shall survive the Termination of the Company.

8.6 Telephone Consumer Protection Act Consent. Each Member expressly consents to receiving calls and messages, including auto-dialed and pre-recorded message calls, and SMS messages (including text messages) from the Administrator, its affiliates, agents and others calling at their request or on their behalf, at any telephone numbers that the Member has provided to the Company or Masterworks (including any cellular telephone numbers). Member's cellular or mobile telephone provider will charge Member according to the type of plan Member carries. Any Member may unsubscribe from receiving promotional text messages or promotional calls at any time by (i) replying STOP, STOPALL, UNSUBSCRIBE, CANCEL, END or QUIT to any text message such Member receives from the Company or Masterworks or (ii) email to support@masterworks.com with one of the foregoing words in the subject line. Each Member acknowledges and consents that following such a request to unsubscribe, such Member may receive one final text message from Masterworks confirming such request.

8.7 Corporate Treatment. The Board shall use its reasonable best efforts to take such actions as are necessary or appropriate to preserve the status of the Company as a partnership for U.S. federal (and applicable state and local) income tax purposes. If, however, the Board determines, in its sole discretion, for any reason (including the proposal, formally or informally, of legislation that could affect the Company's status as a partnership for U.S. federal and/or applicable state and local income tax purposes) that it is not in the best interests of the Company to be characterized as a partnership, the Board may take whatever steps, if any, are needed to

cause the Company to be or confirm that the Company will be treated as an association or as a publicly traded partnership taxable as a corporation for U.S. federal (and applicable state and local) income tax purposes, including by making an election to be taxed as a “C” corporation pursuant to the Code (a “Change in Tax Classification”), without any approval or vote of the Members required, and to make such filings, including without limitation, a Form 8832 with the Service, and to undertake such actions as required to effect such Change in Tax Classification. At the time and following any Change of Tax Classification, the Board shall have the right, without any approval or vote of the Members being required, to amend this Agreement as reasonably required to effect the Change in Tax Classification and to provide for the operations of the Company following such event. Notwithstanding anything in this Agreement to the contrary, in the event U.S. federal (and/or applicable state and local) income tax laws, rules or regulations are enacted, amended, modified or applied after the date hereof in such a manner as to require or necessitate that the Company no longer be treated as a partnership for U.S. federal (and/or applicable state and local) income tax purposes, then the first sentence of this Section 8.7 shall no longer apply.

8.8 Section 7704(e) Relief. In the event that the Board determines the Company should seek relief pursuant to Section 7704(e) of the Code to preserve the status of the Company as a partnership for U.S. federal (and applicable state) income tax purposes, the Company and each Member shall agree to adjustments required by the tax authorities, and the Company shall pay such amounts as required by the tax authorities, to preserve the status of the Company as a partnership.

8.9 Electronic Information. Each Member hereby agrees that all current and future notices, confirmations and other communications may be made by the Company via email, sent to the email address of record of the Member provided to the Company as changed or updated from time to time, without necessity of confirmation of receipt, delivery or reading, and such form of electronic communication is sufficient for all matters regarding the relationship between the Company and the Members except as otherwise required by law. If any such electronically sent communication fails to be received for any reason, including but not limited to such communications being diverted to the recipients spam filters by the recipients email service provider, or due to a recipient’s change of address, or due to technology issues by the recipients service provider, the parties agree that the burden of such failure to receive is on the recipient and not the sender, and that the sender is under no obligation to resend communications via any other means, including but not limited to postal service or overnight courier, and that such communications shall for all purposes, including legal and regulatory, be deemed to have been delivered and received. Except as required by law, no physical, paper documents will be sent to Members, and a Member desires physical documents then such Member agrees to be satisfied by directly and personally printing, at such Member’s own expense, the electronically sent communication(s) and maintaining such physical records in any manner or form that a Member desires.

8.10 Severability. In case any provision in this Agreement shall be deemed to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired hereby.

8.11 Interpretation The headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement. As used herein, masculine pronouns shall include the feminine and neuter, neuter pronouns shall include the masculine and the feminine, and the singular shall be deemed to include the plural. The use of the word “including” herein shall not be considered to limit the provision that it modifies but instead shall mean “including, without limitation.”

8.12 No Third-Party Rights. Except as expressly provided in this Agreement, this Agreement is intended solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any Person other than the parties hereto.

8.13 Entire Agreement. This Agreement constitutes the entire agreement of the Company, the Initial Member and any Person who becomes a Member hereafter with respect to the matters described herein and supersedes any prior agreement or understanding among them with respect to such subject matter.

8.14 Rule of Construction. The general rule of construction for interpreting a contract, which provides that the provisions of a contract should be construed against the party preparing the contract, is waived by the parties hereto. Each party acknowledges that such party was represented by separate legal counsel in this matter who participated in the preparation of this Agreement or such party had the opportunity to retain counsel to participate in the preparation of this Agreement but elected not to do so.

8.15 Authority. Whenever in this Agreement or elsewhere it is provided that consent is required of, or a demand shall be made by, or an act or thing shall be done by or at the direction of, the Company, or whenever any words of like import are used, all such consents, demands, acts and things are to be made, given or done by the consent of the Board or Person acting under the authority of the Board, unless a contrary intention is expressly indicated.

8.16 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the conflict of laws principles thereof.

8.17 Choice of Forum for Securities Act Disputes. Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision. Any person or entity purchasing or otherwise acquiring any interest in any security of the Company shall be deemed to have notice of and consented to the provisions of this Agreement.

8.18 Facsimile Signatures. The use of facsimile signatures affixed in the name and on behalf of the transfer agent and registrar of the Company on certificates representing Shares is expressly permitted by this Agreement.

8.19 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

8.20 Qualification Rights. Masterworks will have the right to request that the Company qualify on Form 1-A, or a comparable form, the resale of any Class A shares beneficially owned by Masterworks or any entity administered by Masterworks. There are no limitations or restrictions on the size or frequency of such qualification requests, other than pursuant to applicable law, provided, that all costs associated with any such qualification shall be the responsibility of Masterworks.

[Signatures appear on following page]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

Masterworks Gallery, LLC
Sole Member:

By: _____
Name: _____
Title: _____

Members:

All members now and hereafter admitted as Members of the Company, pursuant to powers of attorney now and hereafter executed in favor of, and granted and delivered to the Company or without execution hereof or thereof by purchasing or otherwise lawfully acquiring any Share, pursuant to Section 1.7.

Board of Managers:

By: _____
Name: Joshua Goldstein
Title: Manager

By: _____
Name: Nigel Glenday
Title: Manager

By: _____
Name: Eli Broverman
Title: Manager

Form of Counterpart Signature Page

The undersigned hereby accepts, and becomes a party to, the Second Amended and Restated Limited Liability Company Agreement (the “Agreement”) of Masterworks [Entity Number], LLC, a Delaware limited liability company (the “Company”), in connection with the acquisition of Shares (as defined in the Agreement) of the Company, and by its signature below signifies its agreement to be bound by the terms and conditions of the Agreement.

Member Name: _____

By: _____

Name: _____

Title: _____

Number of Shares: _____

Agreed and Accepted:

Masterworks [Entity Number], LLC

By: _____
 Name: _____
 Title: Manager

By: _____
 Name: _____
 Title: Manager

By: _____
 Name: _____
 Title: Manager

Exhibit A

Members, Capital Contributions, Shares

Member Name	Address	Capital Contribution	Number of Class A Ordinary Shares	Number of Class A Preferred Shares	Number of Class B Ordinary Shares	Number of Class C Ordinary Shares
Masterworks Gallery, LLC	225 Liberty Street, 29th Floor, New York, NY 10281	Services Rendered & \$100	0		1,000	0

Exhibit B

Form of Vote Limit Certificate

I, [as on authorized officer of] [as] the Member of Masterworks [], LLC (the “Company”), hereby irrevocably designate the Member that owns more than 5% of the Company’s Class A shares outstanding, excluding Masterworks Shares, whose name appears below, as a Vote Limited Member (the “Vote Limited Member”) for all purposes of the Company’s Second Amended and Restated Operating Agreement, effective as of the date set forth below.

I hereby certify, acknowledge, and agree that irrespective of the actual number of Class A shares beneficially owned by the Vote Limited Member (including Class A shares beneficially owned by Such Vote Limited Member’s affiliates), the Vote Limited Member together with its affiliates shall not be entitled to vote more than []% of the total Voting Shares of the Company (the “Vote Limit”) on any matter put to a vote of the Company’s Class A shareholders. I further acknowledge and agree that any affiliate of the Vote Limited Member shall be deemed to be a Vote Limited Member and shall be subject to the Vote Limit.

I hereby agree to notify the Company or the Company’s transfer agent and provide it with any additional information it may reasonably request if any affiliate of the Vote Limited Member owns any of the Company’s Class A shares as of the date of this Certificate or acquires any Class A shares subsequent to the date of this Certificate.

I further acknowledge my understanding that the designation as a Vote limited Member is irrevocable and the that the Vote Limit set forth herein can be further reduced by written notice to the Company, but cannot be increased by the Vote Limited Member.

This certificate shall have no force or effect with respect to any successor, assignee or transferee of the Vote Limited Member’s Class A shares other than any successor, assignee or transferee that, at the time of such transaction, is an affiliate of the Vote Limited Member.

For purposes of this certificate, the term “affiliate” has the meaning ascribed to such term in Rule 405 of the Securities Act of 1933, as amended.

[NAME]

By:
[Title]

Date: [/ /]

ARTWORK

“Artwork” refers to that certain artwork by , entitled .

FORM OF AMENDED AND RESTATED MANAGEMENT SERVICES AGREEMENT

Dated as of December 31, 2023

This Amended and Restated Management Services Agreement (this “*Agreement*”), dated as of the date first set forth above (the “*Effective Date*”) is entered into by and between Masterworks Administrative Services, LLC, a Delaware limited liability company (the “*Administrator*”) and Masterworks [Entity Number], LLC, a Delaware limited liability company (the “*Issuer*”) and Masterworks Cayman, SPC, a Cayman Islands segregated portfolio company (“*Masterworks Cayman*”), on behalf of the [Entity Number] segregated portfolio (the “*Portfolio*”), and amends and restates in its entirety the Management Services Agreement (the “*Original Agreement*”), dated as of [], by and among the Parties. Each party hereto may be referred to herein individually as a “*Party*” and all parties may be referred to collectively as the “*Parties*.”

RECITALS :

Whereas, the Administrator currently provides, or has agreed to provide, the Issuer and the Portfolio with (i) routine operational, administrative, management, art advisory, consulting and other services with respect to their respective operations (“*Entity-Level Services*”), (ii) routine services relating to the artwork (the “*Artwork*”) (“*Artwork-Level Services*”), and (iii) transactional, extraordinary and non-routine services (“*Non-Routine Services*”), in each case pursuant to the terms of the Original Agreement and the Administrator received compensation for such services in the form of Class A preferred shares of the Issuer;

Whereas, the Parties desire to amend the Original Agreement to change the entity that issues management fee shares and eliminate the vesting provisions relating to management fee shares, in each case, as of the Effective Date;

Now, therefore, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree that the Original Agreement shall be amended and restated in its entirety as follows:

1. Services.

(a) *Provision of Services by the Administrator*. The Administrator shall directly, or indirectly through one or more Affiliates (as defined below) or third parties as described in Section 1(b), engage and maintain personnel for the purpose of providing the following services (collectively, the “*Services*”) to the Issuer and the Portfolio:

(i) Artwork-Level Services, including:

(A) custodial and storage services for the Artwork;

(B) maintaining asset-level insurance requirements for the Artwork;

(C) managing transport for the Artwork in the ordinary course of business, including the display and exhibition thereof;

(D) research services;

(E) appraisal and valuation services; and

(F) other services deemed necessary or appropriate by the Administrator at its discretion to maintain the Artwork;

(ii) Entity-Level Services for the Issuer and Masterworks Cayman, including:

- (A) oversight and management of banking activities;
- (B) management of preparation and filing of Securities and Exchange Commission (the “SEC”) and other corporate filings;
- (C) fiscal agency responsibilities, including financial, accounting and bookkeeping services, including retention of an auditor for the Issuer;
- (D) record-keeping, shareholder registrar, investor relations and regulatory compliance;
- (E) providing listing services, subject to the applicable law;
- (F) tax reporting services;
- (G) bill payment;
- (H) selecting and negotiating insurance coverage for the Issuer and Masterworks Cayman, including operational errors and omissions coverage and directors’ and officers’ coverage;
- (I) maintain the Issuer’s stock ledger and coordinating activities of the Issuer’s transfer agent, escrow agent and related parties;
- (J) software services; and
- (K) services related to Templum ATS trading.

