Skate's Art Market Research

Transparency for the Global Art Market Since 2004

2012

ANNUAL ART INVESTMENT REPORT
PART 2

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Skate's Art Market Research

ANNUAL ART INVESTMENT REPORT

STATE OF THE GLOBAL ART INDUSTRY PART 2

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Introduction

Welcome to Skate's Annual Art Investment Report for 2012! This year, our report will be published in three parts. Part 1, which was released on January 3, focuses on Skate's Top 5000 ranking of the world's most valuable works of art by public auction price. We examine the changes that took place in this premium segment by addressing market performance in comparison with 2011, specifically with regard to artist rankings, sales volume and value, repeat sales (i.e., investment performance), and general changes in the structure of the ranking.

The current Part 2, released on February 4, 2013, addresses the global art industry. Analysis is focused on companies in the art industry (e.g., auction houses, dealers, e-commerce platforms, and media businesses), art investment funds, art financial services, and publicly traded art industry companies (i.e., the companies comprising Skate's Art Stocks Index). It also covers many of the challenges faced by art industry companies.

Part 3, which will be published in early February, covers Skate's predictions for 2013-2015, including those related to the premium segment of the art market (Skate's Top 5000) and the global art industry.

* * * * *

Today, in the second decade of 21st century, the international art industry is undergoing extraordinary change. Artists are no longer in charge of establishing market trends. They rarely become tastemakers and have little control over prices for their works. Instead, it is art buyers who increasingly define how art develops. They are the creative force behind the art industry and its operatives. It is buyers who are encouraging established players to expand overseas to tap markets where demand for art is growing. Buyers are pushing for the conversion of brick-and-mortar stores into online businesses that offer e-commerce solutions. They have become the reason why the insurance, logistics, marketing, storage and financial sectors are looking at art as a new source of revenue and are engaging art experts to establish a set of art-related services within their respective business models. And more importantly, the growing and increasingly more sophisticated and diverse universe of art buyers makes it literally impossible to create marketable art using old clichés of beauty, taste and discovery of new ideas. Finding a creative and intellectual value proposition for a quickly expanding and evolving buy side is an unprecedented challenge facing today's talented artists.

Contemporary art buyers are not only carefully selective when it comes to their art purchases, but they also require high-level services to help them manage the works they acquire and abundant information to help them refine their ideas regarding art collecting. The art industry is supported by a vast range of art-related services offered by specialized companies aimed at meeting these needs of buyers. Importantly, this trend is seen both in the market's premium segment, where buyers are prepared to spend fortunes to obtain the most exclusive works of art, and in the lower-tier market, where mass audiences also seek to engage with art. Both sides of the art industry provide market players with a potentially deep source of recurring profit that is not focused solely on selling art, but also on managing and enhancing the value of private art collections.

This report maps key players in the art market around the world using publicly available information and delivers a consistent and comprehensive picture of the current state and

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composition of the art industry. We seek to provide a valuable resource to art market participants and observers alike by creating a data-driven compilation of leading art businesses while taking into account current professional opinions about the development of the field.

The report is based on a new rating system by Skate's—Skate's Art Industry Scorecard—which ranks the leading businesses worldwide that comprise the global art industry. The rating methodology is based on five criteria that reflect the position of a company in the market:

1. Track record – period of presence on the art market, reflecting a company's experience, expertise and sustainability, as well as its ability to overcome economic turbulence and project a powerful business model
2. Global reach – number of branches worldwide, showing a company's global presence, its ability to adjust and scale its business model to various markets, as well as its desire and ability to expand globally
3. Role model – contribution to the art industry, a factor that reflects the importance of the role played by the company in terms of the art industry's development, as well as whether it provides a transparent and effective platform and operates a business model that is widely seen as the benchmark for aspiring rivals
4. Name – specifically as much as it stands for business reputation, suggesting that a company is engaged as a strong art market participant and is characterized by trustworthy and ethical activity, as well as avoidance of controversial practices
5. Digital strategy – visibility on the art market through online and mobile media, reflecting a company's active position in the art world and attention by society, as well as its transparent way of doing business

The complete methodology used in constructing Skate's Art Industry Scorecard is presented at the end of this report.

On the basis of Skate's Art Industry Scorecard, this report discusses key trends in the art industry. Starting with industry estimates, we move to key players involved in the auction and dealer businesses. A description of the gallery business continues with detailed coverage of art fairs worldwide. We also discuss the growing number of e-commerce players and information providers. Furthermore, we cover the financial side of the art industry, looking at three types of businesses using art assets, including art investment funds, lending activity and the art-banking segment. Additionally, we raise the topic of art and luxury collaboration, looking at potential options for mutual benefit in these sectors.

This report also addresses other critically important aspects of the art industry. Approximately 90% of art industry companies are held in private hands, meaning that their performance results are only known internally. Yet, to create a picture of art industry performance, Skate's selects publicly traded companies of art industry and ranks them according to their financial results.

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Executive Summary

Skate's has analyzed the state of the global art industry and reached the following conclusions:

1) Art trading remains the most prolific and widespread business model in the art industry, with art auctions maintaining a clear advantage over other forms of the art trade, largely due to the sense of exclusivity and urgency they create and the better price discovery they can offer to sellers.

2) As the largest and most visible sector of this increasingly complex global industry, the art trade is undergoing a major change:

    a. In the premium segment, the competitive balance that is so much a part of the long-term status quo is shifting with Christie's becoming increasingly the more dominant player thanks to its commitment to innovation (including e-commerce) and more delicate handling of private treaty sales resulting in fewer conflicts with primary dealers worldwide. We also seem to be observing an ongoing meltdown of Phillips, and the continuing departures of its senior team members likely will make it increasingly difficult for the firm's shareholders to reverse this trend.

    b. The quest for new art collectors and the growing working capital needs increasingly make it difficult, at times impossible, for art dealers to operate as a local enterprise. Those galleries that are under-capitalized, poor on risk management and unable to grow their trade to meet the tastes of international buyers will eventually face a slow death. The successful gallery now must possess recurring access to third party financing, the ability to operate internationally by attending multiple fairs and having points of presence in a few geographies, and a management team with a strong combination of artistic and commercial skills. This changing gallery scene has allowed the early adopters of the global art trade, like Gagosian and Pace, to harvest benefits. It is also bringing new faces to the art trade who are keener to push consumer-grade art and serve as specialty retailers. These developments may forever change the centuries old tradition of art dealing based on selling access to a privileged class.

    c. Despite the massive venture capital flowing into the online art trade over the last few years, the rate of adoption of the online trading model by collectors and consumers has been disappointingly slow. This creates the opportunity for consolidation of online trading around the better capitalized and technologically savvier rivals. Those highlighted in this report are art.sy as the "Wikipedia of tradable art", paddle8 as the "eBay of art trade" and Saatchi Online as the "Amazon of art trade", with incumbent artnet having perhaps a final year left to defend its early mover advantage in the online art auction space.

3) The trade show/events management business, the second largest segment of the art industry in terms of revenue earned, is entering the final stage of a market consolidation. Following Art Basel's expansion to Hong Kong and Frieze's to New

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York, both completed last year, the world's major art fair franchises now firmly occupy their slots in the global art calendar (the grand slam of three Art Basel shows, two Frieze shows and TEFAF with a growing importance of satellite shows). As a result, the remaining art fairs must fight to prove their raison d'etre to both market participants and their financial backers. Professional trade show operators like Merchandise Mart and Reed Exhibitions were the first to recognize the trend and started divestment of their art shows last year (Reed completed the sale of Viennafair). We anticipate that these divestments might trigger further consolidation in the art fair business, blocking out the entire global art fair calendar for new entrants and reducing all other art fairs to the status of local or niche events of secondary importance.

4) As transparency and trade efficiency become buzz words for the art trade of today and contemporary art continues to emerge as the primary art market segment universally attractive to all groups of art buyers (while on the other hand segments like Old Masters are quickly becoming tiny niches with limited supply and elitist demand only), the business models built around information and innovation in specialty retail, cultural destination management and art education proliferate. Art industry enterprises operating in these fields remain small but offer perhaps the biggest shareholder value creation potential today – Skate's will be profiling these growth areas in a separate report later this year.

Part 2 of Skate's *Annual Art Investment Report*, which also serves as the first issue of the *State of the Global Art Industry Report*, maps the 100 largest art industry companies that together generate over USD 35 billion in annual sales and employ almost 50,000 people. With the entire industry being the size of a single Fortune 100 company, the art economy represents an incredible mismatch between the cultural importance of and latent consumer demand for visual arts on the one hand and the existing size of commercial art enterprises on the other. As long as consumers around the world lean to more sophisticated and intellectual products, Skate's sees bright prospects for the art industry as entrepreneurs and innovators continue to tweak old models and invent new business models to play on the increasing attractiveness of the global arts to global consumers.

