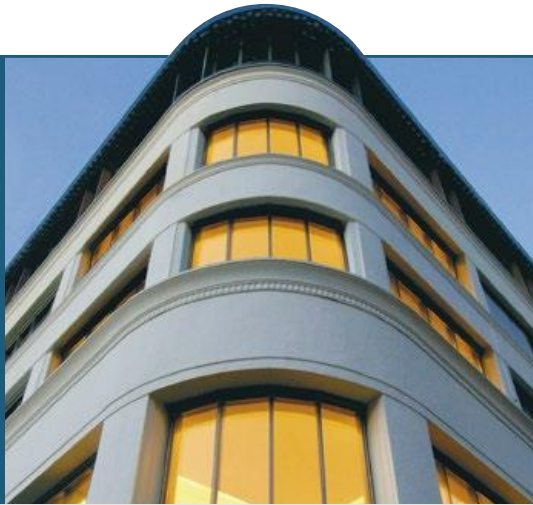


LALIVE



# Investing in Art: How to Structure & Manage an Art Collection

STEP Arabia – Frontier markets & the future of our business

**Sandrine Giroud**

Dubai, 7 November 2016

# Outline

## 1. Art: a few facts

- Global market
- Middle Eastern market

## 2. Collecting art ...

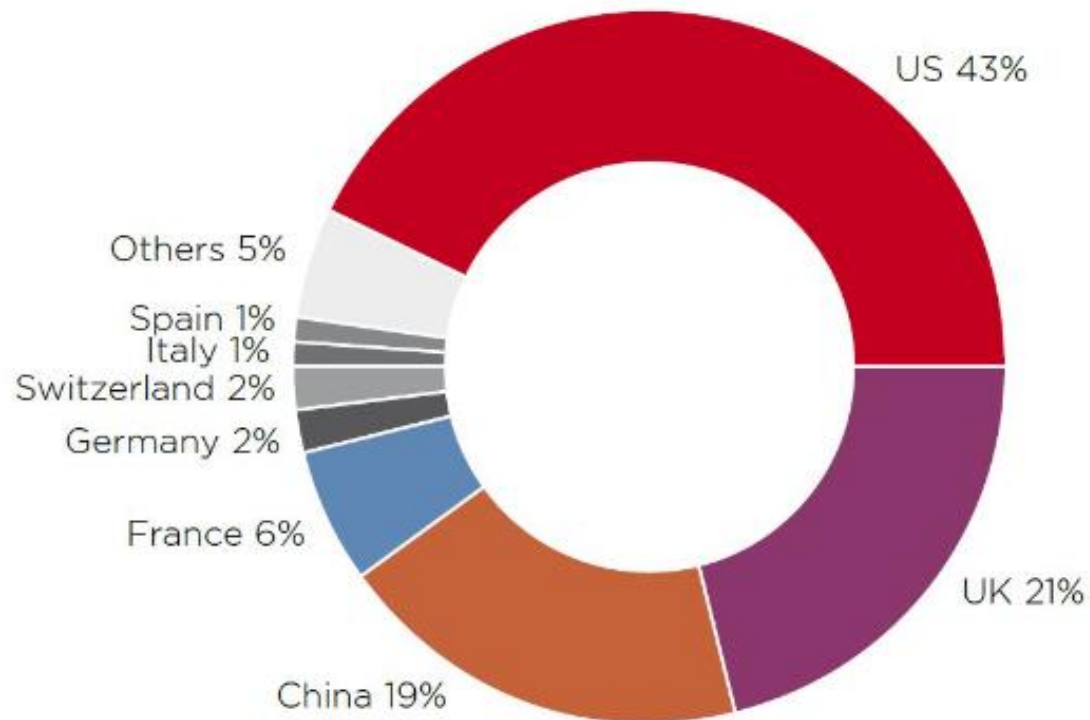
- When buying
- When holding
- When managing

## 3. Art & finance: trends

# Global art market: value & volume

Year	Value (\$m)	Volume (m)
2005	\$35,903	28.2
2006	\$54,425	32.1
2007	\$65,875	49.8
2008	\$62,020	43.7
2009	\$39,511	31.0
2010	\$57,025	35.1
2011	\$64,550	36.8
2012	\$56,698	35.5
2013	\$63,287	36.5
2014	\$68,237	38.8
2015	\$63,756	38.1

# Global art market share by value 2015



# Private sales ...

- *The Card Players* – Cézanne
- Private sale in 2011 by Qatar
- Over USD 250 million