(iii) Non-Routine Services, including:

- (A) legal and professional transactional services;
- (B) negotiation of terms of potential sale of the Artwork or the Issuer and the execution thereof;
- (C) obtaining appraisals and statements of condition in connection with a sale transaction relating to the Artwork;

- (D) other transaction-related services, cost, payments and expenditures relating to the Artwork or the Issuer;
- (E) administrative services in connection with liquidation or winding up of the Issuer and Masterworks Cayman;
- (F) managing litigation, judicial proceedings or arbitration, including the defense and or settlement of any claims (regardless of whether or not the Issuer is named as a defendant or party in any such claim);
- (G) Conservation, restoration (as deemed necessary by the Administrator), reframing and other expenditures that increase the value of the Artwork; and
- (H) other non-routine or extraordinary services.

(b) *Provision of Services by Third Parties.* The Administrator shall, to the extent it determines that it would be advisable in connection with or incidental to the activities contemplated hereby, arrange for and coordinate the services of other professionals, experts and consultants to provide any or all of the Services, in which case, the costs and expenses of such third parties for providing such services shall be borne by the Administrator other than as set forth in Section 3; it being understood that the Administrator shall not charge to the Issuer any fees in addition thereto with respect to such outsourced Artwork-Level Services that are described in Section 1(a)(i) and Entity-Level Services described in Section 1(a)(ii), but the Administrator shall be entitled to reimbursement for third party costs incurred in connection with Non-Routine Services described in Section 1(a)(iii) as set forth in Section 3(b). Reimbursement for Non-Routine

Services shall be reimbursed by the Issuer out of the proceeds from a sale of the Artwork. In addition, Masterworks may determine to sell the Artwork without engaging a third-party intermediary, in which event, the Administrator would be permitted to charge the buyer of the Artwork a reasonable fee not to exceed the lowest published buyer's premium charged by Sotheby's, Christie's or Phillips in effect at such time.

(c) *Independent Contractor; Authority.* Notwithstanding the Services provided by the Administrator pursuant to this Agreement, the Administrator shall be deemed to be an independent contractor with respect to the Services. The management, policies and operations of the Parties (including the ultimate approval of the making or disposition of the Artwork by the Issuer or Masterworks Cayman on behalf of the Portfolio, and the terms and conditions thereof) shall be the responsibility of the Parties other than the Administrator.

(d) *Obligations of Administrator Not Exclusive.* The obligations of the Administrator to the other Parties are not exclusive. The Administrator may, in its discretion, render the same or similar services as rendered to the Issuer and Masterworks Cayman on behalf of the Portfolio to any Person or Persons whose business may be in direct or indirect competition with the Issuer, including other Affiliates of the Administrator.

(e) *Definitions.* For purposes hereof:

- "Affiliate"** means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person and, for the purposes of this
- (i) definition, the term "controls," "is controlled by" or "under common control with" means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities, by contract or otherwise.
 - (ii) **"Person"** means an individual, a corporation, and a company, a voluntary association, a partnership, a joint venture, a limited liability company, a trust, an estate, an unincorporated organization, a Governmental Authority or other entity.
- "Governmental Authority"** means the government of any nation, state, territory, city, locality or other political subdivision thereof, any entity or body exercising executive, legislative, judicial, regulatory or administrative functions
- (iii) of or pertaining to government, including any court, quasi-governmental authority, self-regulatory organization, commission, tribunal, agency or any political or other subdivision, department, board, bureau, or branch or official of any of the foregoing.

(f) *Additional Services.* Nothing herein shall prevent the Administrator from providing additional services not otherwise set forth herein, and any such additional Services shall be deemed to be included in Section 1(a)(iii).

2. Other Related Activities.

(a) The Administrator and Affiliates thereof shall have the right to engage in the following activities (subject to compliance with laws and intellectual property rights of third parties) in exchange for the payment of an annual royalty of \$10.00 per annum (which can be waived by the Company):

- (i) Rights to commercialize the Artwork for the duration of the operations of the Issuer;
- (ii) The right to perpetually offer the Artwork for sale, display and exhibition rights;
- (iii) The right to lend the Artwork to museums, galleries, private entities, individuals and the like; and
- (iv) The right to lease the Artwork to companies, private entities and individuals,
- (v) The right to offer perks to owners of Shares, subject to compliance with applicable laws, and the costs of which will be paid by the Administrator.

(b) The Administrator shall bear any incremental third-party costs associated with such activities related to the activities set forth in this Section 2 and in the event that any revenues are generated from such other activities, the Administrator may retain such revenues.

3. Compensation and Expenses; Covenant.

In return for the Services following the Effective Date, the Administrator shall earn management fees and expense reimbursements in the form of SPC Preferred shares of the Portfolio equal to 1.5% of the total SPC shares of the Portfolio outstanding or for which subscriptions have been received, per annum, after giving effect to such issuance, issued on a quarterly basis in arrears, commencing on the later of (i) January 1, 2024 or (ii) the date of the final closing of the offering of shares of the Issuer (the “**Offering**”) or the date of an earlier closing if, as of such earlier closing date, the Offering is fully subscribed and at least 95% of the subscription proceeds have been received by the Company. For the avoidance of doubt, no fees or expense reimbursements in the form of SPC Preferred shares shall be earned for any period prior to the final closing of the Offering (or the date on which at least 95% of the Class A shares offered have been issued). The SPC Preferred shares will be exchangeable for Class A ordinary shares of the Issuer at an exchange rate of 1 for 1. In addition, the Administrator may, in its sole discretion, reduce or waive management fees, in whole or in part.

(a) The SPC Preferred shares shall be earned ratably on the basis of a 360- day year comprised of twelve (12) thirty (30) day months. If and when the Artwork is sold, the Class A preferred shares of the Issuer and the SPC Preferred shares of the Portfolio (collectively, the “**Management Fee Shares**”) actually earned by the Administrator (based on the number of days elapsed between the Effective Date and the date to and excluding the date of consummation of the sale of the Artwork) and the number of Management Fee Shares actually received by the Administrator and any excess Management Fee Shares received by the Administrator, if any, shall be refunded to the Issuer or Portfolio, as applicable, and any shortfall payable or issuable to the Administrator shall be issued to the Administrator on or immediately prior to consummation of the sale of the Artwork.

(b) In addition to the Management Fee Shares, in connection with the provision of the Non-Routine Services, the Issuer shall reimburse the Administrator for all out-of-pocket costs, expenses and payments incurred or made by the Administrator in connection with such Non-Routine Services, provided, the reimbursement obligation shall be suspended (without interest or penalty) until the Artwork is sold.

(c) Masterworks may determine to sell the Artwork without engaging a third-party intermediary, in which event, the Administrator would be permitted to charge the buyer of the Artwork a reasonable fee not to exceed the lowest published buyer’s premium charged by Sotheby’s, Christie’s or Phillips in effect at such time.

(d) For so long as this Agreement remains in effect, Administrator covenants to maintain on hand cash reserves sufficient to pay at least one year of estimated expenses to satisfy its obligations under this Agreement and the commitment from the Administrator to fund the operations of the Issuer and the maintenance of the Artwork until the sale of the Artwork.

4. Indemnification.

(a) *Indemnification of Protected Persons.* To the fullest extent permitted by law, each of the Parties (other than the Administrator) shall jointly and severally indemnify, hold harmless, protect and defend the Administrator, its Affiliates, any officer, manager, board member, employee or any direct or indirect partner, member or shareholder of the Administrator, any Person who serves at the request of the Administrator on behalf of any of the Parties as an officer, director, partner, member, manager, board member, shareholder or employee of any other Person, and any Person who was, at the time of the act or omission in question, such a Person (each, a “**Protected Person**”) against any losses, claims, damages or liabilities, including legal fees, costs and expenses incurred in investigating or defending against any such losses, claims, damages or liabilities or in enforcing the Protected Person’s right to indemnification under this Agreement (collectively, “**Liabilities**”), to which any Protected Person may become subject (i) by reason of any act or omission or alleged act or omission (even if negligent) arising out of or in connection with the activities of such Party; or (ii) by reason of the fact that it is or was acting in connection with the activities of such Party in any capacity or that it is or was serving at the request of any Party as a partner, member, shareholder, director, officer, employee or agent of any Person, unless, in each case, such Liability results from such Protected Person’s own actual fraud, gross negligence, willful misconduct, bad faith, breach of fiduciary duty, reckless disregard of duty or any material breach of this Agreement or conduct that is subject of a criminal proceeding (where such Protected Person has reasonable cause to believe that such conduct was unlawful). The termination of any proceeding by settlement, judgment, order, conviction, or upon a plea of *nolo contendere* or its equivalent shall not, by itself, create a presumption that such Protected Person’s conduct constituted actual fraud, gross negligence, willful misconduct, bad faith, breach of fiduciary duty, reckless disregard of duty or any material breach of this Agreement or the commission of a crime, except a judgment, order or conviction that expressly provides that such Protected Person’s

conduct constituted actual fraud, gross negligence, willful misconduct, bad faith, breach of fiduciary duty, reckless disregard of duty or any material breach of this Agreement or the commission of a crime.

(b) *Reimbursement of Expenses.* The Issuer and or Masterworks Cayman shall promptly reimburse (and/or advance to the extent reasonably required) each Protected Person for reasonable legal or other expenses (as incurred) of such Protected Person in connection with investigating, preparing to defend or defending any claim, lawsuit or other proceeding relating to any Liabilities for which the Protected Person may be indemnified pursuant to this Section 4; provided, that such Protected Person executes a written undertaking to repay the Issuer or Masterworks Cayman, as applicable, for such reimbursed or advanced expenses if it is finally judicially determined that such Protected Person is not entitled to the indemnification provided by this Section 4. In any action, suit or proceeding against Protected Persons, such Protected Persons shall jointly employ, at the expense of the Issuer or Masterworks Cayman, counsel of the Protected Persons' choice, which counsel shall be reasonably satisfactory to the Issuer, in such action, suit or proceeding; provided that if retention of joint counsel by such Protected Persons would create a conflict of interest, each Protected Person whose participation in such joint representation would cause such a conflict shall have the right to employ, at the expense of the Issuer, separate counsel of the respective Protected Person's choice, which counsel shall be reasonably satisfactory to the Issuer in such action, suit or proceeding; provided, however, that if any indemnitor shall acknowledge in writing its liability to the Protected Person for any action, suit or proceeding brought by a third party in connection with which any Protected Person is seeking indemnification, then such indemnitor shall be entitled to select the counsel to defend such action, suit or proceeding, subject to the approval of the Protected Person, which approval shall not be unreasonably withheld.

(c) *Survival of Protection.* The provisions of this Section 4 shall continue to afford protection to each Protected Person regardless of whether such Protected Person remains in the position or capacity pursuant to which such Protected Person became entitled to indemnification under this Section 4 and regardless of any subsequent amendment to this Agreement; provided, that no such amendment shall reduce or restrict the extent to which these indemnification provisions apply to actions taken or omissions made prior to the date of such amendment.