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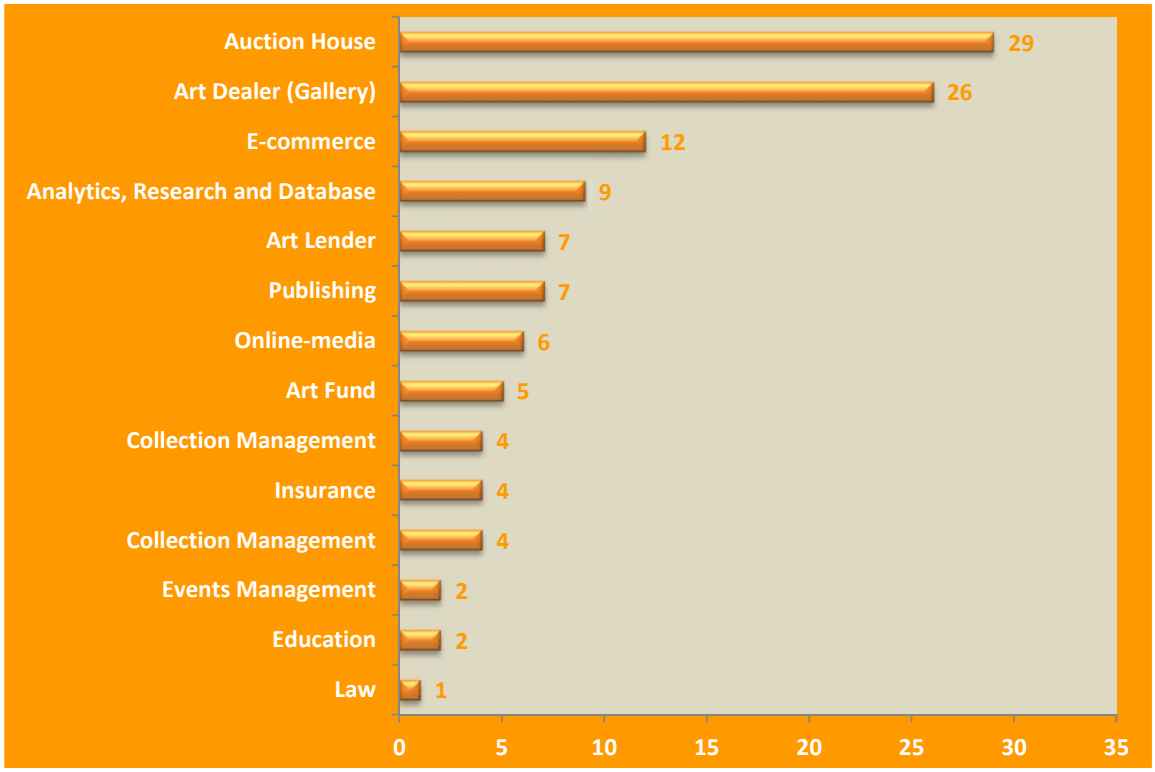
Key Art Industry Statistics Based on Skate's Art Industry Scorecard

Perhaps one of the most powerful trends of the last decade – the brain drain of the educated elite from business and finance to the promised land of the art industry – is finally making an impact on how the global art trade functions and even the language it uses. Driven by an inflow of specialists from a variety of unrelated businesses, who are willing to apply their knowledge and expertise to benefit financially from the booming art market, the art industry embraces a wide range of all possible services necessary to complement an art purchase and ongoing ownership of art.

We have compiled Skate's Art Industry Scorecard, the top 100 companies that currently lead the art industry worldwide. According to our estimates, the annual turnover of these companies is approximately USD 35.3 billion. In total, art industry companies operate around 882 offices worldwide and currently employ over 49,600 people.

In researching the leading companies in the art industry and establishing the rating Art Industry Scorecard[1], we have identified 14 activities that they currently perform, which are presented in Exhibit 1. As of January 2013, the most successful companies in the art industry are involved in auction trading and art dealing (and the world's most successful art industry firms do both), while the most common activities are gallery business, art market data analysis and art related e-commerce. Exhibit 2 lists the top 10 most significant companies in the art industry.

Exhibit 1: Businesses in the Art Industry



[1] The complete Skate's Art Industry Scorecard is presented on page 34.

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Exhibit 2: Skate's Top 10 Art Industry Companies

	Company	Headquarters	Business	Public / Private	Branches	Years in Operation
1	Christie's	London	Auction House and Art Dealer/ Education/ Art Lender/ E-commerce/ Storage and Shipping	Private	63	246
2	Sotheby's	New York	Auction House and Art Dealer/Art Lender/ Storage and Shipping	Public	90	268
3	Bonhams	London	Auction House and Art Dealer	Private	30	219
4	Dorotheum	Vienna	Auction House and Luxury Goods Retailer	Private	44	305
5	Getty Images	Seattle	Pure Play E-commerce	Private	48	17
6	MCH Group	Basel	Events Management	Public	13	96*
7	Taschen	Köln	Publishing	Private	20	32
8	Gagosian Gallery	New York	Art Dealer	Private	12	33
9	Phaidon	London	Publishing	Private	6	89
10	Pace	New York	Art Dealer	Private	8	52

Ranked by points in Skate's Art Industry Scorecard

*MCH Group was formed through merger of "Messe Basel" and "Messe Zurich" in 2001 and since then has been operating under the current name.

The Auction House Business as a Leading Art Industry Activity

Exhibit 1 shows that the auction house remains the leading model in the art industry, with 29 companies showing the auction model as their core activity. Importantly, however, very few leading auction houses currently have the auction business as their sole area of activity and have instead chosen to diversify their business mix, including through development of private sales businesses. They have thus become art dealers in their own right. In addition to serving as art auctions and dealers, these businesses also present themselves as financial service providers, e-commerce traders, educational institutions, as well as strong players in publishing and exhibition services and even name licensing agencies. Such business mix diversification allows big auction houses like Christie's and Sotheby's to hedge against factors they are unable to control, such as changes in customer demand, a shrinking supply of top-quality works, and the issue of seasonality. The leading duopoly of auction houses that scored the highest points in the rating has significantly different business models. Christie's, recently adopting e-commerce and showing strong results, currently presents the greatest diversity of businesses offered by an auction house. Going forward, Christie's plans to stop operating its dealer subsidiary – Haunch of Venison – focusing instead on private sales activity.[2]

[2] K. Kazakina, *Christie's to Shut N.Y., London Haunch of Venison Gallery,* Bloomberg, February 3, 2013 http://www.bloomberg.com/news/2013-02-02/christie-s-to-shut-n-y-london-haunch-of-venison-gallery.html

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Unlike Christie's, Sotheby's is a publicly listed auction house; it is the largest and strongest public company in the art industry. Sotheby's pursues a rather traditional model, focusing on higher value sales that currently might only be performed successfully through conventional auction sales or private treaty.

The top three leading auctions worldwide also include Bonhams, a company that along with Christie's and Sotheby's has managed to develop a wide international network of sales channels based on expertise obtained throughout years of market presence.

We note the absence of Phillips in this roster, which was largely damaged by shareholders who have been unable to add value to their venture. Also absent are Chinese auctions that, while commanding staggering trading volumes, remain fairly opaque and poorly understood operations. It is also worth noting that the top 10 global art businesses are headquartered in New York, London and German-speaking Europe (three in each of those locations), which highlights the intellectual and commercial leadership those geographies command in comparison to France, Italy, Japan or any of the emerging markets, which are absent from this list.

Art Dealers (Galleries) Make Up 18% of the Art Industry

The second most significant activity in the art industry is the art dealing business. Among the 100 art industry companies that have entered the rating based on the set criteria, 26 are involved in art dealing. The majority of these galleries deal in Modern and Contemporary Art, and most of them have New York as their primary location.

Exhibit 3 lists the top 20 leading galleries worldwide that are presented in Skate's Art Industry Scorecard.[3] None of the galleries officially reports the financial results of its operations, thus the rating attempts to create an alternative way to list galleries, combining five criteria and assigning points to each of the units.[4]

The leader in art dealing is Gagosian Gallery. On the global market for more than three decades, its founder and head, Larry Gagosian, has managed to establish a highly diverse network of branches around the world that represents around 70 artists and estates. Though the financial performance of Gagosian Gallery remains officially undisclosed, the assumptions on reported annual sales of approximately USD 1 billion enables the gallery to compete with the results of top auctions like Sotheby's and Christie's.[5] However, the gallery's prominence goes far beyond quantifiable measures. Reflecting the art market tendency to pay particular attention to intangible peculiarities, Gagosian Gallery embodies the complexity of estimating the value of power, reputation and subjective opinion of an established brand. Gagosian Gallery, in the face of its leader, has managed to establish a strong pier of success for artists' careers, a source of detecting art tends and a benchmark

[3] Exhibit 3 does not include auction houses that are involved in the dealer activity.
[4] The complete methodology is disclosed on page 32.
[5] C. Burns and R. Pryor, *Grow, grow, Gagosian…* The Art Market Newspaper, September 12, 2012. http://www.theartnewspaper.com/articles/Grow,+grow,+Gagosian%E2%80%A6/27143

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for measuring art market confidence. Along with decades of successful business, the reputation of Gagosian Gallery is occasionally overshadowed by lawsuits against the dealer or termination of contracts with leading artists. The increasing number of recent events that have negatively influenced the image of Gagosian has resulted in discussions regarding a potential change of leadership positioning on the market that might take place in the near future.[6]

A combination of material achievement and art market authority has pushed Pace and Saatchi Gallery to the second and third spots in the ranking, respectively. In existence for almost two decades longer than Gagosian Gallery and with eight branches worldwide, Pace has also managed to establish one of the strongest portfolios of 72 significant artists.[7] Saatchi Gallery, while less compatible in terms of global presence and years in operation, nevertheless holds one of the strongest votes on the contemporary art market. Having established Saatchi Online, it is also a pioneer in e-commerce.

