



Securitisation Fact Sheet - Art Collections

Rationale: Art collections are securitised, in order to divide ownership and the revenues between different parties while maintaining the art collection complete. By securitising the art collection, family members can own part of the collection without dismantling it. Family members can also donate or sell their ownership to other family members, while leaving the collection intact. In addition to owning part of the collection, the family members perceive the proceeds of any sale or lending activity and participate to the extent of their ownership in the costs of maintaining and insuring the collection. Hence securitisation has become an ideal opportunity to maintain the collection over generations.

Art as an investment: Securitisation can also be used to make an art collection available to outside investors. The originator bundles the amounts invested into a securitisation fund and uses the invested amount to buy and sell artwork. Investors are thus able to benefit

from the expertise of the originator in the art world and diversify their investment across a larger number of artworks.

Functioning: The art collection can be transferred to or bought by the securitisation vehicle. The securitisation vehicle issues securities which can be subject to certain restrictions as laid down in the offering memorandum. One restriction for example could be that securities can only be transferred to family members or outside persons without prior authorization of the family board.

- Selling the art collection to the securitisation fund: The art collection is sold to the securitisation vehicle if one or several investors have liquidity which they wish to invest. In practice the investors, in this case family members, buy the securities of the securitisation vehicle. The securitisation vehicle receives the payment and buys the

artwork. As the artwork is bought, there is payment of the purchase price to the current owners. This solution is particularly attractive if the current owners wish to receive the cash and if the cash is paid to more than one owner. This solution is also attractive if the investor(s) wish to exchange their current liquidity for ownership certificates.

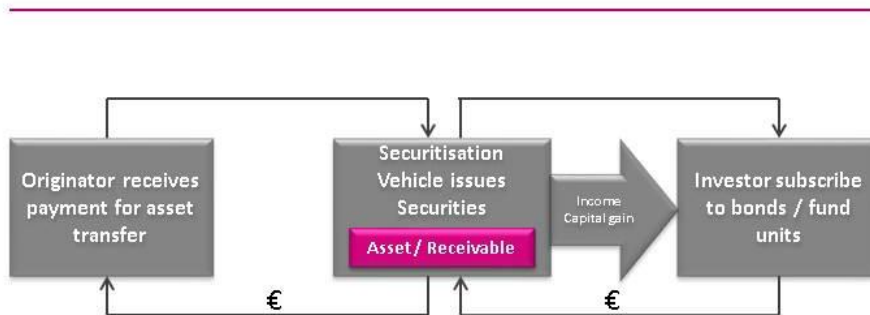
- Transferring art to the securitisation fund: The transfer to the fund in exchange for

certificates can be organised if no cash transaction is required or desired. This is often the case in smaller family structures. As the current owner receives the certificates, these can then be handed over to the other family members immediately or over time.

For information on securitisation in general, please request our brochure: *Securitisation in Luxembourg*.

Complete securitisation cycle (extract from our brochure: Securitisation in Luxembourg):

Complete Cycle



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