(d) *Recovery.* Each Protected Person shall use its reasonable efforts to pursue other third-party sources of indemnification in respect of any Liabilities for which it or any Protected Person may require indemnification in accordance with this Section 4. If any Protected Person recovers any amounts in respect of any Liabilities from insurance coverage or any third-party source, then such Protected Person shall, to the extent that such recovery is duplicative, reimburse the Issuer for any amounts previously paid to it by the Issuer in respect of such Liabilities.

(e) *Survival.* The rights of indemnification provided in this Section 4 will be in addition to any rights to which a Protected Person might otherwise be entitled by contract or as a matter of law, and shall extend to each of such Protected Person's heirs, successors and assigns. The provisions of this Section 4 shall survive the termination of this Agreement.

(f) *Exceptions to Indemnification.* Notwithstanding anything to the contrary contained herein, the Issuer's obligations under Section 4(a) (*Indemnification of Protected Persons*) and Section 4(b) (*Reimbursement of Expenses*) shall not apply to any actions, suits or proceedings in which one or more officers, directors, partners, members or employees of the Administrator are making claims against the Administrator or one or more other officers, directors, partners, members or employees of the Administrator.

5. Assignment. Any assignment of this Agreement by a Party shall require the approval of the other Parties.

6. [Reserved].

7. Term and Termination.

(a) This Agreement shall terminate upon the first to occur of (i) the dissolution of the Issuer; (ii) upon notice of termination from the Administrator that the Administrator desires to withdraw as the administrator of the Issuer, Masterworks Cayman and of the Artwork, which the Administrator may give at any time in the event that the Administrator determines that it desires to cease providing services of the type as set forth herein to any Person, and provided that the Administrator does so cease providing such services thereunder, (iii) upon the Removal Effective Date (as defined below), and (iv) on the joint agreement of the Parties.

(b) In addition to the termination provisions as set forth in Section 7(a), the Issuer may terminate this Agreement at any time upon any of the following:

- (i) the commission by the Administrator or any of its executive officers of fraud, gross negligence or willful misconduct;
- (ii) the conviction of the Administrator of a felony;
- (iii) a material breach by the Administrator of the terms of this Agreement which breach is not cured within 30 days after receipt by the Administrator of a notice of such breach from any member of the Issuer (provided that if such breach is not capable of cure within 30 days, and Administrator is diligently taking steps to cure the breach, then no such event shall be deemed to have occurred unless and until the Administrator fails to cure such breach within 60 days after receiving notice thereof);
- (iv) a material violation by the Administrator or any of its executive officers of any applicable law that has a material adverse effect on the business of the Issuer; or
- (v) the bankruptcy or insolvency of the Administrator.

(c) The Parties shall, on the date of such termination or if it does not have the available funds on such date, as soon as practicable after it does have the available funds, pay any accrued but costs subject to reimbursement by such Parties through to such date.

(d) The holders of the Company's Class A shares may remove and replace the Administrator with another person or entity by the affirmative vote of two-thirds (2/3) of the Class A shares eligible to vote, such removal to take effect on the date any such successor administrator has been appointed (the "**Removal Effective Date**").

8. Notices.

(a) All notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be given by personal delivery, mailed by internationally recognized courier service or airmail, or sent by email with return receipt requested to the following addresses of the Parties or to such other address as such Party may have specified for notice:

- (i) If to the Administrator:

Masterworks Administrative Services, LLC
Attn: General Counsel
225 Liberty Street, 29th Floor,
New York, NY 10281

- (ii) If to the Issuer or
Masterworks Cayman, on
behalf of the Portfolio:

Masterworks [Entity Number], LLC
Attn: General Counsel
225 Liberty Street, 29th Floor,
New York, NY 10281

(b) Any notice shall be deemed received, unless earlier received, (i) if sent by courier service, on the second Business Day after delivery to the courier service, (ii) if sent by certified or registered airmail, return receipt requested, when actually received, (iii) if sent by standard airmail, five Business Days after posting in the mail, and (iv) if sent by email transmission or delivered by hand, on the date of receipt as evidenced by a return receipt in the case of email transmission.

9. Arbitration.

(a) Either Party may, at its sole election, require that the sole and exclusive forum and remedy for resolution of a Claim be final and binding arbitration pursuant to this Section 9 (this "**Arbitration Provision**"). The arbitration shall be conducted in New York, NY. As used in this Arbitration Provision, "**Claim**" shall include any past, present, or future claim, dispute, or controversy involving the Parties or any Protected Person relating to or arising out of this Agreement, including (except to the extent provided otherwise in the last sentence

of Section 9(e) the validity or enforceability of this Arbitration Provision, any part thereof, or the entire Agreement. Claims are subject to arbitration regardless of whether they arise from contract; tort (intentional or otherwise); a constitution, statute, common law, or principles of equity; or otherwise. Claims include (without limitation) matters arising as initial claims, counter-claims, cross-claims, third-party claims, or otherwise. The scope of this Arbitration Provision is to be given the broadest possible interpretation that is enforceable.

(b) The party initiating arbitration shall do so with the American Arbitration Association (the “AAA”) or JAMS. The arbitration shall be conducted according to, and the location of the arbitration shall be determined in accordance with, the rules and policies of the Administrator selected, except to the extent the rules conflict with this Arbitration Provision or any countervailing law. In the case of a conflict between the rules and policies of the Administrator and this Arbitration Provision, this Arbitration Provision shall control, subject to countervailing law, unless all parties to the arbitration consent to have the rules and policies of the Administrator apply.

(c) If a Party elects arbitration, such party shall pay all the Administrator’s filing costs and administrative fees (other than hearing fees). Each Party shall bear the expense of its own attorney’s fees, except as otherwise provided by law.

(d) Within 30 days of a final award by the arbitrator, a party may appeal the award for reconsideration by a three-arbitrator panel selected according to the rules of the arbitrator Administrator. In the event of such an appeal, an opposing party may cross-appeal within 30 days after notice of the appeal. The panel will reconsider de novo all aspects of the initial award that are appealed. Costs and conduct of any appeal shall be governed by this Arbitration Provision and the Administrator’s rules, in the same way as the initial arbitration proceeding. Any award by the individual arbitrator that is not subject to appeal, and any panel award on appeal, shall be final and binding, except for any appeal right under the Federal Arbitration Act (the “FAA”), and may be entered as a judgment in any court of competent jurisdiction.

(e) Each party agrees not to invoke its right to arbitrate an individual Claim that a party may bring in Small Claims Court or an equivalent court, if any, so long as the Claim is pending only in that court. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, NO ARBITRATION SHALL PROCEED ON A CLASS, REPRESENTATIVE, OR COLLECTIVE BASIS (INCLUDING AS PRIVATE ATTORNEY GENERAL ON BEHALF OF OTHERS), EVEN IF THE CLAIM OR CLAIMS THAT ARE THE SUBJECT OF THE ARBITRATION HAD PREVIOUSLY BEEN ASSERTED (OR COULD HAVE BEEN ASSERTED) IN A COURT AS CLASS REPRESENTATIVE, OR COLLECTIVE ACTIONS IN A COURT.

(f) Unless otherwise provided in this Agreement or consented to in writing by all parties to the arbitration, no party to the arbitration may join, consolidate, or otherwise bring claims for or on behalf of two or more individuals or unrelated corporate entities in the same arbitration unless those persons are parties to a single transaction. Unless consented to in writing by all parties to the arbitration, an award in arbitration shall determine the rights and obligations of the named parties only, and only with respect to the claims in arbitration, and shall not (i) determine the rights, obligations, or interests of anyone other than a named party, or resolve any Claim of anyone other than a named party, or (ii) make an award for the benefit of, or against, anyone other than a named party. No party or arbitrator shall have the power or authority to waive, modify, or fail to enforce this Section 9(f), and any attempt to do so, whether by rule, policy, arbitration decision or otherwise, shall be invalid and unenforceable. Any challenge to the validity of this Section 9(f) shall be determined exclusively by a court and not by the party or any arbitrator.

(g) This Arbitration Provision is made pursuant to a transaction involving interstate commerce and shall be governed by and enforceable under the FAA. The arbitrator will apply substantive law consistent with the FAA and applicable statutes of limitations. The arbitrator may award damages or other types of relief permitted by applicable substantive law, subject to the limitations set forth in this Arbitration Provision. The arbitrator will not be bound by judicial rules of procedure and evidence that would apply in a court. The arbitrator shall take steps to reasonably protect confidential information.

(h) This Arbitration Provision shall survive (i) suspension, termination, revocation, closure, or amendments to this Agreement and the relationship of the Parties; and (ii) the bankruptcy or insolvency of any Party or other party. If any portion of this Arbitration Provision other than sub-section (e) is deemed invalid or unenforceable, the remaining portions of this Arbitration Provision shall nevertheless remain valid and in force. If arbitration is brought on a class, representative, or collective basis, and the limitations on such proceedings in Section 9(e) are finally adjudicated pursuant to the last sentence of Section 9(e) to be unenforceable, then no arbitration shall be had. In no event shall any invalidation be deemed to authorize an arbitrator to determine Claims or make awards beyond those authorized in this Arbitration Provision.

10. Miscellaneous.

(a) *Amendment.* This Agreement may not be modified or amended in any manner other than by an instrument in writing signed by the Parties or their respective successors or permitted assigns.

(b) *Covenant to Provide Financial Information and Maintain Sufficient Capital.* The Administrator shall obtain and maintain the necessary capital to fulfill its obligations under this Agreement and shall remain solvent. The Administrator will report to the Issuer on a semi-annual basis its current and total assets, current and total liabilities, and total equity and the Company intends to include such amounts in its SEC reports.

(c) *Waivers.* No provision of this Agreement shall be deemed to have been waived unless such waiver is in writing and signed by or on behalf of the Party granting the waiver.

(d) *Entire Agreement.* Other than as specifically set forth herein, this Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes any prior agreement or understanding between them with respect to such subject matter.

(e) *Severability.* In case any provision in this Agreement shall be deemed to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

(f) *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of Delaware, without regard to the conflicts of laws principles thereof. To the extent of any disagreement or matter relating to this Agreement, including, without limitation, the enforceability of the arbitration provisions of this Agreement or the enforcement of any arbitration award, such disagreement or matter shall be exclusively submitted to the federal or state courts located in the City of New York.

(g) *Limitation on Damages.* IN NO EVENT SHALL ANY PARTY BE LIABLE TO ANY OTHER PARTY FOR ANY LOST PROFITS OR SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, EVEN IF INFORMED OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING SHALL BE INTERPRETED AND HAVE EFFECT TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, RULE OR REGULATION.

(h) *WAIVER OF JURY TRIAL.* THE PARTIES ACKNOWLEDGE THAT THEY HAVE A RIGHT TO LITIGATE CLAIMS THROUGH A COURT BEFORE A JUDGE, BUT WILL NOT HAVE THAT RIGHT IF ANY PARTY ELECTS ARBITRATION PURSUANT TO THIS ARBITRATION PROVISION. THE PARTIES HEREBY KNOWINGLY AND VOLUNTARILY WAIVE THEIR RIGHTS TO LITIGATE SUCH CLAIMS IN A COURT UPON ELECTION OF ARBITRATION BY ANY PARTY. THE PARTIES HERETO WAIVE A TRIAL BY JURY IN ANY LITIGATION RELATING TO THIS AGREEMENT OR ANY OTHER AGREEMENTS RELATED THERETO.

(i) *Successors and Assigns.* Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the Parties and their successors and permitted assigns.

(j) *Third Party Beneficiaries.* Each Protected Person is an intended third-party beneficiary of this Agreement and shall have the right to enforce its rights under this Agreement as if it were a direct Party. Other than as set forth herein, this Agreement is between the Parties and there are no other third-party beneficiaries hereto, and no other party shall have the right to enforce this Agreement.