Today, the art gallery business faces two significant pressures in addition to its chronic business model shortcomings such as dependency on key individuals, a need for working capital, and poor visibility for timing materially significant sales. First, to maintain their edge in an ultra-competitive business, galleries have to actively develop a continuously growing client network and search for additional sales channels. In particular, the current event-driven art market requires art galleries to be represented at leading art fairs around the world, with galleries' success defined by the status of the fairs in which they participate as well as the number of fairs in which they participate each year. Galleries no longer have the option of remaining isolated from art fairs. Complete avoidance threatens their visibility and reduces opportunities for sale.

Second, art dealers currently face increasing competition from auction houses, whereas previously dealers were intermediaries between auction houses and buyers by playing the role of expert and advisor. In this era of increased transparency, galleries are the one sales venue that still holds the right not to publicly disclose the final prices of works sold. Compared to auction houses that must publish all sales results of public sessions, galleries benefit from the private nature of deals by drawing buyers who prefer to keep low profiles.

At the same time, somewhat ironically, private treaty sales performed by auction houses have become one of their most profitable activities. In its recent financial disclosures[8], Sotheby's announced that the private treaty sale is one of its fastest growing business segments and one that the firm intends to strategically develop. This puts even more pressure on galleries.

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[6] E. Konigsberg, *The Trials of Art Superdealer Larry Gagosian*, Vulture, January 20, 2013, http://thebrowser.com/articles/trials-larry-gagosian

[7] http://www.pacegallery.com

[8] *Sotheby's 1H 2012 Results: Rapid Decline in Core Activity Forces Auction House to Refocus*. Skate's Art Market Research, August 9, 2012. http://skatepress.com/?cat=171

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Exhibit 3: Top 20 Art Dealers (Galleries)

	Rank in Scorecard	Company	Headquarters	# Branches	Years in Operation	Date of Inception
1	8	Gagosian Gallery	New York	12	33	1979
2	10	Pace	New York	8	52	1960
3	15	Saatchi Gallery	London	3	27	1985
4	19	White Cube Gallery	London	4	19	1993
5	24	Marian Goodman Gallery	New York	2	35	1977
6	27	Gladstone Gallery	New York	3	21	1991
7	28	Marlborough Gallery	New York	7	66	1946
8	32	Castelli Gallery	New York	2	55	1957
9	33	Galerie Thaddaeus Ropac	Salzburg	4	29	1983
10	34	Hauser & Wirth	London	4	20	1992
11	38	Matthew Marks Gallery	New York	5	21	1991
12	43	Zwirner	New York	2	19	1993
13	44	Sonnabend Gallery	New York	1	50	1962
14	47	Acquavella Galleries	New York	1	91	1921
15	49	Galerie Ernst Hilger	Vienna	1	41	1971
16	53	De Jonckheere Gallery	Paris	2	36	1976
17	54	Opera Gallery	Paris	11	18	1994
18	55	Sean Kelly Gallery	New York	1	21	1991
19	65	Perrotin	Paris	2	22	1990
20	70	Johnny Van Haeften	London	1	35	1977

Mushrooming Art Fairs: Opportunity or Threat?

A discussion of the current dealer business would not be complete without looking at the topic of art fairs. One of the most significant trends of 2012 has been the increasing attention toward the art fairs that have become a major focus of leading galleries around the world. Below we present key observations on art fair activity that inevitably influences the art industry.

Currently there are around 200 functioning art fairs worldwide. Some of these have become particularly influential on the global art scene (Exhibit 3 shows the top 30 most important art fairs worldwide). Fairs are selected according to four core criteria: year of establishment, number of participating galleries in 2012, number of visitors in 2012 and reputation, as measured by Skate's experts in terms of the fair's ability to influence price levels for art and provide visibility for artists. Despite the abundance of other factors influencing a fair's positioning, Skate's believes that these four data points are able to project the most objective status of a fair and reflect its current power.

This group of fairs has managed to gain significant authority and power. While the art market represents a wide range of art-related activities, elite art fairs have managed to win the status of the most popular event to attend. This shift happened largely due to the positioning of art fairs in a way that today attracts the widest audience range. Art fairs present an opportunity for high-end collectors to visit for private viewings and for art market

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professionals and art lovers to see art that might never be seen in public again. In addition, art fairs have recently begun attracting visitors who might not be directly involved in the art world or even express significant interest in art but are still willing to be associated with it. While the last group of visitors is not expected become major purchasers of art just yet, it does represent an important target audience for an art fair. A growing number of attendees boosts an art fair's status, influences the financial performance of the fair itself as well as that of the art industry in the city that hosts a fair. This double-side outcome happens simultaneously: visual engagement in art increases awareness of galleries and the artists they represent while at the same time positively contributing to companies that provide services for the fair.

The strong position of the art fair has made a significant impact on the gallery business. In the previous section we stated that galleries today have virtually lost their ability to remain isolated from art fairs. On the one hand, strengthening the art fair concept favors the gallery business due to the nature of the event. Participation in fairs allows galleries to expand their clientele and partner coverage, meet new collectors from around the world and establish business contacts. Visiting art fairs has always been an important activity for devoted collectors, giving them a chance to see all works together that can be acquired on the market, but today art fairs have also become popular travel destinations for wider audiences. A strong flagship city fair becomes a center point for satellite events, art-related conferences and corporate parties. Apart from obtaining the status of a must-visit event, the art fair offers a convenient venue for art trading. Should there be an interest in an artwork, the fair also provides parties with time to negotiate purchase conditions and privately discuss price in an atmosphere of a collective trading platform. In an era of increasing transparency, this might become a priority for collectors who want to keep the details of the deal private, an option that is not possible at public auctions.

On the other hand, galleries that would rather avoid participating in art fairs today may no longer do so without repercussions. Whether caused by high competition among entrants or the inability of a gallery to devote sufficient financial or staff resources for participation, the absence of visibility in leading art fairs may lead to several negative outcomes. First, non-participating galleries face reputational risk in being seen as rejected by selection committees or less compatible in comparison to their peers. Second, they are losing a chance to widen their contact base and meet potential new clients.

Even participation comes with a certain degree of risk, as there is no guarantee that the substantial resources required for participation in fairs will pay off, leaving galleries with a lack of capital for further functioning. Thus, while they provide a base for increasing the potential of galleries, art fairs might also put them in danger by the increasing role the fairs play as an art event.

To benefit the art industry as a whole, art fairs should establish themselves as trendsetters—venues for monitoring top quality movements and developments in art for every time period or price segment. Today there is already a group of such authoritative fairs, which is presented in Exhibit 4. The increasing number of new fairs is likely to lead to a constant

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natural selection of the most reputable fairs in every major city and for every art class, which will eventually enable the development of the art industry's educational and business potential.

Exhibit 4: Top 30 Art Fairs Worldwide

	Name	Established	Period on the Market, 2012	Number of Galleries, 2012	Reported Number of Visitors, 2012	Reputation, 0-10	Score
1	Art Basel	1970	42	300	65,000	10	9.6
2	TEFAF	1987	25	265	72,000	10	9.4
3	Paris Photo	1996	16	128	54,157	10	8.2
4	FIAC	1974	38	180	70,500	8	8.2
5	Artissima	1993	19	172	50,000	9	7.8
6	Art Basel Miami Beach	2002	10	257	70,000	8	7.7
7	Arco Madrid	1981	31	215	150,000	6	7.7
8	Frieze London	2003	9	170	55,000	9	7.7
9	Art Cologne	1967	45	181	60,000	7	7.5
10	Fiera di Bologne	1976	36	165	67,000	7	7.5
11	Art Basel HK	2007	5	266	67,000	8	7.4
12	Art Brussels	1982	30	182	30,000	8	7.4
13	The Armory Show	1994	18	231	60,000	7	7.2
14	Contemporary Istanbul	2006	6	102	68,000	8	6.7
15	Arte BA, Buenos Aires	1991	21	98	120,000	6	6.5
16	KIAF, Korea intern. art fair	2001	11	181	72,000	6	6.5
17	Frieze New York	2012	0	180	45,000	8	6.4
18	LA Art Show	1995	17	100	50,000	7	6.3
19	India Art Fair	2008	4	100	260,000	6	5.9
20	ZONA MACO, Mexico City	2003	9	90	35,000	7	5.7
21	Art Rotterdam	1999	13	90	15,000	7	5.5
22	The Asia Pacific Contemporary Art Fair	2007	5	90	35,000	7	5.4
23	Shanghai Art Fair	1997	15	65	50,000	6	5.3
24	ArtRio	2011	1	83	46,000	7	5.2
25	Frieze Masters	2012	0	100	28,000	7	5.1
26	FEMACO - Feria Mexico Arte Contemporaneo	2003	9	90	30,000	6	5.0
27	Viennafair (The New Contemporary)	2005	7	128	17,132	6	5.0
28	Scope Miami	2002	10	85	35,000	5	4.6
29	Volta New York	2008	4	85	12,000	6	4.5
30	Affordable Art Fair Battersea	1999	13	120	7,000	5	4.4

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Online Art Trading as the Fastest Growing Art Industry Business

A developing story of today's art industry lies in the massive venture capital and corporate investment flowing into emerging art e-commerce business models of every kind. Apart from established companies like Christie's and Saatchi Gallery becoming involved in online trading, the art industry is seeing an inflow of new businesses willing to explore the virtual opportunities of selling art.