# ... Private sales

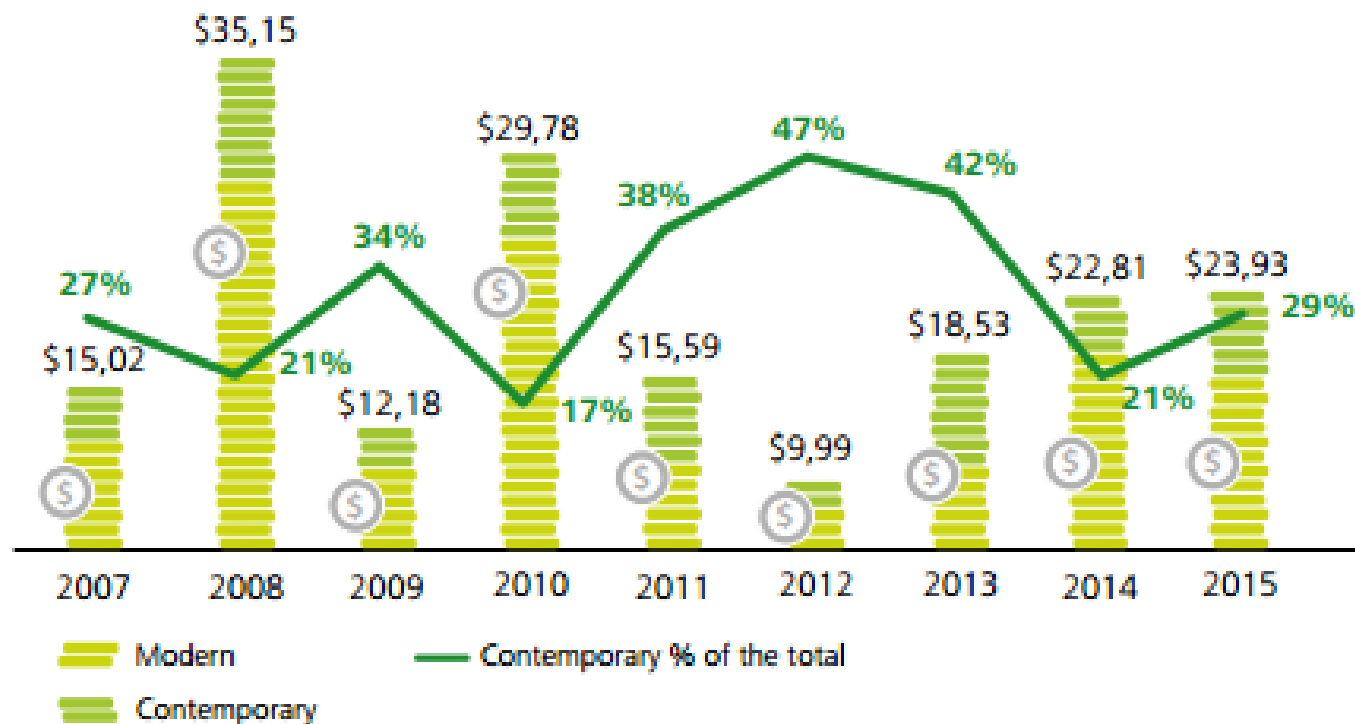


- *Nafea Faa Ipoipo (When Will You Marry?)* – Gauguin
- Private sale in 2015
- USD 300 million

# Art: a few facts - Middle East (1/2)

Figure 10. Middle-East Modern & Contemporary art market (2007-2015)

Auction sales (in millions US\$) based on Christie's, Sotheby's and Bonhams



Source: ArtTactic

## Art: a few facts - Middle East (2/2)

- **Dubai banks** included for the first time in Deloitte Art & Finance Report 2016
- Middle-East Modern & Contemporary art market in 2015: **USD 23,93 million**
- Increasing interest in asset diversification and continuous desire for luxury goods



# When buying



# Top legal issues to consider

- ✓ **Valuation**
- ✓ **Conservation**
- ✓ **Provenance:** stolen / looted art
- ✓ **Financial due diligence:** money laundering / terrorist financing
- ✓ **Cultural good**
- ✓ **Contract**
- ✓ **Applicable law and forum**
- ✓ **IP rights:** copyright, trademark, *droit moral*, *droit de suite*
- ✓ **Insurance:** damage, loss, authenticity, legal title
- ✓ **Taxes / Customs**

# When holding

Divorce

Legacy

Death



- Collector's objectives
- Legal planning
  - Applicable law to the estate and matrimonial property regime
  - Legal structures: e.g. direct ownership, companies, trusts, foundations, donation to public museums

Taxes

Best practices

# Top issues to consider

- ✓ Personal situation?
- ✓ Control over the collection?
- ✓ Public interest?
- ✓ Integrity of the collection?
- ✓ Protection against creditors?
- ✓ Applicable law and forum
- ✓ Conservation
- ✓ Taxes and customs

# Options



**Direct ownership**



**Companies**



**Foundations**



**Trust**



**Donation**

## Best practices

- **Clear objectives:** e.g. unity of the collection, peaceful enjoyment, public exhibition
- **Legal viability:** clear deed, flexibility, transparent and clear decision process
- **Financial viability:** sufficient financial resources to fulfil the donor's will
- **Operational structure:** supervision, checks & balance

# Art & finance: trends

- A large majority of collectors buy art for passion with an investment view
- Clients demand art-related services as part of the wealth management offer
- Trends
  - Art funds
  - Financial products around artworks
  - Art lending

# Conclusion

*“Life is short, art long, opportunity fleeting, experience perilous, and decision difficult.”*

Hippocrates



# Thank you

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