(k) *Headings.* Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend the scope or intent of this Agreement or any provision hereof.

(l) *Interpretation.* Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, the feminine or neuter gender shall include the masculine, the feminine and the neuter.

(m) *Counterparts.* This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

[remainder of page left intentionally blank]

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement as of the Effective Date.

Masterworks Administrative Services, LLC

By: _____
Name: _____
Title: _____

Masterworks [Entity Number], LLC

By: _____
Name: _____
Title: _____

Masterworks Cayman, SPC, on behalf of the [Entity Number]
segregated portfolio

By: _____
Name: _____
Title: _____

THE COMPANIES ACT (AS REVISED)
AMENDED AND RESTATED
MEMORANDUM AND
ARTICLES OF ASSOCIATION
OF
MASTERWORKS CAYMAN, SPC
(As adopted by Special Resolution dated 30 June 2023)

THE COMPANIES ACT (AS REVISED)
AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION
OF
MASTERWORKS CAYMAN, SPC
(As adopted by Special Resolution dated 30 June 2023)

1. The name of the Company is Masterworks Cayman, SPC. The Company is an exempted company that is a segregated portfolio company.
2. The registered office will be situated at the offices of Appleby Global Services (Cayman) Limited, 71 Fort Street, PO Box 500, Grand Cayman, Cayman Islands, KY1-1106 or at such other place in the Cayman Islands as the Directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object that is not prohibited by any law of the Cayman Islands.
4. The Company shall have and be capable of exercising all the powers of a natural person of full capacity as provided by law.
5. The liability of the Members is limited to the amount, if any, unpaid on their shares.
6. The authorised share capital of the Company is USD 1,000,000 divided into 1,000,000,000 ordinary shares of USD 0.001 par value.
7. The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to apply for deregistration in the Cayman Islands.
8. Capitalised terms that are not defined herein bear the same meaning given to them in the Articles of Association of the Company.

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THE COMPANIES ACT (AS REVISED)

AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF
MASTERWORKS CAYMAN, SPC
(As adopted by Special Resolution dated 30 June 2023)

1. INTERPRETATION

1.1 Table A of the First Schedule to the Act shall not apply to the Company.

1.2 In these Articles, the following terms shall have the following meanings unless the context otherwise requires:

Act: the Companies Act (as revised) of the Cayman Islands;

Articles: these articles of association of the Company as amended, restated or supplemented from time to time by Special Resolution;

Auditors: the auditors for the time being of the Company (if any);

Beneficial Owner: has the same meaning as in the Act;

clear days: in relation to the period of a notice, that period excluding the day on which the notice is served (or deemed to be served) and the day for which it is given or on which it is to take effect;

Cayman Director: the director for the time being of the Company provided by Appleby Global Services (Cayman) Limited;

Company: the above named company;

Directors: the directors for the time being of the Company;

Electronic Record: has the same meaning as in the Electronic Transactions Act (as revised) of the Cayman Islands;

General Assets: the assets of the Company which are not Segregated Portfolio Assets and otherwise as specified in section 219 of the Act;

General Creditors: the creditors which are not attributable to any Segregated Portfolio;

Indemnified Person: any Director, officer or member of a committee duly constituted under these Articles and any liquidator, manager or trustee acting in relation to the affairs of the Company (including anyone previously acting in such capacity) and his heirs, executors, administrators, personal representatives or successors or assigns;

Member: has the same meaning as in the Act;

Memorandum: the memorandum of association of the Company for the time being;

Month: a calendar month;

Net Asset Value: the amount determined pursuant to these Articles as being the net asset value of the Company or any class of Shares or Segregated Portfolio as the context may require;

Ordinary Resolution: a resolution:

- (a) passed by a simple majority of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled; or

- (b) a written resolution signed by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed;

Register of Beneficial Ownership: the beneficial ownership register to be kept in accordance with the Act;

Register of Members: the register of Members to be kept in accordance with the Act and includes every duplicate Register of Members;

Registered Office: the registered office for the time being of the Company in the Cayman Islands;

Seal: the common seal of the Company (if any) and includes every duplicate seal;

Secretary: the secretary for the time being of the Company and any person appointed to perform any of the duties of the secretary;

Segregated Portfolio: each Segregated Portfolio of the Company established and designated as such by the Directors from time to time in accordance with section 216 of the Act, the assets and liabilities of the Company held within or on behalf of each such Segregated Portfolio being segregated from the assets and liabilities of the Company held within or on behalf of any other Segregated Portfolio of the Company and from General Assets and other liabilities of the Company not held within or on behalf of any Segregated Portfolio of the Company;

Segregated Portfolio Assets: the assets representing the share capital and reserves and all other assets attributable to or held within or on behalf of a Segregated Portfolio and otherwise as specified in section 219 of the Act;

Segregated Portfolio Creditors: the creditors attributable to a Segregated Portfolio;

Share: a share in the capital of the Company and includes a fraction of a share, such fractional share being subject to and carrying the corresponding fraction of liabilities, limitations, privileges, qualifications, restrictions, rights and other attributes of a whole share of the same class of shares;

Share Premium Account: the share premium account established in accordance with these Articles and the Act;

Special Resolution: a resolution that is described as such in its terms:

- (c) passed by a majority of not less than two thirds of such Members as, being entitled to do so, vote in person or by proxy, at a duly convened general meeting of the Company; or
- (d) a written resolution signed by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed; and

Subscriber: the Subscriber to the Memorandum.

1.3 Words importing the singular number include the plural number and vice versa and words importing the masculine gender include the feminine gender.

1.4 Words importing persons include corporations and any other legal or natural persons.

1.5 Any reference to writing includes all modes of representing or reproducing words in a visible and legible form, including in the form of an Electronic Record.

- 1.6 The word **may** shall be construed as permissive and the word **shall** shall be construed as imperative.
- 1.7 Any phrase introduced by the **terms including, include, in particular** or any similar expression shall be merely illustrative and shall not limit the sense of the words preceding those terms.
- 1.8 Where any provision of the Act is referred to, the reference is to that provision as modified by any subsequent law for the time being in force.
- 1.9 Unless the context otherwise requires, words and expressions defined in the Act bear the same meanings in these Articles.
- 1.10 References to days are to calendar days, unless otherwise specified.
- 1.11 Headings are used for convenience only and shall not affect the construction of these Articles.

2. **OFFICES**

- 2.1 The Registered Office of the Company shall be at such place in the Cayman Islands as the Directors shall from time to time determine.
- 2.2 The Company, in addition to its Registered Office, may establish and maintain such other offices in the Cayman Islands or elsewhere as the Directors may from time to time determine.

3. **SERVICE PROVIDERS**

- 3.1 The Directors may appoint any person to act as a service provider to the Company and may delegate to any such service provider any of the functions, duties, powers and discretions available to them as Directors, upon such terms and conditions (including as to the remuneration payable by the Company) and with such powers of sub-delegation, but subject to such restrictions, as they think fit.

4. **ISSUE OF SHARES**

- 4.1 The Directors may (subject to the provisions of these Articles and the Act), without prejudice to any rights attached to any existing Shares, offer, allot, grant options over or otherwise dispose of the Shares with or without preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividends or other forms of distribution, voting, return of capital or otherwise, and to such persons and on such terms and conditions and for such consideration, and at such times as they think fit, provided no Share shall be issued at a discount (except in accordance with the provisions of the Act).

- 4.2 Any Share may, with the sanction of a Special Resolution, be issued on the terms that it is, or at the option of the Company or the holder is liable, to be redeemed.
- 4.3 Notwithstanding the preceding Article, the Subscriber shall have the power to:
- 4.3.1 issue one Share to itself;
 - 4.3.2 transfer that Share by an instrument of transfer to any person; and
 - 4.3.3 update the Register of Members in respect of the issue and transfer of that Share.
- 4.4 The Company shall not issue Shares to bearer.
- 4.5 The Company may, in accordance with the Act, issue fractions of Shares.

5. **REGISTER OF MEMBERS**

5.1 The Directors shall establish and maintain (or cause to be established and maintained) the Register of Members at the Registered Office or at such other place determined by the Directors in the manner prescribed by the Act.

6. REGISTER OF BENEFICIAL OWNERSHIP

6.1 The Directors shall cause the Register of Beneficial Ownership to be established and maintained at the Registered Office in the manner prescribed by the Act if and for as long as the Company is required by the Act to establish and maintain such a register.

6.2 Every Member shall provide to the Company upon request written particulars of the beneficial ownership of the Shares registered in such Member's name as the Company is required by the Act to collect for the Register of Beneficial Ownership and shall advise the Company in writing in a timely manner of any changes in those particulars. If the Company is not provided with the information required under the Act, the Company may (if permitted by the Act) issue a restrictions notice to the relevant "registrable person" (as defined in the Act, or, if the registrable person is unknown, the related Member on its behalf) in relation to the relevant Shares. Until the restrictions notice is withdrawn by the Company or ceased by order of the Grand Court of the Cayman Islands, the effects of the restrictions notice are as set out in the Act and the rights of the Member holding the affected Shares to vote, transfer or otherwise deal with or receive any distribution (except in a liquidation of the Company) on the affected Shares under the provisions of these Articles are suspended.

7. RECORD DATE

7.1 The Directors may fix in advance a date as the record date to determine the Members entitled to notice of or to vote at a meeting of the Members and, for the purpose of determining the Members entitled to receive payment of any dividend, the Directors may, at or within 90 days prior to the date of the declaration of such dividend, fix a subsequent date as the record date for such determination.

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7.2 If no such record date is fixed, the record date shall be the date on which notice of the meeting is sent or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be. A determination of Members entitled to vote at any meeting of Members in accordance with this Article, shall apply to any adjournment thereof.

8. SHARE CERTIFICATES

8.1 Every Member shall be entitled, without payment, to a certificate of the Company specifying the Share or Shares held by him and the amount paid up thereon.

8.2 Notwithstanding the provisions of these Articles, the Directors may resolve not to issue share certificates to Members of the Company.

8.3 The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person, and delivery of a certificate to one joint holder shall be sufficient delivery to all.

8.4 If a share certificate is defaced, lost or destroyed, it may be replaced on payment of such fee (if any) and on such terms (if any) as to evidence and indemnity, and on the payment of expenses of the Company in investigating such evidence and preparing such indemnity as the Directors shall think fit and, in case of defacement, on delivery of the old certificate to the Company for cancellation.

9. TRANSFER OF SHARES

9.1 The instrument of transfer of any Share shall be executed by or on behalf of the transferor (and, if the Directors so determine, the transferee). The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Register of Members in respect of such Share. All instruments of transfer, once registered, may be retained by the Company.

9.2 Subject to any applicable restrictions contained in these Articles, Shares shall be transferred in any usual or common form approved by the Directors.

- 9.3 The Directors may, in their absolute discretion and without assigning any reason therefore, decline to register any transfer of any Share. The Directors may require reasonable evidence to show the right of the transferor to make the transfer.

- 9.4 If the Directors decline to register a transfer of Shares they shall send notice of the refusal to the transferee within one month after the date on which the transfer was lodged with the Company.

- 9.5 The Directors may also suspend the registration of the transfers at such times and for such periods as the Directors may from time to time determine.

10. TRANSMISSION OF SHARES

- 10.1 If a Member dies, the survivor or survivors (where he was a joint holder), and the legal personal representative (where he was sole holder), shall be the only person recognised by the Company as having any title to the Share. The estate of a deceased Member is not thereby released from any liability in respect of any Share held by him, whether solely or jointly. For the purpose of this Article, legal personal representative means the person to whom probate or letters of administration has or have been granted in the Cayman Islands or, if there is no such person, such other person as the Directors may in their absolute discretion determine to be the person recognised by the Company for the purpose of this Article.