Skate's has identified the leading e-commerce players in today's art industry. The top five spots in the rating are held by Christie's (a traditional auction house that recently added online-only trading to its model), Getty Images (a photo bank), Saatchi Online (powered by the London-based Saatchi Gallery and quality venture capital backed), eBay (an online retailer that holds a significant share in the market for art-related products), and artnet (an online auction platform and owner of the eponymous database).

Exhibit 5: E-Commerce Companies in Skate's Art Industry Scorecard

Rank in Scorecard	Company	Headquarters	Model	Business	Public / Private	Number of Branches	Years in Operation
1	Christie's	London	Both	Auction House/Art Dealer (Gallery)/Education/Art Lender/E-commerce/ Storage and Shipping	Private	63	246
5	Getty Images	Seattle	Online	Pure Play E-commerce	Private	48	17
15	Saatchi Gallery[9]	London	Both	Art Dealer (Gallery) and Pure Play E-commerce	Private	3	27
22	Heritage Auctions	Dallas	Both	Auction House/ E-commerce	Private	5	36
23	eBay Inc.	California	Online	Pure Play E-commerce	Public	2	17
26	artnet	Berlin	Online	Analytics, Research and Database/E-commerce	Public	3	23
63	Heffel Fine Art Auction House	Vancouver	Both	Auction House/ E-commerce	Private	5	34
66	Artprice	Lyon	Online	Analytics, Research and Database/E-commerce	Public	1	15
79	YellowKorner	Paris	Both	E-commerce/ Art Dealer (Gallery)	Private	32	6
84	Artfact	Allston	Online	Pure Play E-commerce	Private	1	23
86	LiveAuctioneers	New York	Online	Pure Play E-commerce	Private	1	10
96	Paddle8	New York	Online	Pure Play E-commerce	Private	1	1

Skate's has also prepared an alternative way to classify e-commerce players. There are two ways to measure companies' performance – looking at their technical merit and artistic merit. Exhibit 6 below presents the top 10 businesses listed by their distribution power quantified with the number and frequency of online users visiting their websites. There are

[9] E-commerce activity of Saatchi Gallery is represented by a separate unit Saatchi Online.

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three leaders when it comes to traffic focused on global art trading: eBay, Live Auctioneers and Christie's.

Skate's has also applied a fairly subjective approach to alternatively grade art industry firms for their artistic merit in terms of providing online trading service and functionality and has analyzed online art trading offerings for four principal qualities: vetting for art offered (no fakes, accurate authentication, and limited counterparty risk), ease of use, transaction and shipment capabilities and transaction costs involved.

Since 2011, when Skate's published e-commerce research for the first time, the industry has seen a slight shift in power among the leading e-commerce traders. The most significant new player that adopted online trading in late 2011 is Christie's. Having a strong platform and ability to handle costs, the company initially possessed a strong advantage compared to young companies that decided to engage in pure play e-commerce practice without an authoritative background. Christie's is also the only company that officially disclosed the overall proceeds of its three sales since the launch of online-only sales. The total value of sales equaled USD 10.5 million, which was largely due to the results of the Collection of Elizabeth Taylor in December 2011. Since then Christie's also held the *Hermès* sale, *Signature Cellars* and 50 *Years of James Bond* sale in 2012.

Among new entrants to the group of e-commerce traders classified by artistic merit are Saatchi Online and YellowKorner. Both companies, apart from pure commercial interest, are emphasizing additional purpose to their activities. Saatchi Online, backed up by the authoritative and influential name of Saatchi Gallery, plays a role in discovering new talent. Acting as a curator, it offers a collective platform for young artists to achieve broader awareness at the beginning of their artistic careers. YellowKorner, a network of photo galleries, also acts as a distributor of photographic art to broader audiences.

One of the strongest future entrants to the list is Artsy. The long-awaited platform that launched in 2012 is attempting to become a prominent player for sharing and discovering art that could eventually be traded online.

Exhibit 6: Top 10 E-Commerce Companies by Distribution Power

	Company	Global Traffic Rank	Traffic Rank in Local Country	Local Country
1	eBay Inc.	18	6	USA
2	Getty Images	3,505	1,786	USA
3	Live Auctioneers	10,489	2,841	USA
4	Christie's	18,086	10,723	USA
5	artnet	19,509	9,448	USA
6	Heritage Auctions	21,930	5,395	USA
7	Artprice	23,634	2,517	France
8	Artfact	30,689	11,554	USA
9	Saatchi Online	32,453	18,541	UK
10	YellowKorner	87,247	5,421	France

Source: www.alexa.com

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Exhibit 7: Top 10 E-Commerce Companies by Artistic Merit

	Name	Vetting	Transaction Capabilities and Shipping	Transaction Costs	Ease of Use	Score
1	Christie's	10	9	6	9	9.125
2	eBay Inc.	9	9	9	9	9.000
3	artnet	9	7	5	6	7.625
4	Saatchi Online	7	7	8	8	7.250
5	YellowKorner	7	7	8	8	7.250
6	Artspace	7	6	8	9	7.125
7	Heffel	7	8	7	6	7.125
8	Artprice	7	6	8	7	6.875
9	Live Auctioneers	7	7	6	7	6.875
10	Paddle8	7	6	7	7	6.750

The abundance of companies that have attracted substantial financial resources to explore and benefit from technology advances and establish e-commerce platforms has made online activity among the most significant trends of 2012. Rachel Pownall, a leading scholar of art finance and professor at Maastricht University, sees this as a positive trend:

> *The development of online trading platforms and the ability to view and buy art in a truly global market has also opened up many opportunities to collectors (and investors) from all corners of the world to participate in the art market.*

Yet, online art selling is still a very young practice that so far has not managed to present a successful model. E-commerce requires a completely different approach than traditional brick and mortar trading. While the lower-priced works are better positioned for online sales given the minimal transaction costs and paperwork, premium segment art is most frequently presented at traditional auctions and galleries.

The only chance e-commerce has of competing with brick and mortar models therefore is to turn over significant volumes of art. However, to achieve it, companies must establish a high quality supply of art from constant and reliable sources. Furthermore, online art retailers are also highly judged according to criteria such as having websites that allow easy and pleasant navigation, provide opportunities for visitors to examine all necessary qualities of the artworks presented, and pay attention to consumer services such as shipping and security. All things taken into account, a client base would be created only given the strong reputation and the awareness of the company. Thus, before online traders would be able to benefit from technology opportunities presented by the art trade, substantial investment of time and financial resources in the model would be required.

The timing of e-commerce trading is also controversial. Art collectors still tend to require personal engagement and inspection of art before purchase, regardless of medium or price level. At the same time, as a decline in the lower-end market is expected, online trading might become a salvation option for this segment. Capital Group, one of the leading

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financial service providers in the art industry, claims that this market is vulnerable to premium art:

> *There remains no strong market for middle-tiered art – collectors are focusing on either emerging or blue chip trophy art. As the middle market continues to stagnate, an influx of new wealth and foreign institutional buyers only increases the competitiveness in the trophy-art sector leading to a continued divide within the art market as a whole.*

Gurr Johns, a respected London-based art advisory and appraiser, also claims:

> *Unexceptional items have become harder and harder to sell, which makes it difficult to succeed anywhere but at the top of the market.*

Rüdiger Weng, head of the Krefeld, Germany-based publicly traded dealer Weng Fine Art (WFA), presents another view. He sees the lower and middle-end market as a source of opportunity:

> *The most liquid market is the middle market, because you have the largest number of buyers and a good amount of salable material there. And it is the middle market where you find the best margins, the least risks and the most potential. We didn't see the middle market as being "difficult". All that it needs is an eye for what collectors might like.*

Thus, opinions of art market experts differ on the state of the lower-end market. Nevertheless, whether it is weak and needs alternative ways to reinvent itself or is strong and presents opportunities, online trading offers the potential for exploration. Given the obstacles to e-commerce mentioned earlier, however, it has yet to create a successful operational model. As of 2012, the majority of art industry companies still remain brick and mortar businesses. Among art industry companies that entered the rating, 65% of them do not perform their core activities online. The year 2013 is likely to bring more new attempts at online trading to the market, but actual strength will be gained by companies that have already managed to establish themselves in traditional art selling businesses and obtained substantial power to diversify into this costly, risky and yet-to-be-tackled business model.

