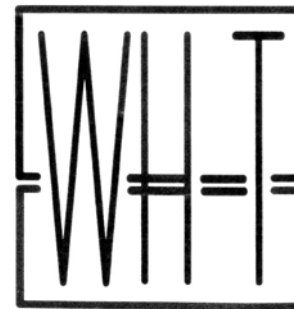


TAKING ON THE ART MARKET

How to plan for and execute the sale of
art assets



William Hanbury-Tenison
Fine Art Agent

Planning for the future

At any time the need may arise to translate art assets into cash. For individual collectors this need may arise because of a change of collecting focus or a desire to provide for heirs and dependants.

Attorneys and executors managing estates may need to liquidate collections of art of which they have little expert knowledge. For institutions the need may arise because of a change of policy or to apply funds to new acquisitions.

In whichever case the decision is very rarely made with reference to the state of the art market. Unlike financial or real-estate assets, art assets are difficult to price. The market in art assets is inefficient and price movements are not listed in any journal.

To ensure that the proceeds of a sale are maximized requires careful forward planning and execution of a strategy that can go some way towards taking the uncertainty out of the selling process.

Art market risks

Should you decide to buy stock market futures from your broker, the firm is obliged by law to send you a document outlining the risks associated with such an investment. The art market offers no such forewarning. The simplest caveat is “Buy retail: expect to sell wholesale”, meaning that the spread between buy and sell price in the art market is rarely less than 50% and can be much greater.

The options available for sale include auction houses, dealers and private placement. Art objects can also be donated to institutions. In each case there are risks that need to be taken into account. There are several hundred auction houses worldwide. Most auction room sales are attended by dealers who have an interest in keeping auction room prices low. Should an object not sell at auction, the consignor will still receive an invoice for expenses such as transportation and advertising. By contrast dealers will usually offer cash, but in exchange for a steep discount to retail price. Private placement may prove the best channel, providing confidentiality and cutting out the middleman; but it is not simple to contact the right buyer.

Should you prefer to donate your art assets to an institution, you must consider carefully all the implications. You will need to find the right institution to receive your gift and to negotiate the most advantageous package to ensure continuing display and care of your gift and also the appropriate level of recognition.

In all cases the sale of art assets should only be undertaken with the most careful planning and deliberation, plus consultation with accountants, legal advisors and art market professionals.

Seller beware, and prepare

Developing a successful art asset liquidation strategy involves several steps.

- 1) Assessing the range and quality of objects to be sold
- 2) Where necessary commissioning and supervising the work of conservators and framers
- 3) Assessing the state of the art market, both in terms of category and in relation to the economy as a whole

- 4) Taking into account vendor's special financial and legal circumstances which may influence the choice of sales channel
- 5) Locating the appropriate marketplace in which to offer the objects for sale
- 6) Ensuring all relevant experts in and collectors of the category of objects to be sold are alerted of the planned sale
- 7) In certain cases commissioning provenance research, cataloguing and public relations services where they can add value
- 8) Negotiating the best possible deal with selected sales channel (auction house, dealer, private placement)
- 9) Ensuring the best possible handling of the objects to be sold to avoid damage and purchasing insurance
- 10) Monitoring the entire sale process minutely to ensure quality execution.

William Hanbury-Tenison, LLC

William Hanbury-Tenison, LLC is the only fine art agency to:

- Offer access to the international art market in the US, Europe, Asia and Australia
- Specialize in art sales only
- Guarantee no other participation in the art market
- Charge a fixed commission

The objective of William Hanbury-Tenison, LLC is to represent our clients' interests exclusively and without conflict of interest.

In order to achieve this, William Hanbury-Tenison, LLC offers a unique 2-step process.

Step 1: Assessment and commissioning of the Plan

After initial evaluation the client commissions the Plan, which outlines the strategy and tactics, proposed by William Hanbury-Tenison, LLC to ensure effective liquidation of the client's art assets.

Step 2: Appointment of William Hanbury-Tenison, LLC and execution of The Plan

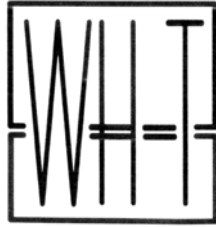
Upon approval of the Plan the client appoints William Hanbury-Tenison, LLC to execute the Plan on the client's behalf or alternatively to advise the client on the execution of the Plan.

In both planning and executing the disposition of art assets, William Hanbury-Tenison, LLC is able to draw upon its international network of art experts and suppliers to assist clients in achieving the results on which they and their beneficiaries depend.

Remuneration

William Hanbury-Tenison, LLC charges a commission of 10% on the net proceeds of sale (after deduction of direct selling costs such as auction house seller's commission).

To advise on the donation of art objects to an institution or injection into a tax-efficient vehicle, William Hanbury-Tenison, LLC charges a fee of 5% of the objects' assessed value.



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