- 10.2 Any person becoming entitled to a Share in consequence of the death or bankruptcy of a Member or otherwise by operation of applicable law may elect, upon such evidence being produced as may be required by the Directors as to his entitlement, either be registered himself as a Member in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt Member could have made.

- 10.3 If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to transfer the Shares, he shall signify his election by signing an instrument of transfer of such Shares in favour of his transferee. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or instrument of transfer as aforesaid as if the death of the Member or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer signed by such Member.

- 10.4 A person becoming entitled to a Share in consequence of the death or bankruptcy of the Member (or otherwise by operation of applicable law), upon such evidence being produced as may be required by the Directors as to his entitlement, shall be entitled to the same dividends and other monies payable in respect of the Share as he would be entitled if he were the holder of such Share. However, he shall not be entitled, until he becomes registered as the holder of such Share, to receive notices of or to attend or vote at general meetings of the Company or (except as aforesaid) to exercise any other rights or privileges of a Member. The Directors may at any time give notice requiring such person to elect either to be registered himself or to transfer the Share and, if the notice is not complied with within sixty days, the Directors may thereafter withhold payment of all dividends and other monies payable in respect of the Shares until the requirements of the notice have been complied with.

11. REDEMPTION AND PURCHASE OF SHARES

- 11.1 Subject to the provisions of the Act and the Memorandum, the Company may:

- 11.1.1 purchase its own Shares (including any redeemable Shares) in such manner and on such terms as the Directors may agree with the relevant Member unless following such purchase there would no longer be any issued Shares and may make payment for such purchase or for any redemption of Shares in any manner authorised by the Act, including out of capital; and

- 11.1.2 reduce its share capital and any capital redemption reserve fund in any manner whatsoever.

12. VARIATION OF SHARE RIGHTS

12.1 If at any time the share capital is divided into different classes of Shares, all or any of the special rights attached to any class of Shares (unless otherwise provided by the terms of issue of the Shares of that class) may be varied or abrogated with the consent in writing of the holders of not less than two thirds of the issued Shares of that class or with the sanction of a resolution passed by the holders of not less than two thirds of the issued Shares of that class as may be present in person or by proxy at a separate general meeting of the holders of the Shares of that class. To any such separate general meeting, all of the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be any one or more persons holding or representing by proxy not less than one third of the issued Shares of the class and that any holder of Shares of the relevant class present in person or by proxy may demand a poll.

12.2 For the purpose of a separate class meeting, the Directors may treat two or more of all classes of Shares as forming one class if they consider that such class of Shares would be affected in the same way by the proposals under consideration.

12.3 The rights conferred upon the holders of any Shares shall not, unless otherwise expressly provided in the rights attaching to such Shares, be deemed to be altered by the creation or issue of further Shares ranking *pari passu* therewith.

13. NON-RECOGNITION OF TRUSTS

13.1 Except as required by the Act or these Articles, or under an order of a court of competent jurisdiction, the Company shall not be bound by or compelled to recognise in any way, even when notice thereof is given to it, any equitable, contingent, future or partial interest in any Share, or any other rights in respect of any Share other than an absolute right to the entirety thereof in the registered holder.

14. LIEN

14.1 The Company shall have a first and paramount lien on every Share (not being a fully paid Share) for all moneys (whether presently payable or not) called or payable at a date fixed by or in accordance with the terms of issue of such Share in respect of that Share, and the Company shall also have a first and paramount lien on every Share (other than a fully paid up Share) standing registered in the name of a Member, whether singly or jointly with any other person for all debts and liabilities of a Member or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any interest of any person other than such Member, and whether the time for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Directors may at any time, either generally or in any particular case, waive any lien that has arisen or declare any Share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a Share shall extend to all dividends payable thereon.

14.2 The Company may sell, in such manner as the Directors think fit, any Share on which the Company has a lien, provided a sum in respect of which the lien exists is presently payable, and is not paid within fourteen days after a notice in writing has been given to the registered holder for the time being of the Share, demanding payment of the sum presently payable and giving notice of the intention to sell in default of such payment.

14.3 For giving effect to any such sale, the Directors may authorise any person to transfer the Share sold to the purchaser thereof. The purchaser shall be registered as the holder of the Share comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings relating to the sale.

14.4 The net proceeds of such sale shall be applied in payment or discharge of the debt or liability in respect of which the lien exists and as is presently payable, and any balance shall (subject to a like lien for debts or liabilities not presently payable as existed upon the Shares prior to the sale) be paid to the person who was the registered holder of the Share immediately before such sale.

15. CALLS ON SHARES

15.1 The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their Shares (whether in respect of the par value of the Shares or premium or otherwise and not, by the terms of issue thereof, made payable at a future date fixed by or in accordance with such terms of issue); and each Member shall (subject to the Company serving upon him at least 14 days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so

specified the amount called on his Shares. A call may be revoked or postponed by the Directors wholly or in part as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

15.2 Payment of a call may be made by instalments on the direction of the Directors.

15.3 If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day payment is due to the time of the actual payment at such rate as the Directors may determine, but the Directors may waive payment of such interest wholly or in part.

15.4 Any sum payable in respect of a Share on issue or allotment or at any fixed date, whether in respect of the par value of the Share or premium or otherwise, shall be deemed to be a call and if it is not paid all the relevant provisions as to payment of interest, forfeiture or otherwise of these Articles shall apply as if such sum had become due and payable by virtue of a call duly made and notified.

15.5 The Directors may issue Shares with different terms as to the amount and times of payment of calls.

15.6 The joint holders of a Share shall be jointly and severally liable to pay calls in respect thereof.

15.7 The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any Shares held by him; and may (until the amount would otherwise become payable) pay interest at such rate (not exceeding six per cent without the sanction of the Company in general meeting) as may be agreed upon between the Member paying the sum in advance and the Directors.

16. **FORFEITURE OF SHARES**

16.1 If a Member fails to pay any call or instalment of a call by the date it becomes due and payable, the Directors may, at any time thereafter while such call or instalment remains unpaid, give notice to the Member requiring payment of the unpaid portion of the call or instalment, together with any accrued interest and expenses incurred by the Company by reason of such non-payment.

16.2 The notice shall specify where and by what date (not being less than the expiration of 14 days' from the date of the notice) payment is to be made and shall state that if it is not complied with the Shares in respect of which the call was made will be liable to be forfeited. The Directors may accept the surrender of any Share liable to be forfeited hereunder and, in such case, references to these Articles to forfeiture shall include surrender.

16.3 If such notice is not complied with, any Share in respect of which the notice was given may thereafter, before the payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends declared, other distributions or other monies payable in respect of the forfeited Shares and not paid before the forfeiture.

16.4 A forfeited Share may be sold, re-allotted or otherwise disposed of upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition, the forfeiture may be cancelled on such terms as the Directors think fit.

16.5 A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but shall remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him in respect of the Shares together with interest at such rate as the Directors may determine from the date of forfeiture until payment, but his liability shall cease if and when the Company receives payment in full of all amounts due in respect of the Shares. The Company may enforce payment without being under any obligation to make any allowance for the value of the Shares forfeited.

16.6 An affidavit in writing by a Director or Secretary of the Company that a Share has been duly forfeited on a specified date, shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share. The Company may

receive the consideration, if any, given for the Share on any sale, re-allotment or disposition thereof and may authorise some person to execute a transfer of the Share in favour of the person to whom the Share is sold, re-allotted or otherwise disposed of, and he shall thereupon be registered as the holder of the Share, and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposition of the Share.

16.7 The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the par value of the Share, or by way of premium or otherwise, as if the same had been made payable by virtue of a call duly made and notified to the Member.

17. INCREASE OF CAPITAL

17.1 The Company may from time to time by Ordinary Resolution increase its share capital by such sum, to be divided into new Shares of such par value, and with such rights, priorities and privileges attached thereto as the resolution shall prescribe.

17.2 Subject to any directions given by the Company in a general meeting, all new Shares shall be at the disposal of the Directors in accordance with these Articles.

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17.3 The new Shares shall be subject to the same provisions of these Articles with reference to the payment of calls, lien, forfeiture, transfer, transmission and otherwise, as the Shares in the original share capital.

18. ALTERATION OF CAPITAL

18.1 The Company may from time to time by Ordinary Resolution:

18.1.1 consolidate and divide all or any of its share capital into Shares of larger par value than its existing Shares;

18.1.2 sub divide its existing Shares, or any of them, into Shares of smaller par value than is fixed by the Memorandum, subject nevertheless to the provisions of section 13 of the Act;

18.1.3 cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person; and

18.1.4 convert all or any paid up Shares into stock, and reconvert all or any stock into paid up Shares of any denomination.

18.2 The Company may from time to time by Special Resolution:

18.2.1 divide its Shares into several classes and attach to such classes any preferential, deferred, or special rights or restrictions in accordance with these Articles;

18.2.2 change the currency denomination of its share capital;

18.2.3 reduce its share capital and any capital redemption reserve fund in any manner whatsoever; and

18.2.4 merge or consolidate with any one or more constituent companies (as defined in the Act).

19. SEGREGATED PORTFOLIOS

19.1 The Directors may create from time to time one or more Segregated Portfolios in order to segregate the assets and liabilities of the Company held within or on behalf of a Segregated Portfolio from the assets and liabilities of the Company held within or on behalf of any other Segregated Portfolio and from the General Assets and the liabilities of the Company not held within or on behalf of any Segregated Portfolio of the Company. When any Segregated Portfolio no longer has any assets or liabilities of any class corresponding to such Segregated Portfolio in issue, the Directors may close such Segregated Portfolio.

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- 19.2 Each Segregated Portfolio shall be separately designated or identified in accordance with Part XIV of the Act and shall include in its name the words “**Segregated Portfolio**”, “**SP**”, “**S.P.**” or otherwise as permitted under the Act.
- 19.3 The Directors shall establish and maintain (or cause to be established and maintained) procedures to identify and segregate and keep segregated:
- 19.3.1 each asset as either a General Asset or a Segregated Portfolio Asset and in the case of a Segregated Portfolio Asset, the Segregated Portfolio to which it is attributed; and
- 19.3.2 each liability as being that of a General Creditor or a Segregated Portfolio Creditor and in the case of a Segregated Portfolio Creditor, the Segregated Portfolio of which such person is a creditor.
- 19.4 The proceeds from the issue of Shares in each class shall be applied in the books of the Company to the Segregated Portfolio established for that class. The assets and liabilities and income and expenditure attributable to that Segregated Portfolio shall be applied to such Segregated Portfolio and, subject to the provisions of these Articles, to no other Segregated Portfolio.
- 19.5 The Segregated Portfolio Assets of each Segregated Portfolio shall be held, subject to the provisions of the Act and these Articles, only for the benefit of the holders of the relevant Shares of each class corresponding to such Segregated Portfolio and applied solely in respect of the liabilities attributed to such Segregated Portfolio in accordance with the provisions of the Act.
- 19.6 Where any asset is derived from another asset, such derivative asset shall be applied in the books of the Company to the same Segregated Portfolio as the asset from which it was derived and, on each revaluation of an asset, the increase or diminution of value shall be applied to the same Segregated Portfolio and, subject to the provisions of these Articles, to no other Segregated Portfolio.
- 19.7 In the case of any asset or liability of the Company which the Directors do not consider is attributable to a particular Segregated Portfolio or Segregated Portfolios, the Directors shall, subject to the Act, have discretion to determine the basis upon which any such asset or liability shall be allocated between or among Segregated Portfolios and the General Assets and the Directors shall have power at any time and from time to time to vary such basis.
- 19.8 Notwithstanding anything to the contrary in these Articles, in no event shall the liabilities of an insolvent Segregated Portfolio be satisfied out of the assets of another Segregated Portfolio or the General Assets.