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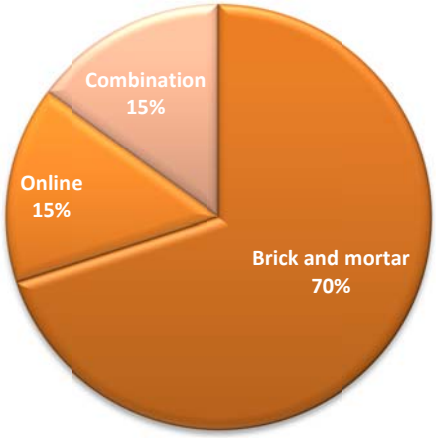
Exhibit 8: Online Business Practice Penetration in Art Industry Space



Information as Art Industry Currency

Information providers have become one of the most important participants in the art industry. Leading providers are primarily involved in publishing, data and analytics, media and education. Below we discuss the companies that appear in Skate's Art Industry Scorecard due to their successful market performance.

The top three publishing companies are Taschen, Umberto Allemandi & C, and Phaidon. Taschen and Phaidon serve mainly education markets, positioning themselves as the number one art publishers by presenting top-quality series of books covering art history and artist biographies. Umberto Allemandi & Co, on the other hand, is more diversified. Also heavily involved in producing of art books, it holds various newspaper products, including Antologia di Belle Arti, Il Giornale dell'Arte, Il Giornale dell'Architettura. The company's main art information asset presented for worldwide audiences is *The Art Newspaper*, a leading monthly publication on the art market. The newspaper, which provides online news as well as hard copies for subscribers, is integrated into a network of six newspapers dedicated to various art-related topics, the most recent of which is *The Art Newspaper* itself adapted and translated for publication in Russia. Another significant art market publisher is Brant Publications. Based in New York, it manages four leading art magazines: *Interview*, *Art in America*, *Modern* and *The Magazine Antiques*.

A second significant information source is online media businesses whose activity includes sharing information and news on the art market, as well as magazine publication. The leaders in this area are Louise Blouin Media, Art Daily and A&F Markets. Louise Blouin Media represents the most elaborate structure that combines online media and publishing activity. The company is in charge of the leading Artinfo online news portal, the Louise Blouin Foundation—which serves as a network, education and sharing platform—and several influential magazines, including *Art+Auction* and *Modern Painters*.

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Other media businesses serve as platforms where specialists and art lovers are able to exchange information about art and art-related subjects. These include Artslant, Pictify, ArtStack, Arthood and Fluxguide. All of these companies are currently in the initial stages of operation, and only a few of them have managed to get into our art industry rating. They all require additional work to build their online visual elements, attract audiences and improve information sourcing. Only with time will we be able to assess their viability.

Art education is also experiencing increasing attention from art market participants. Today three leading players offer comprehensive degrees in art education: Sotheby's Institute of Art (operated independently from the auction house), Christie's Education and Drouot Formation.

The London branch of Sotheby's Institute of Art is accredited by Manchester University, while the New York branch is accredited by the Regents of the State of New York. They provide students with the following education options: Master's degrees, semester study, summer study, day/evening courses, executive education, art fair courses and online courses. Sotheby's Institute of Art recently suspended its Singapore branch.

Christie's Education, accredited by the University of Glasgow, has three branches in London, New York and Hong Kong that provide students with comprehensive Master's degrees options and a set of short courses.

The third art education provider today is Drouot Formation, which offers training for art professionals. Drouot Patrimoine, a holding company of Drouot Formation, is an elaborate structure that has various businesses, including Gazette Drouot, Hôtel Drouot, which rents out venues to independent auction organizers, Drouot Montmartre—a second trading venue—and Drouot Enchère, which provides logistics and organizing services.

The positive outcome for the art industry with respect to this trend is obvious: art players will increasingly have the chance to establish and constantly update education programs for a narrow group of young people who will later be hired to work at art industry companies. By the time they graduate, they will have obtained the necessary knowledge to work in this area, a broad network and, as a result, will be more likely to be offered relevant art industry positions. Judging by the increasing number of applications submitted to all educational institutions, as well as the growing number of educational options offered to the public, Skate's expects more experienced art players to add similar programs into their regular business mix.

Last but not least, an important piece of the art information puzzle is made up of data and analytics providers. In total there are 18 companies in the rating that are involved in this activity, making it the third most popular area in the art industry. The leading players in this sector are artnet and Artfacts.net (Germany), Art Tactic and Invaluable (U.K.), Art Economics (Ireland), Artprice (France), and Beautiful Asset Advisors (U.S.). These companies all have

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particular areas of art market expertise and provide relevant information and forecasting, although the tools they use to measure the market limit each of them.

Art and Finance: Solid Art Industry Collaboration Explored in Three Ways: Art Investment Funds, Art Lending and Art Banking

The turn of the 21st century signified an important change that has occurred on the global art market—the emergence of an approach toward art heritage. Today, people are less intrigued by the visual qualities of an artwork and are instead occupied by how much it would sell for at an auction and the contribution of an artist to the development of art history. Artists' price records and the number of transactions at top-quality selling platforms are monitored. Instead of defining and inaugurating new art movements, people forecast and monitor market trends.

The concept of art as an asset has become so widely accepted that today acquisition of art objects for financial purposes is considered just as reasonable as for aesthetic ones. Abbey House, a Polish group whose various art businesses include a recently launched art investment fund, states:

> *The main opportunity of the current art industry is the downturn in traditional financial markets. The art market gains from investors who are looking for alternatives. This situation could be fully exploited by developing art banking and further building the awareness of art as an asset class.*

The current art industry contains three types of institutions that look at art from a financial perspective: art funds, art lenders and banks. All of these businesses, however, stress the importance of taking artworks' aesthetic qualities into consideration to achieve positive results. Elite Advisers, a Luxembourg-based company that has been active on the market since 2007 and is scheduled to launch an art fund in 2013, claims:

> *The concept of art investment is broader and allows for avoidance of some of the drawbacks of traditional financial products, such as their extreme complexity and intangibility. Elite Advisers suggest investing in tangible, easy-to-grasp assets, such as wine, diamonds, precious stones, watches, art and vintage cars – objects that are of great interest to investors and a source of real pleasure. This is a completely different approach to finance, focusing on tangibility and simplicity without sacrificing performance.*

New Influx of Art Investment Funds Expected

Art investment funds have been struggling to generate profits for many years, yet the lucky few that manage to operate effectively continue to inspire newcomers with impressive returns, encouraging them to search for even more sophisticated and well-thought ways of creating art asset portfolios.

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The recently published Art & Finance 2011 report by Deloitte and ArtTactic notes that within the last decade the global art fund market has gone through three cycles of development. The first stage lasted from 2000 to 2005, when certain strong players managed to establish effective entities. The next stage lasted until 2008, when emerging markets also sought to test the ability of art to produce returns. Finally, after the passing of the financial crisis, the art funds market entered a third stage.

In 2011, the global investment fund market was estimated at USD 960 million, with some 44 entities operating in counties such as the United States, Singapore, Switzerland and Luxembourg; 21 of these are based in China.[10] Skate's Art Industry Scorecard contains five art funds currently functioning on the premium level: The Fine Art Fund, Art Photography Fund, Elite Advisers, Artemundi Global Fund and Abbey House Art Fund.

Art Vantage, the youngest art fund that was launched in March 2012 by highly experienced art market player Serge Tiroche, claims that successful functioning of the art investment segment demands effort on several fronts:

- *educating financial markets about art investment*
- *greater regulation, transparency and the creation of governing bodies and industry boards establishing standards, granting licenses and certificates for best practice*
- *bridging the gap between financial investments and art investments, creating a win-win for financial investors and all art market participants (artists, dealers, galleries, fund managers, curators, museums, the public). An investment with social, political and environmental benefits*

There are other active funds on the market, including Dionysos Art Fund and Atlanta Art, which do not appear in the rating due to less compatible qualities, however.

In the near future, Skate's expects more strong players to enter the art fund segment: Elite Advisers and the Art Collection Fund, both of which will be based in Luxembourg, Arenatis Fund to be launched in Paris and Art Vectors Collection Fund.

Art Lending Activity among Fastest Growing Businesses

A second collaboration between the worlds of art and finance lies in the possibility of using art as collateral. Lending activity is offered by three parties: the duopoly of the Sotheby's and Christie's auction houses, global banks that will be covered in greater detail later in this report and financial companies that specialize in lending services. The rating includes five companies based in New York that are ready to provide loans backed by art assets: Art Capital Group, PlatinumArt, Art Finance Partners, Art Assure and Montage Finance.

[10] *Art and Finance Report 2011*. Created by Deloitte and Art Tactic in December 2011. http://www.deloittelux-library.com/artandfinance/2011/lu_en_wp_artfinancereport_29112011.pdf

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Since Citibank Art Advisory pioneered the art lending business nearly 30 years ago, this activity has been long struggling to gain international acceptance. Leading financial institutions remain reluctant to introduce such lending into their regular offerings given the risks that accompany art assets, including risks of title and authenticity, low liquidity and controversy over value establishment.

The art market trends over the last year have positively influenced certain market players and pushed them to embrace growing demand for this service. In its financial disclosure for the first six months of 2012, Sotheby's announced that its financial segment was one of the leading growth areas of its business model, achieving a 34% increase in revenues.[11]

Skate's sees the trend of companies becoming less risk-averse, providing borrowers with higher ratios. This will also happen due to increased involvement on the part of investors in the art industry who will be more willing to unlock the liquid side of art assets.

Art Banking: From Biggest Corporate Collections to Financial Services in Art

The overview of collaboration between the worlds of art and finance in the art industry would not be complete without mentioning banks as one of the strongest participants. After researching the involvement of banks worldwide, Skate's has identified three main streams of activity that banks currently perform as part of their regular offering:

- advisory services
- loans secured by art assets
- collection of artworks

Some banks, realizing the inevitability of including art-related services such as advisory or financial support into their business mix, prefer not to deal with this controversial and risky subject directly and decide instead to outsource the activity to dedicated specialists. For instance, the London-based Art Fund Group has more than 11 years of experience investing in art and appears to be one of the most popular partners of banks around the world: Emirates National Bank of Dubai and Banco Santander are among the Fund's advisory clients.

Another group of banks has chosen to work with 1858 Ltd for advisory assistance. The company has entered partnership agreements with Societe Generale Private Banking and HSBC Private Bank.

Despite these partnerships, however, the majority of banks that are involved in the art market offer their own services to clients, realizing the advantage with respect to their competitors. Below we list the banks that are currently making the most significant contribution to the development of the art industry. Among the current leaders in advisory

[11] "Sotheby's 1H 2012 Results: Rapid Decline in Core Activity Forces Auction House to Refocus," Skate's Market Notes, August 9, 2012, http://skatepress.com/?cat=171.

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services are Deutsche Bank, UBS, Citi, Emigrant Bank and ABN AMRO Bank N.V. Among these, the strongest players could be considered those that also provide financial services (i.e., loans against art as collateral). As reported by Art and Finance Report 2011,[12] all of them offer financial services with the exception of UBS, which has announced that it provides its clients this service via Emigrant Bank Fine Art Finance.[13] By offering these services to their clients, banks are able to both push-forward in the current art industry by maintaining loyal clients and attracting new business.

But the most beloved type of art involvement by banks today appears to be art collecting. The private collections assembled by Deutsche Bank, UBS and JP Morgan are so sizable that they are considered to be the largest collections of artworks in the world, with 60,000, 35,000, and 30,000 works in possession, respectively. With such a large number of artworks they can easily compete with cultural institutions worldwide. By way of comparison, the National Gallery Collection of London contains some 2,300 artworks. Even banks themselves sometimes partly convert into galleries, announcing viewing times for audiences interested in popular artists.

Deutsche Bank stresses that its motivation behind art acquisition is purely aesthetic and that it has no hidden agenda to sell works later and benefit from them as investments. In this sense, banks, like museums, seek to preserve cultural traditions and avoid the topic of deaccessioning. Both banks and museums try to make reasonable decisions regarding the price of objects, although banks, like other private collectors, have more financial freedom than very budget-restricted museums. This situation is reminiscent of the historical auction bidding wars between Sir Charles Eastlake, the first director of the National Gallery, and Sir Richard Wallace, a private collector, for the most desired works of the 19th century. The latter always won these battles. Should banks concentrate even more on collection and exhibition activities, they would represent a serious threat to the traditional museum model that requires sufficient financial resources.

While collecting artworks on its own can hardly be associated with art industry involvement, Skate's nevertheless sees a significant number of ways in which banks contribute to the development of the art industry. First, they are a major consumer of art-related services, such as insurance, logistics and research. Whether they use these services for their own collection, or, like Credit Suisse or Erste Bank, sponsor art events, major banks use the best premium level of collateral services to guarantee that events taking place under the bank's name run smoothly. Furthermore, banks are one of the few institutions that can generously offer their possessions on loan for exhibitions without an exchange deal for other artworks, compensation or external sponsorship. A recent program launched by Bank of America gives cultural institutions free access to the bank's collection. Thus, even avoiding a business-oriented approach to art, banks still support the art industry establishment by building significant corporate collections.

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[12] *Art and Finance Report 2011*, Deloitte and Art Tactic, December 2011

[13] Reuters, *More brokers let clients borrow against their Bruegels*, 28th August 2012, http://mobile.reuters.com/article/idUSBRE87R06520120828?irpc=932

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Exhibit 9: Top 10 Banks Involved in the Art Industry

#	Name	Location	Art Business	Size of Art Collection	Inception Date	Art Involvement
1	Deutsche Bank	Frankfurt	Collection/ Advisory/ Financial Services	60,000	1870	1979
2	UniCredit	Milano	Collection/Loan Program	60,000	1473	Undisclosed
3	UBS	Zurich	Advisory/Collection	35,000	1998 (SBG and SBV merger)	1970
4	JPMorgan Chase & Co	New York	Collection/Financial Services	30,000	1799	1959
5	Bank of America	Charlotte	Collection/Conservation / Loan Program/Financial services	Undisclosed	1923	circa 2008 (Program)
6	ABN AMRO Bank N.V.	Netherlands	Advisory / Collection / Financial Services	10,000	2010 (ABN AMRO and Fortis Bank merger)	1977
7	Credit Suisse	Zurich	Collection /Loan Program/Artist Award	5,000	1856	1975
8	BNL BNP Paribas-Group	Rome	Collection /Loan Program /Artist Award/ Restoration	5,000	1967	Undisclosed
9	Citi Art Advisory	New York	Advisory/ Financial Services	No	1812	1979
10	Emigrant Bank Fine Art Finance	New York	Advisory/ Financial Services	No	1850	Undisclosed

Publicly Traded Companies in the Art Industry

Of the companies that make-up the art industry, 87% are still privately held, according to Skate's Art Industry Scorecard. Among the publicly traded companies, we have chosen those that constitute Skate's Art Stocks Index. The list of these companies is presented below and is accompanied by a comparative analysis of their revenues, profits and market capitalization.

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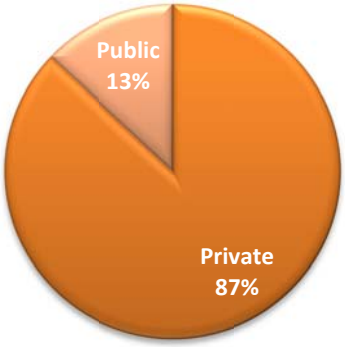
Exhibit 10: Listed (Investable) Universe of the Global Art Industry



The leading publicly traded art industry company is Sotheby's. Not only is it the leader in the auction segment, it also leads in all other areas it represents, heading Skate's Art Industry Scorecard. The auction house is active in four various businesses: auction activity, financial services, dealer and private treaty sales. In announcing its most recent H1 2012 financial results, Sotheby's expressed a bright forecast regarding future performance. Despite the decline in its core activity, it still sees the strong potential of the art market and continues to focus on private sales and financial services, as well as developing of its presence in Asia.[14]

The second largest company is MCH Group, the leading entity in Skate's Art Industry Scorecard that is involved in events management. The company's primary business is owning and operating large exhibition complexes in Switzerland, but by virtue of owning the Art Basel fairs franchise MCH Group is the largest listed art fair operator. MCH Group's main projects are Art Basel and Art Basel Miami Beach, which are key art fairs of a global scale that cover three key geographic regions. Even though MCH Group ranks only 10th among global exhibition companies[15], it is definitely the leading art industry exhibition manager. The company's strong financial performance is proof of its effective business model. During the first half of 2012 the company saw an 18% increase in operating income and 57% growth in profit. [16]

Three other successful publicly traded companies representing collectibles are Stanley Gibbons, Collectors Universe and Noble Investments.[17] Offering services for collectors

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[14] "Sotheby's 1H 2012 Results: Sotheby's Q3 2012 Results: Ongoing Core Activity Downturn Offset by Private Sales and Finance Services," Skate's Market Notes, Skate's Art Stocks Review November/December, 2012, http://skatepress.com/files/Skates_Art_Stocks_Review_Nov_Dec_2012.pdf.