20. **GENERAL MEETINGS**

20.1 The Directors may, whenever they think fit, convene an extraordinary general meeting. If at any time there are not sufficient Directors capable of acting to form a quorum, any Director, or any one or more Members holding in the aggregate not less than one third of the total issued share capital of the Company entitled to vote, may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

20.2 The Directors shall, upon the requisition in writing of one or more Members holding in the aggregate not less than one tenth of such paid up capital of the Company as at the date of the requisition carries the right of voting at general meetings, convene an extraordinary general meeting. Any such requisition shall express the object of the meeting proposed to be called, and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form, each signed by one or more requisitionists.

20.3 If there are no Directors as at the date of the deposit of the Members’ requisition or if the Directors do not convene a general meeting within 21 days from the date of the deposit, the requisitionists or any or any of them or any other Member or Members holding in the aggregate not less than one tenth of such paid up capital of the Company as at the date of the requisition, may convene an extraordinary general meeting. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Directors.

21. **NOTICE OF GENERAL MEETINGS**

21.1 At least five clear days' notice shall be given of any general meeting. Every notice shall specify the place, the day and the time of meeting and, in the case of special business, the general nature of the business to be conducted at the general meeting, and shall be given in the manner provided in these Articles or in such other manner (if any) as may be prescribed by the Company, to such persons as are entitled to receive such notices from the Company. A general meeting may be convened by such shorter notice, or without notice, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five percent in nominal value of the Shares giving that right.

21.2 The accidental omission to give notice of a meeting to, or the non-receipt of a notice of a meeting by, any Member entitled to receive notice shall not invalidate the proceedings at any meeting.

22. PROCEEDINGS AT GENERAL MEETINGS

22.1 All business shall be deemed special that is transacted at an extraordinary general meeting.

22.2 No business shall be transacted at any general meeting unless a quorum of Members is present at the time that the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman, which shall not be treated as part of the business of the Meeting. Save as herein otherwise provided, one or more Members holding in the aggregate not less than one third of the total issued share capital of the Company present in person or by proxy and entitled to vote shall be a quorum.

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22.3 If within five minutes (or such longer time as the chairman of the meeting may determine to wait) after the time appointed for the meeting, a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be a quorum.

22.4 A meeting of the Members may be held by telephone, electronic or other communication facilities (including, without limiting the generality of the foregoing, by telephone or video conferencing) by which all persons participating in the meeting can communicate with each other simultaneously and instantaneously, and participation in such a general meeting shall constitute presence in person at such meeting.

22.5 Any Director shall be entitled to attend and speak at any general meeting of the Company.

22.6 The chairman (if any) of the Board of Directors shall preside as chairman at every general meeting of the Company. If there is no such chairman, or if at any meeting he is not present within five minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Directors present shall choose one of their number to act or, if only one Director is present, he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, the Members present and entitled to vote shall elect one of their number to be chairman.

22.7 The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

23. VOTING

23.1 Save where a Special Resolution or other greater majority is required by the Act or these Articles, any question proposed for consideration at any general meeting shall be decided by an Ordinary Resolution.

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23.2 At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or on the declaration of the result of the show of hands, or on the withdrawal of any other demand for a poll) a poll is demanded by:

- 23.2.1 the chairman of the meeting; or
- 23.2.2 at least three Members present in person or by proxy; or
- 23.2.3 any Member or Members present in person or by proxy and holding collectively not less than one tenth of the total voting rights of all the Members having the right to vote at such meeting; or
- 23.2.4 a Member or Members present in person or by proxy holding Shares conferring the right to vote at such meeting, being Shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all such Shares conferring such right.

23.3 Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the minutes of the proceedings of the Company shall be conclusive evidence of that fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution. The demand for a poll may be withdrawn by the person or any persons making it at any time prior to the declaration of the result of the poll.

23.4 If a poll is duly demanded, it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

23.5 In the case of an equality of votes at a general meeting, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall not be entitled to a second or casting vote and the resolution shall fail.

23.6 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken in such manner and either forthwith or at such time later in the meeting as the chairman of the meeting shall direct.

23.7 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded and it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

23.8 On a poll votes may be cast either personally or by proxy.

23.9 A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

23.10 On a show of hands, every Member present in person or by proxy and entitled to vote shall have one vote. On a poll, every Member present in person or by proxy and entitled to vote shall have one vote for each Share of which he is the registered holder.

23.11 In the case of joint holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

23.12 A Member of unsound mind, or, in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his receiver, committee, *curator bonis* or other person of similar nature appointed by such court, and any such receiver, committee, curator bonis or other person may vote by proxy and may otherwise act and be treated as such Member for the purpose of the general meetings.

23.13 No Member, unless the Directors otherwise determine, shall be entitled to vote at any general meeting, unless all calls or other sums presently payable by him in respect of Shares in the Company have been paid.

23.14 No objection shall be raised as to the qualification of any voter or as to whether any votes have been properly counted except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not

disallowed at the meeting shall be valid. Any objection made in due time and in accordance with these Articles shall be referred to the chairman whose decision shall be final and conclusive.

24. PROXIES AND CORPORATE REPRESENTATIVES

24.1 Subject to these Articles, each Member entitled to attend and vote at a general meeting may attend and vote at the general meeting:

24.1.1 in person, or where a Member is a company or non-natural person, by a duly authorised corporate representative; or

24.1.2 by one or more proxies.

24.2 A proxy or corporate representative need not be a Member.

24.3 The instrument appointing a proxy shall be in writing under the hand of the Member or his duly authorised attorney or, if the Member is a corporation, under the hand of its duly authorised representative.

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24.4 An instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or may appoint a standing proxy until notice of revocation is received at the Registered Office or at such place or places as the Directors may otherwise specify for the purpose.

24.5 Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company.

24.6 The instrument appointing a proxy or corporate representative, and the power of attorney (if any) under which it is signed, together with such other evidence as to its due execution as the Directors may from time to time require, shall be deposited at the Registered Office of the Company or at such other place as is specified for that purpose in the notice convening the meeting or in any notice of any adjournment or, in either case or the case of a written resolution, in any document sent therewith, not less than 24 hours (or such longer or shorter time as the Directors may determine) before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.

24.7 In default of any of the provisions in these Articles to deposit any instrument of proxy or authorisation at the Registered Office of the Company or at such other place as is specified for that purpose in the notice convening the meeting, the instrument of proxy or authorisation shall not be treated as valid provided that the chairman of the meeting may in his discretion accept an instrument of proxy or authorisation sent by email or fax upon receipt of email or fax confirmation that the signed original thereof has been sent.

24.8 The operation of a standing proxy or authorisation shall be suspended at any general meeting or adjournment thereof at which the Member is present in person or by specially appointed proxy. The Directors may require evidence as to the due execution and continuing validity of any standing proxy or authorisation and the operation of any such standing proxy or authorisation shall be deemed to be suspended until the Directors determine that they have received such satisfactory evidence.

24.9 In the case of a poll taken subsequently to the date of a meeting or adjourned meeting, the instrument appointing the proxy or corporate representative referred to in these Articles shall be deposited at the Registered Office of the Company or at such other place as is specified for that purpose in the notice convening the meeting before the time appointed for the taking of the poll.

24.10 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll, to speak at the meeting and to vote on any amendment of a written resolution or amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy or authorisation shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

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24.11 A vote given in accordance with the terms of an instrument of proxy or authorisation shall be valid notwithstanding the previous death or unsoundness of mind of the principal, or revocation of the proxy or of the corporate authority, unless notice in writing of such death, unsoundness of mind or revocation was received by the Company at the Registered Office (or such other place as may be specified for the delivery of instruments of proxy or authorisation in the notice convening the meeting or other documents sent therewith) before the commencement of the general meeting, or adjourned meeting, at which the instrument or proxy is used.

24.12 In the case of a written resolution to be signed by a corporate representative, the instrument appointing the corporate representative shall be deposited at the Registered Office of the Company or at such other place as is specified for that purpose in the notice convening the meeting prior to the effective date of the written resolution.

24.13 Subject to the Act, the Directors may at their discretion waive any of the provisions of these Articles relating to proxies or authorisations and, in particular, may accept such verbal or other assurances as they think fit as to the right of any person to attend, speak and vote on behalf of any Member at general meetings or to sign written resolutions.

25. APPOINTMENT AND REMOVAL OF DIRECTORS

25.1 The names of the first Directors shall be determined in writing by the subscriber of the Memorandum.

25.2 The number of Directors shall be not less than one nor, unless the Members by Ordinary Resolution may otherwise determine, more than ten. Directors shall serve for such term as the Members by Ordinary Resolution may determine, or in the absence of such determination, until they are removed from office or are disqualified or resign under the terms of these Articles.

25.3 The Directors shall have the power at any time, and from time to time, to appoint any person to be a Director, either to fill a vacancy or as an additional Director.

25.4 The Company may by Ordinary Resolution appoint and remove a Director or Directors.

25.5 No shareholding qualification shall be required for Directors unless otherwise required by the Company by Ordinary Resolution.

26. RESIGNATION AND DISQUALIFICATION OF DIRECTORS

26.1 The office of Director shall *ipso facto* be vacated if the Director:

26.1.1 resigns his office by notice in writing to the Company; or

26.1.2 becomes of unsound mind and the Directors resolve that his office is vacated; or

26.1.3 becomes bankrupt under the laws of any country or makes any arrangement or composition with his creditors generally;
or

26.1.4 if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under any provisions of any law or enactment.

27. POWERS AND DUTIES OF DIRECTORS

27.1 The business of the Company shall be managed by the Directors, who may pay all expenses incurred in promoting and registering the Company and may exercise all such powers of the Company as are not, by the Act or these Articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any clause of these Articles, to the provisions of the Act and to such regulations, being not inconsistent with the aforesaid clauses or provisions, as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

- 27.2 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.
- 27.3 All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.
- 27.4 The Directors on behalf of the Company may provide benefits, whether by the payment of gratuities or pensions or otherwise, for any person including any Director or former Director who has held any executive office or employment with the Company or any body corporate which is or has been a subsidiary or affiliate of the Company or a predecessor in the business of the Company or of any such subsidiary or affiliate, and to any member of his family or any person who is or was dependent on him, and may contribute to any fund and pay premiums for the purchase or provision of any such gratuity, pension or other benefit, or for the insurance of any such person.
- 27.5 No document or deed otherwise duly executed and delivered by or on behalf of the Company shall be regarded as invalid merely because at the date of delivery of the deed or document, the Director, Secretary or other officer or person who shall have executed the same and/or affixed the Seal (if any) thereto as the case may be for and on behalf of the Company shall have ceased to hold such office or to hold such authority on behalf of the Company.

- 27.6 The Directors may from time to time appoint one of their number to be a managing director, joint managing director or an assistant managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Directors may determine and may revoke or terminate any such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Any person so appointed shall receive such remuneration (if any) (whether by way of salary, commission, participation in profits or otherwise) as the Directors may determine, and either in addition to or in lieu of his remuneration as a Director.
- 27.7 Notwithstanding any provision in these Articles to the contrary, a sole Director shall be entitled to exercise all of the powers and functions of the Directors which may be imposed on them by Act or by these Articles.

28. **PROCEEDINGS OF DIRECTORS**

- 28.1 The Directors may meet together (either within or without the Cayman Islands) for the despatch of business, adjourn and otherwise regulate their meetings and proceedings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall not have a second or casting vote and the motion shall be deemed to have been lost. Notwithstanding the foregoing, all material business activities of the Company must be approved by a Cayman Director, provided that a Cayman Director may resign or be removed or replaced as a Director pursuant to Article 25 without such consent.

- 28.2 A Director or alternate Director may, and the Secretary on the requisition of a Director or alternate Director shall, at any time, summon a meeting of Directors by at least five days' notice in writing to every Director and alternate Director which notice shall set forth the general nature of the business to be considered provided however that notice may be waived by all the Directors (or their alternates) either at, before or retrospectively after the meeting is held provided further that notice or waiver thereof may be given by email or fax.

- 28.3 The quorum for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed by the Directors, shall be two Directors, and shall be one if there is a sole Director, provided that quorum must always include at least one Cayman Director or such Cayman Director's alternate. An alternate appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present provided always that where a Director is acting in his own right and also as an alternate he is only counted once in the quorum. A Director who ceases to be a Director at a meeting of the Directors may continue to be present and to act as a Director and be counted in the quorum until the termination of the meeting provided no other Director objects and if otherwise a quorum of Directors would not be present.

28.4 The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

28.5 The Directors may elect a chairman of their meetings and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

28.6 A resolution in writing signed by all of the Directors or all of the members of a committee of Directors for the time being entitled to receive notice of a meeting of the Directors (or by an alternate Director as provided in these Articles), including a resolution signed in counterpart and/or sent or evidenced by way of signed fax or electronic transmission, shall be as valid and effectual as if it had been passed at a meeting of the Directors or of a committee of Directors duly called and constituted.

28.7 To the extent permitted by law, a meeting of the Directors or a committee appointed by the Directors may be held by means of such telephone, electronic or other communication facilities (including, without limiting the generality of the foregoing, by telephone or by video conferencing) as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting. Such a meeting shall be deemed to take place where the largest group of those Directors participating in the meeting is physically assembled, or, if there is no such group, where the chairman of the meeting then is.

28.8 All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

28.9 The Directors shall cause minutes to be made and records kept for the purpose of recording:

28.9.1 all appointments of officers made by the Directors;

28.9.2 the names of the Directors and other persons present at each meeting of the Directors and of any committee of the Directors; and

28.9.3 all resolutions and proceedings at all meetings of the Members of the Company or any class of Members and of the Directors and of committees of Directors; and the chairman of all such meetings or of any meeting confirming the minutes thereof shall sign the same.

29. **DIRECTORS' INTERESTS**

29.1 A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as to remuneration and otherwise as the Directors may determine.

29.2 A Director or officer may act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or officer.

29.3 No Director or officer shall be disqualified from his office or prevented by such office from holding any office or place of profit under the Company or under any company in which the Company shall be a Member or have any interest, or from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or officer shall be in any way interested be or be liable to be avoided nor shall any Director or officer so contracting, dealing or being so interested be liable to account to the Company for any profit realised by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established.

29.4 A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is interested provided that the nature of the interest of the Director in any such contract or transaction shall be disclosed by him at or prior to its consideration and any vote thereon.

29.5 The nature of the interest of any Director or officer in any contract, dealing or transacting with or affecting the Company shall be disclosed by him at or prior to its consideration and any vote thereon and a general notice that a Director or officer is a shareholder of any specified firm or company and/or is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure hereunder and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

30. **DELEGATION OF DIRECTORS' POWERS**

30.1 Directors may from time to time and at any time by power of attorney or otherwise appoint any company, firm or person or fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney and of such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

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30.2 The Directors may delegate any of the powers exercisable by them to a Managing Director, Director or any other person or persons acting individually or jointly as they may from time to time by resolution appoint upon such terms and conditions and with such restrictions as they may think fit, and may from time to time by resolution revoke, withdraw, alter or vary all or any such powers.

31. **ALTERNATE DIRECTORS**

31.1 Any Director may by writing appoint any other Director, or other person willing to act, to be his alternate and remove his alternate so appointed by him. Such appointment or removal shall be by notice to the Registered Office signed by the Director making or revoking the appointment or in any other manner approved by the Directors, and shall be effective on the date the notice is served and the alternate shall be notified of such appointment or revocation. Subject to the removal by the appointing Director, the alternate shall continue in office until the date on which the Director who appointed him ceases to be a Director. An alternate may also be a Director in his own right and may act as alternate to more than one Director.

31.2 An alternate shall be entitled to receive notice of all meetings of the Directors, attend, be counted in the quorum, vote and act in the place of the Director who appointed him at every such meeting at which the appointing Director is not personally present, and generally to perform all the functions of the Director who appointed him as a Director in his absence.

31.3 These Articles (except as regards powers to appoint an alternate and remuneration) apply equally to the alternate as though he were the Director in his own right.

31.4 An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him. The signature of an alternate to any resolution in writing of the Directors or a committee thereof shall, unless the terms of the appointment provide to the contrary, be as effective as the signature of each Director to whom he is alternate Director.

32. **COMMITTEES OF DIRECTORS**

32.1 The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Directors.

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32.2 A committee may elect a chairman of its meetings; if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.

32.3 A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present and in case of an equality of votes the chairman shall not have a second or casting vote and the motion shall be deemed to have been lost.

33. **OFFICERS**

33.1 The Directors may appoint a Secretary and such other officers as they may from time to time consider necessary upon such terms as to duration of office, remuneration and otherwise as they may think fit. Such Secretary or other officers need not be Directors and in the case of the other officers may be ascribed such titles as the Directors may decide and the Directors may revoke or terminate any such election or appointment. Any such revocation or termination shall be without prejudice to any claim for any damages that such officer may have against the Company or the Company may have against such officer for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Save as provided in the Act or these Articles, the powers and duties of the officers of the Company shall be such (if any) as are determined from time to time by the Directors.

34. **DIRECTORS' REMUNERATION**

34.1 The remuneration to be paid to the Directors, if any, shall be determined by the Company in general meeting or, in the absence of such a determination, by the Directors.

34.2 Each Director shall also be entitled to be paid his reasonable travelling, hotel and other expenses properly incurred by him in connection with his attendance at meetings of the Directors, committees of the Directors or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

34.3 The Directors may by resolution approve additional remuneration to any Director for services which in the opinion of the Directors go beyond the ordinary duties of a Director, and such extra remuneration shall be in addition to any remuneration provided for, by or pursuant to any other Article.

35. **SEALS AND DEEDS**

35.1 The Directors may determine that the Company shall have a Seal, and if they so determine, shall provide for the safe custody of the Seal. The Seal shall only be used by the authority of the Directors and in the presence of a Director or the Secretary or such other person as the Directors may by resolution appoint for this purpose, and every instrument to which the Seal affixed shall be signed by the relevant person. Notwithstanding the above, annual returns and notices filed under the Act may be executed either as a deed or under Seal and in either case without the need for the authority of a resolution of the Directors.

35.2 The Company may maintain in any place or places outside the Cayman Islands a facsimile of any Seal and such facsimile seal shall be affixed in the same way as if it were the Seal.

35.3 In accordance with the Act, the Company may execute any deed or other instrument (which would otherwise be required to be executed under Seal) by the signature of such deed or instrument as a deed by a Director or by the Secretary of the Company or by such other person as the Directors may appoint or by any other person or attorney on behalf of the Company appointed by a deed or other instrument executed as a deed by a Director or the Secretary or such other person as aforesaid.

36. **DIVIDENDS**

36.1 The Directors may from time to time declare dividends to be paid to the Members according to their rights and interests, including such interim dividends as appear to the Directors to be justified by the position of the Company. The Directors may

also pay any fixed cash dividend which is payable on any Shares of the Company half yearly or on such other dates, whenever the position of the Company, in the opinion of the Directors, justifies such payment.

36.2 No dividend shall be paid otherwise than out of profits or out of monies otherwise available for dividend in accordance with the Act.

36.3 Subject to the rights of Members, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amount paid up on the Shares in respect of which the dividend is paid and any dividend on any class of Shares not fully paid shall be declared and paid according to the amounts paid on the Shares of that class, but if and so long as nothing is paid up on any of the Shares in the Company, dividends may be declared and paid according to the number of Shares. No amount paid on a Share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the Share. Dividends may be apportioned and paid pro rata according to the amounts paid-up on the Shares during any portion or portions of the period in respect of which the dividend is paid.

36.4 The Directors may deduct from any dividend, distribution or other monies payable to a Member by the Company on or in respect of any Shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of Shares of the Company.

36.5 If several persons are registered as joint holders of any Share, any of them may give effectual receipts for any dividend or other money payable on or in respect of the Share.

36.6 Any dividend may be paid by cheque or warrant sent through the post to the address of the Member or person entitled thereto in the Register of Members or, in the case of joint holders addressed to the holder whose name stands first in the Register of Members in respect of the Shares at his registered address as appearing on the Register of Members or to such person and such address as the Member or person entitled or such joint holders as the case may be may direct in writing. Every such cheque or warrant shall, unless the holder or joint holders may in writing direct, be made payable to the order of the person to whom it is sent or to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first in the Register of Members in respect of such Shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other monies payable or property distributable in respect of the Shares held by such joint holders.

36.7 The Directors may declare that any dividend or distribution is paid wholly or partly by the distribution of specific assets and, in particular, of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways, and where any difficulty arises in regard to such dividend or distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional Shares or ignore fractions altogether and may fix the value for dividend or distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to secure equality of distribution, and may vest any such specific assets in trustees as may seem expedient to the Directors.

36.8 No dividend or other distribution or other monies payable by the Company on or in respect of any Share shall bear interest against the Company.

36.9 All unclaimed dividends or distributions may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Any dividend or distribution unclaimed by a Member six years after the dividend or distribution payment date shall be forfeited and revert to the Company.

37. RESERVES

37.1 The Directors may, before declaring any dividend or distribution, set aside such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting contingencies, or for equalising dividends, or for any other purpose of the Company, and pending such application may, in their discretion, be employed in the business of the Company or be invested in such manner as the Directors may from time to time think fit. The Directors may also without placing the same to reserve carry forward any sums which they think it prudent not to distribute.

38. **CAPITALISATION OF PROFITS**

38.1 The Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts which are available for distribution (including its Share Premium Account and capital redemption reserve fund, subject to the Act) for any class or any sum standing to the credit of the profit and loss account for any class or otherwise available for distribution for any class and to appropriate such sums to Members of the relevant class in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and to apply such sum on their behalf in paying up in full unissued Shares of the relevant class for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid.

38.2 Where any difficulty arises in regard to any distribution under the last preceding Article, the Directors may settle the same as they think expedient and, in particular, may authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments should be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Directors. The Directors may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

39. **SHARE PREMIUM ACCOUNT**

39.1 The Directors shall in accordance with the Act establish a Share Premium Account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share.

39.2 There shall be debited to any Share Premium Account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Act, out of capital.

40. **FINANCIAL YEAR END**

The financial year end of the Company shall be 31 December in each calendar year or as otherwise determined by the Board of Directors.

41. **ACCOUNTING RECORDS**

41.1 The Directors shall cause to be kept accounting records sufficient to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Act.

41.2 The accounting records shall be kept at the Registered Office or at such other place or places as the Directors think fit, and shall at all times be open to inspection by the Directors. No Member (who is not also a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the Directors or by the Members by Ordinary Resolution.

41.3 From time to time the Company in general meeting may determine (or revoke, alter or amend any such determination) or, failing such determination, the Directors may determine (or revoke, alter or amend any such determination):

41.3.1 that the accounts of the Company be audited and the appointment of the Auditors;

41.3.2 that there be prepared and sent to each Member and other person entitled thereto a profit and loss account, a balance sheet, group accounts and/or reports for such period and on such terms as they may determine; and

41.3.3 that there be laid before the Company in general meeting a copy of every balance sheet together with a copy of the Auditor's report.

42. **SERVICE OF NOTICES AND DOCUMENTS**

42.1 Notices or other documents or communications may be given to any Member by the Company either personally or by sending it by courier, post, fax or email to him to his registered address, or (if he has no registered address) to the address, if any, supplied by him to the Company for the giving of notices to him. Any notice shall be deemed to be effected:

42.1.1 if delivered personally or sent by courier, by properly addressing and prepaying a letter containing the notice; and to have been effected, in the case of a notice of a meeting, when delivered;

42.1.2 if sent by post, by properly addressing, prepaying, and posting a letter containing the notice (by airmail if available) and to have been effected, in the case of a notice of a meeting, at the expiration of three days after it was posted; and

42.1.3 if sent by fax or email by properly addressing and sending such notice through the appropriate transmitting medium and to have been effected on the day the same is sent.