[15] Pilot Rating of Exhibition Companies, http://www.exhibitionpilot.com/expo-facts/leading-exhibition-companies-world-1

[16] "MCH Group Expects Upswing with Strong Portfolio of Three Leading Art Fairs and Major Luxury Goods Show," *Skate's Market Notes*, November 16, 2012, http://skatepress.com/?cat=176

[17] "Comparative analysis of three companies by Skate's: Numismatic and Philatelic Players in the Art Industry: Opportunities and Challenges," *Skate's Art Stocks Review*, September 2012, http://skatepress.com/files/Skates_Art_Stocks_Review_Sep_2012.pdf

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involved in numismatic and philately activities, these companies occupy a narrow but very thriving business niche. The quality management that is reflected in the financial performance of these companies has recently encouraged them to make significant changes. Collectors Universe, the largest of the three, is currently expanding into Asia to explore this market and benefit from its strong collecting culture.[18] Stanley Gibbons, apart from opening an office in Hong Kong, is also actively exploring e-commerce.[19] Noble Investments has announced the acquisition of The Fine Art Auction Group ("TFAAG").[20]

Artprice and artnet are both involved in the e-commerce business, offering research and analysis and managing auction price databases. These firms are quite different in terms of their financial performance, however. Artprice's financial reporting focuses mainly on the overall growth of the art market and future forecasts of success without detailed explanation of the company's current position. artnet, on the other hand, presents an accurate and thorough financial disclosure, although it is currently facing difficulties. artnet's inability to strengthen its online auction segment is negatively reflected on its balance sheet. At the same time, other segments of artnet's business mix are also struggling to generate profit, which recently resulted in the closure of artnet Magazine, known as one of the leaders in online news on the art market as well as the primary marketing source of artnet's Gallery segment. As of 2012, artnet has not managed to announce a clear plan for improving its financial situation, instead continuing to project risky performance in its latest Q3 2012 financial disclosure.[21]

The three most recently added companies—Weng Fine Art (WFA), Abbey House and Art&Business Magazine—are also notable stories of new art industry trends. WFA has been on the market for 18 years. Last year it went public, thus breaking the rule of limited transparency in art dealing. Since floatation, the company's share price has demonstrated significant growth (up by more than 100%).[22] Abbey House, a young Polish company, also represents a very different model from the other companies on the market. Apart from the auction business, the group owns a price database of all auction sales in Poland, manages an art investment fund, promotes contemporary Polish artists and runs the only art magazine in Poland that also went

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[18] "Collectors Universe: New CEO Robert Deuster Appointed Amid Uncertainty." Skate's Market Notes, Skate's Art Stocks Review, November/December 2012, http://skatepress.com/files/Skates_Art_Stocks_Review_Nov_Dec_2012.pdf

[19] "Stanley Gibbons: Ongoing Development and Local Events Offset Stamp Market Downturn," Skate's Market Notes, Skate's Art Stocks Review, September 2012, http://skatepress.com/files/Skates_Art_Stocks_Review_Sep_2012.pdf

[20] "Noble Leads Consolidation in the UK Collectibles Market", Skate's Market Notes, December 21, 2012, http://www.skatepress.com/?cat=179.

[21] "artnet in Free Fall - Losses Continue, Just €703,000 in Cash Left to Go," Skate's Market Notes, August 3, 2012. Skate's Art Market Research, November 19, 2012, http://skatepress.com/?cat=177

[22] "Inspired by Strong Performance, WFA Prepares to Launch e-Commerce Platform," Skate's Market Notes, Skate's Art Stocks Review, June 2012, http://skatepress.com/files/Skates_Art_Stocks_Review_Jun_2012.pdf

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public and was added to Skate's Art Stocks Index as of October 2012.[23] The company offers financial support to artists, who are committed to provide Abbey with their art that is actively promoted by Abbey. Such a business model is still rare in the current art industry - the only official player with similar strategy is the London-based gallery All Visual Arts.

The final company we would like to address in this section is Mallett. This company's recent performance shows significant struggle, a fact made even worse by the overall drop in the decorative art market. Its 2011 annual performance, however, shows that the company made a profit for the first time in four years and entered the Asian market with its first exhibition at Fine Art Asia.

Exhibit 11: Skate's Art Stock Index (Public Companies in the Global Art Industry)

		1H Results, 2012		Annual Results, 2011	
	Note	Revenues, mln USD	Net Income, mln USD	Revenues, mln USD	Net Income, mln USD
Sotheby's		408	74	832	171
MCH Group		285.87	42.45	348.13	22.25
Artprice		3.08	-0.05	6.95	0.13
Stanley Gibbons		14.7	2.53	55.19	6.34
Collectors Universe, Inc	Year Ended 30th June, 2011	23.54	-0.05	44.40	5.10
Weng Fine Art		6.43	1.74	8.63	1.06
Seoul Auction		-	-	11.96	-4.63
Shinwa Art Auction	Year Ended 31st March, 2011	4.35	0.91	10.53	1.53
Noble Investments	Year Ended 31st August, 2011	11.05	3.16	19.63	3.56
Art Vivant	Year Ended 31st March, 2011	15.14	1.73	66.21	-3.33
artnet		9.36	-1.47	17.65	0.40
Abbey House		0.9	0.66	1.4	2.4
Mallett		10.1	-0.14	19.63	0.77
Art&Business Magazine		-	-	-	-

[23] "Abbey House: Rapid Growth Continues as Company Prepares to List Art&Business Magazine," Skate's Market Notes, July 10, 2012, http://skatepress.com/?cat=168

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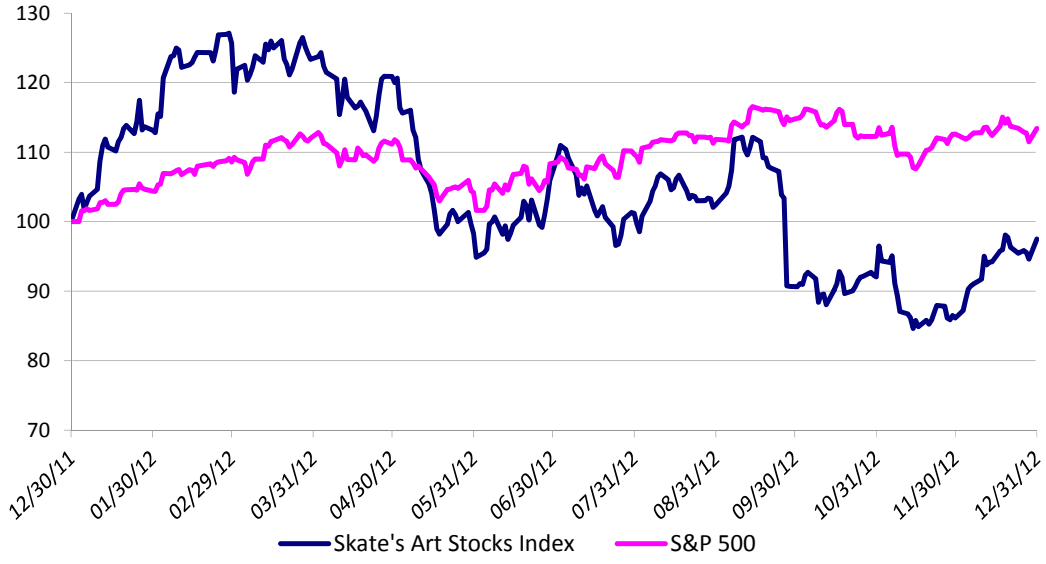
Exhibit 12: Skate's Art Stocks Index Performance

Name	Listing/ Currency	Dec 2012 Performance	YTD 2012 Performance	Price as of Dec 31 2012, USD	Market Cap as of Dec 30 2012, USD mln	52-wk High, USD	52-wk Low, USD
Sotheby's	NYSE/ USD	16.5%	17.8%	33.62	2 277.49	41.24	27.43
Artprice	Paris/ EUR	13.2%	-38.5%	40.71	260.38	85.29	23.68
artnet	Frankfurt/ EUR	-15.3%	-33.6%	3.50	19.45	8.27	3.44
Collectors Universe	NASDAQ/USD	-2.0%	-31.2%	10.03	81.10	17.48	9.25
Mallett	London/ GPB	0.9%	8.4%	1.21	16.73	1.38	1.14
Art Vivant	Tokyo/JPY	1.9%	13.7%	2.61	40.36	2.91	2.30
Seoul Auctions	Seoul/ WON	-1.8%	13.0%	2.77	46.90	3.43	2.30
Shinwa Art Auction	Tokyo/JPY	9.7%	-19.8%	321.32	18.64	503.40	260.88
Stanley Gibbons	London/ GBP	4.9%	50.0%	3.81	96.26	3.91	2.59
MCH Group	Zurich/CHF	8.5%	47.1%	59.67	358.42	63.31	38.53
Abbey House	Warsaw/PLN	30.5%	-52.7%	2.27	24.78	5.29	1.40
Noble Investments	London/GBP	8.2%	25.9%	3.23	50.21	3.31	2.64
Weng Fine Art	Frankfurt/EUR	-2.7%	279.3%	17.21	47.33	23.96	4.15
Art & Business Magazine	Warsaw/PLN	-27.3%	-23.1%	0.33	3.35	0.77	0.26
Skate's Art Stocks Index		13.2%	-2.5%	173.1	3 341.41	225.7	150.3
Skate's Investable Art Stocks Index		12.2%	14.4%	92.5	3 073.66	103.7	76.2

All Values are in USD

Source: Skate's Art Market Research

Exhibit 13: Skate's Art Stocks Index vs. S&P 500, 2012



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Luxury Groups and the Art Industry: Close Connection Paves the Way for Potential Synergy

The following section is dedicated to one of the most interesting stories today—the collaboration between the art and luxury segments. Luxury goods giants are well known for their interest in art and constantly add art-related elements to their core activity. The leader of this activity is Louis Vuitton. Not only does the company collaborate with artists, but it also decorates its stores around the world with art. The most recent example was the Yayoi Kusama collection, which Louis Vuitton stores incorporated in store windows. The artist's style dot installations were reminiscent of her recently completed Tate Modern retrospective. Selected leading brands are not only attempting to turn their luxury stores into galleries, but they also combine artistic elements with branded items, which results in stronger sales in comparison to their rivals who rely solely on their brand names.

Today, during the slowdown of the luxury goods market, Skate's sees this opportunity as the number one solution to keep companies in this industry on the path to growth.