42.2 A notice may be given by the Company to the joint holders of a Share by giving the notice to the joint holder named first in the Register of Members in respect of the Share.

42.3 A notice may be given by the Company to the person entitled to a Share in consequence of the death or bankruptcy of a Member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

42.4 Notice of every general meeting shall be given in any manner hereinbefore authorised to:

42.4.1 every Member entitled to vote except those Members entitled to vote who (having no registered address) have not supplied to the Company an address for the giving of notices to them; and

42.4.2 every person entitled to a Share in consequence of the death or bankruptcy of a Member, who, but for his death or bankruptcy would be entitled to receive notice of the meeting.

42.5 No other persons shall be entitled to receive notices of general meeting.

43. **WINDING UP**

43.1 Subject to the rights attaching to any Shares, if the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution and any other sanction required by the Act or these Articles, divide amongst the Members in kind the whole or any part of the relevant Segregated Portfolio Assets (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such Segregated Portfolio Assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is any liability.

43.2 If the Company shall be wound up, the liquidator shall apply the Segregated Portfolio Assets and the General Assets in accordance with the Act in satisfaction of the claims of the Segregated Portfolio Creditors and the General Creditors.

43.3 If the Company shall be wound up, the liquidator shall apply the Segregated Portfolio Assets of each Segregated Portfolio and the General Assets as follows:

43.3.1 first, the Segregated Portfolio Assets attributable to any Segregated Portfolio shall be applied in accordance with the Act in satisfaction of the claims of Segregated Portfolio Creditors of the relevant Segregated Portfolio;

43.3.2 second, the General Assets shall be applied in accordance with these Articles and the Act to satisfy the claims of:

- (a) first, General Creditors; and
- (b) second, in payment of any outstanding fees due to any service providers to the Company,

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43.3.3 the balance of the General Assets, if any, shall be transferred to the Segregated Portfolios in proportion to the Net Asset Value of each Segregated Portfolio; and

43.3.4 the Segregated Portfolio Assets of each Segregated Portfolio shall then be paid to the holders of Shares first in an amount equal to the nominal amount of the relevant Shares and the balance shall be paid according to the relative Net Asset Values (as determined by the liquidator) of the Shares held.

43.4 The winding up and dissolution of any Segregated Portfolio or the Company shall be dealt with in accordance with the Act and the laws of the Cayman Islands applicable to Segregated Portfolio companies.

43.5 In no event shall the assets of one Segregated Portfolio be paid or distributed to any person who is not a creditor of such Segregated Portfolio or a holder of Shares of the class corresponding to such Segregated Portfolio.

44. **INDEMNITY**

44.1 Every Indemnified Person shall, in the absence of his own dishonesty, wilful default or fraud, be indemnified and held harmless out of the Segregated Portfolio Assets of the relevant Segregated Portfolio against all liabilities, loss, damage, cost or expense (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs and expenses on a full indemnity basis properly payable) incurred or suffered by him by or by reason of any act done, conceived in or omitted in the conduct of the Company's business on behalf of the relevant Segregated Portfolio or in the discharge of his duties and the indemnity contained in this Article shall extend to any Indemnified Person acting in any office or trust in the reasonable belief that he has been appointed or elected to such office or trust notwithstanding any defect in such appointment or election.

44.2 No Indemnified Person shall be liable to the Company on behalf of the relevant Segregated Portfolio for acts, defaults or omissions of any other Indemnified Person.

44.3 Every Indemnified Person shall be indemnified out of the Segregated Portfolio Assets of the relevant Segregated Portfolio against all liabilities incurred by him by or by reason of any act done, conceived in or omitted in the conduct of the Company's business on behalf of the relevant Segregated Portfolio or in the discharge of his duties in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in connection with any application in which relief from liability is granted to him by the court.

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44.4 To the extent that any Indemnified Person is entitled to claim an indemnity pursuant to these Articles in respect of amounts paid or discharged by him, the relative indemnity shall take effect as an obligation of the Company on behalf of the relevant Segregated Portfolio to reimburse the person making such payment or effecting such discharge.

44.5 Each Member and the Company on behalf of the relevant Segregated Portfolio agree to waive any claim or right of action he or it may at any time have, whether individually or by or in the right of the Company on behalf of the relevant Segregated Portfolio, against any Indemnified Person on account of any act or omission of such Indemnified Person in the performance of his duties for the Company on behalf of the relevant Segregated Portfolio; provided however, that such waiver shall not apply to any claims or rights of action arising out of the dishonesty, wilful default or fraud of such Indemnified Person or to recover any gain, personal profit or advantage to which such Indemnified Person is not legally entitled.

44.6 Expenses incurred in defending any civil or criminal action or proceeding for which indemnification is required pursuant to these Articles shall be paid from the Segregated Portfolio Assets in the relevant Segregated Portfolio in advance of the final

disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall ultimately be determined that the Indemnified Person is not entitled to be indemnified pursuant to these Articles. Each Member of the Company shall be deemed to have acknowledged and agreed that the advances of funds may be made by the Company on behalf of the relevant Segregated Portfolio as aforesaid, and when made by the Company on behalf of the relevant Segregated Portfolio under this Article are made to meet expenditures incurred for the purpose of enabling such Indemnified Person to properly perform his or her duties to the Company on behalf of the relevant Segregated Portfolio.

45. **CONTINUATION**

45.1 The Company shall have the power, subject to the provisions of the Act and with the approval of a Special Resolution, to continue as a body incorporated under the laws of any jurisdiction outside of the Cayman Islands and to be de-registered in the Cayman Islands.

46. **AMENDMENT OF MEMORANDUM AND ARTICLES**

46.1 Subject to the provisions of the Act, the Company may from time to time by Special Resolution alter or amend the Memorandum or these Articles in whole or in part provided that no such amendment shall affect the special rights attaching to any class of Shares without the consent or sanction provided for in these Articles.

Exhibit A to Board Resolutions of Masterworks Cayman SPC

FORM OF DESIGNATION OF [ENTITY NUMBER] SP ORDINARY SHARES

Masterworks Cayman, SPC (the “**Company**”) shall issue [No. of Shares] ordinary shares of [Entity Number] Segregated Portfolio (“**Ordinary Shares**”) to Masterworks [Entity Number], LLC (“**Masterworks [Entity Number]**”) at a purchase price of \$20.00 per share or an aggregate subscription price of [**Aggregate Subscription Price**]. The aggregate subscription price will be credited to [Entity Number] Segregated Portfolio and the Ordinary Shares will be issued in a single class to be called “[**Entity Number**] **SP Ordinary Shares**”. [Entity Number] SP Ordinary Shares shall be entitled to receive 100% of any amounts determined by the Board of Directors to be distributed to shareholders of [Entity Number] Segregated Portfolio, after payment of any obligations to creditors and or any distributions payable to holders of any outstanding SP Preferred Shares of [Entity Number] Segregated Portfolio outstanding, if any, at the time such distribution is paid. [Entity Number] SP Ordinary Shares shall have one vote per Ordinary Share on all matters submitted for a vote or consent to shareholders of [Entity Number] Segregated Portfolio, and in the aggregate shall represent 100% of the shareholder voting rights in [Entity Number] Segregated Portfolio, except for any voting rights afforded to the holders of SP Preferred Shares by operation of law. In the event that any Class A shares of Masterworks [Entity Number] are issued upon conversion of Class B shares of Masterworks [Entity Number] and or the exchange of [Entity Number] SP Preferred Shares, the Company shall issue additional [Entity Number] SP Ordinary Shares to Masterworks [Entity Number] as a pro rata distribution such that at all relevant times the number of outstanding [Entity Number] SP Ordinary Shares held by Masterworks [Entity Number] shall equal the number of outstanding Class A shares for Masterworks [Entity Number].

Except as provided herein, the terms of the [Entity Number] SP Ordinary Shares are governed by the Memorandum and Articles of Association of the Company.

Exhibit B to Board Resolutions of Masterworks Cayman SPC

FORM OF DESIGNATION OF [ENTITY NUMBER] SP PREFERRED SHARES

1. Designation, Amount. The Company shall issue non-participating preferred shares of [Entity Number] Segregated Portfolio (“**SP Preferred Shares**”) to Masterworks Administrative Services, LLC or its successor (“**MAS**”), in consideration for management and administration services rendered to Masterworks [Entity Number] pursuant to an amended and restated management services agreement by and among the Company on behalf of [Entity Number] Segregated Portfolio, MAS, and Masterworks [Entity Number], dated December 31, 2023 (as amended, the “**Management Services Agreement**”), at a rate of 1.5% of the total Shares (i.e. SP Ordinary Shares plus SP Preferred Shares) of [Entity Number] Segregated Portfolio outstanding, after giving effect to such issuance, per annum, commencing on the later of (i) January 1, 2024 or (ii) the earliest closing date on which the offering of Masterworks [Entity Number] is fully subscribed and at least 95% of the subscription proceeds for such offering have been received by Masterworks [Entity Number] and ending on the date the artwork owned by Masterworks [Entity Number] is sold. The SP Preferred Shares will be issued in a single class to be called “[**Entity Number**] **SP Preferred Shares**”.

2. Distribution Rights. The [Entity Number] SP Preferred Shares have a distribution preference of US\$20.00 per share over [Entity Number] SP Ordinary Shares. The holder of [Entity Number] SP Preferred Shares is entitled to receive cash upon any distribution by [Entity Number] Segregated Portfolio to holders of share capital in an amount up to US\$20 per [Entity Number] SP Preferred Share before any payment is made in respect of the SP Ordinary Shares. SP Preferred Shares shall be non-participating shares and shall have no economic rights with respect to [Entity Number] Segregated Portfolio other than the US\$20 per SP Preferred Share distribution preference set forth above. The holder of SPC Preferred Shares shall have the right to forfeit all or any portion of such SPC Preferred Shares at any time prior to receipt of a liquidating distribution with respect to such SPC Preferred Shares. Upon any such forfeiture, such SPC Preferred Shares shall be disposed of and shall no longer constitute outstanding share capital of the Company.

3. Issuance. The [Entity Number] SP Preferred Shares shall be subject to the compensation and expense provisions set forth in the Management Services Agreement.

4. Voting Rights. Except as may be required by applicable law, the holder of [Entity Number] SP Preferred Shares shall have no voting rights.

5. Exchange. The [Entity Number] SP Preferred Shares shall have no exchange or conversion rights, except as provided herein:

(a) *Voluntary.* [Entity Number] SP Preferred Shares may be exchanged at any time, in whole or in part, for Class A ordinary shares of Masterworks [Entity Number] at an exchange rate of 1 to 1 in accordance with Masterworks [Entity Number]'s Second Amended & Restated Operating Agreement dated as of December 31, 2023 (as amended, the "**A&R Operating Agreement**").

(b) *Automatic.* If the sale of the artwork held by [Entity Number] Segregated Portfolio were to result in a distribution to the holders of Class A ordinary shares of equal to or greater than \$20.00 per share, 100% of the [Entity Number] SP Preferred Shares will automatically be exchanged for Class A ordinary shares of Masterworks [Entity Number] at an exchange rate of 1 to 1 in accordance with the A&R Operating Agreement prior to any distribution of funds to Class A ordinary shareholders of Masterworks [Entity Number] and no distributions shall be made in respect of the SP Preferred Shares so exchanged.

(c) Upon any exchange pursuant to clause (a) or (b) above,, the SP Preferred Shares so exchanged, shall be immediately disposed of and shall no longer constitute outstanding share capital of the Company.

6. Miscellaneous.

(a) The [Entity Number] SP Preferred Shares shall be perpetual unless exchanged in accordance herewith.