Exhibit 14: Leading Luxury Groups

	Market Cap (EUR bln)	Brands	CEO	Date of Inception
LVMH	71.11	Over 60	Bernard Arnault	1987
Richemont	32.55	19	Jonathan Rupert	1988
PPR	20.61	18	François -Henri Pinault	1963

The idea of a relationship between art and luxury comes from the very top management at these companies; CEOs at the leading luxury brands are known as the ultimate art lovers. Bernard Arnault, head of LVMH, who is known for his rich collection of contemporary art, plans to inaugurate an art foundation in Paris. François-Henri Pinault, head of PPR, is also active in the arts field, having his father as a great example. The head of Compagnie Financiere Richemont, Jonathan Rupert, is the outlier who has yet to publicly profess a love of art. Richemond, however, has been leading Foundation Cartier since 1984 as a center for contemporary art.

The three largest luxury groups have managed to build over $1 trillion in market capitalization—a figure that will not be achieved by the art market anytime soon. These brands recognize the need to make art a part of their luxury goods sales strategy.

What makes art so attractive for luxury brands that are already established, and can this synergy provide any benefit to both sides? Before answering this question, it is worth taking a look at the current state of luxury groups' financial performance.

The sales of luxury brands are still high at the top level, but looking deeper, it becomes clear that revenue growth is slowing (see tables below). As a result, in 2011, these companies experienced a substantial decline in profit growth compared to 2010. LVMH reported EUR 3 billion in income for 2011, a figure that remained stable since last year. While performance in 2012 was more successful—a 12% increase in profits and 19% in revenues compared to

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2011—it still has not reached the level of growth presented in 2010. Richemont, after publishing an 80% growth in profits in 2011, failed to sustain this rate in 2012; the rate was approximately half as strong in comparison. The company with the lowest profit volatility is PPR, which achieved EUR 1 billion in income for the past four years despite the recession. It has every chance of achieving this result in 2012 as well.

Looking at slowing interest among buyers, luxury brands are concerned about ways to hold onto wealthy clientele. Many have determined that there is no better way to do so than to bring intelligent, aesthetic and eternal elements to utility goods such as bags and accessories.

Contemporary artists, searching for new sources of revenue in the current art market, do not mind becoming brands themselves. Damien Hirst, the leader in this area, has already established a chain of stores called *Other Criteria*, selling dotted prints and t-shirts. Such attempts by artists to win on their own are ultimately doomed, however, and artists have to admit that they are not capable of succeeding in the commodities sector without the hand of more experienced manufacturers who have been creating quality pieces for generations. The best they can hope for is to contribute ideas and visual aspects that would make already exquisite yet practical luxury goods into products of artistic creation. This synergy is exactly what could benefit both sides; luxury brands keep loyal customers while artists obtain additional sources of growth and material income.

Collaboration between luxury brands and artists that result in artistically designed goods is the first opportunity for both parties to achieve ongoing prosperity. A second hypothesis that Skate's claims as a long-term possibility is the diversification of luxury goods companies into art dealers. In Skate's Semiannual Report we made the case for this evolution, stating that players in the luxury segment are better prepared to enter the art trading segment than anyone else given their rich experience in the premium market and their focus on top clientele.

Today we are not aware of any luxury goods company trading in art, but we see evidence of this coming into view in the near future for several reasons. The current art market is largely dependent on tastemakers, i.e., the leading collectors or dealers who would present the most desired pieces to the market. History already knows cases of luxury brand representatives influencing the provenance and hence the prices of artworks they have possessed. In 2009, Christie's presented the art collection assembled by Yves Saint Laurent, a three-day sale of more than 700 works that exceeded expectations and brought a total of USD 390 million. There is no doubt that the fashion designer played an enormous role in determining the demand for works up for auction.

Contemporary fashion designers of luxury brands are also heavily involved in art collecting. The Prada Group, which announced growth in revenue and profits during the third quarter of 2012, including in its Asian segment, is heavily involved in promoting art through the Fondazione Prada. The art collection of the Fondazione Prada was exhibited in 2011 in Venice during the Venice Biennale, along with Francoise Pinault's vast collection. Another Italian luxury company, Max Mara Group, has also been involved in the art world since the brand's founder Achille Maramotti started the collection nearly thirty years ago. Highlighting

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its isolation from the fashion brand, this collection of mostly Italian contemporary art is exhibited in a vast building located in Reggio Emilia. The Maramotti Collection is also actively involved in promoting female artists, having established the Max Mara Art Prize in collaboration with Whitechapel Gallery. The winners of the Max Mara prize are obtaining significant visibility and achieving immediate appreciation of their works. The market has already seen the influence of Max Mara touch, as galleries are more willing to accept works by Art Prize awarded artists and promote them as rising stars.

The synergy between the worlds of art and luxury goods is already undeniable. At present, premium provenance is actively sought by galleries and auction houses interested in single-owner collections held by branded names. And it is only a matter of time before the primary dictator of taste, the luxury segment, will take the lead and embrace the art dealing business.

Exhibit 15: LVMH Moet Hennessy Louis Vuitton Financial Performance

EUR, mln	Total Revenue	Growth Rate, %	Net Profit	Growth Rate, %
2012	28,103	19%	3,424	12%
2011	23,659	16.4%	3,065	1%
2010	20,320	19.2%	3,032	73%
2009	17,053	-0.5%	1,755	-13%
2008	17,193	-	2,026	-

Fiscal year ended December 31, 2011

Exhibit 16: Compagnie Financiere Richemont Financial Performance

EUR, mln	Total Revenue	Growth Rate, %	Net Profit	Growth Rate, %
2012	8,867	28.7%	1,540	42.7%
2011	6,892	33.2%	1,079	79.8%
2010	5,176	0.5%	600	-44.2%
2009	5,148	-2.7%	1,076	-31.2%
2008	5,290	-	1,564	-

Fiscal year ended March 31, 2012

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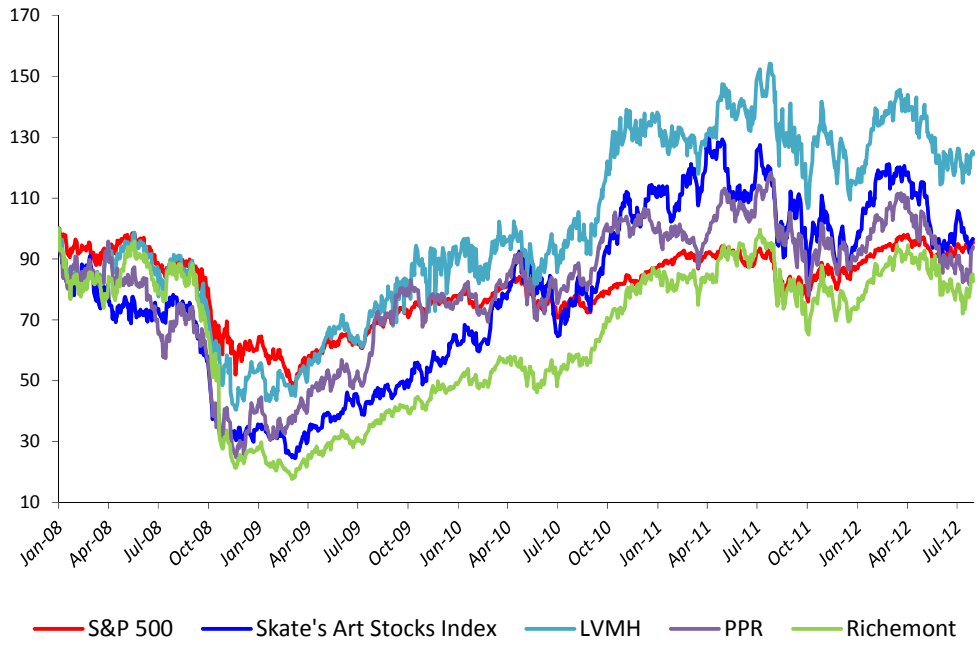
Exhibit 17: PPR Financial Performance

EUR, mln	Total Revenue	Growth Rate, %	Net Profit	Growth Rate, %
1H 2012	6,328	16.7% (Compared to the same period last year)	542	20.4% (compared to the same period last year)
2011	12,227	11.1%	1,046	3.1%
2010	11,007	-19.0%	1,015	2%
2009	13,584	-21.1%	995	-4.2%
2008	17,207	-	1,039	-

Fiscal year ended December 31, 2011

Exhibit 18: Skate's Art Stocks Index Share Price Performance vs LVMH, PPR, Richemont and S&P 500



Age of the Art Industry

While some art companies have been on the market for several centuries, in general the art industry is considered quite young given that the majority of players started to appear only 40 years ago. In the Art Industry Timeline presented below it is evident that major development started in the late 1960s. Before that, we see only a few players who were active on the market.

The oldest art market business model is auction trading. Among art industry companies that have entered Skate's Art Industry Scorecard, the oldest five are auction houses. Exhibit 19 shows that these are Stockholms Auktionsverk, Dorotheum, Sotheby's, Christie's and Bonhams, which were established in 1674, 1707, 1744, 1766 and 1793, respectively.

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Exhibit 19: Art Industry Timeline

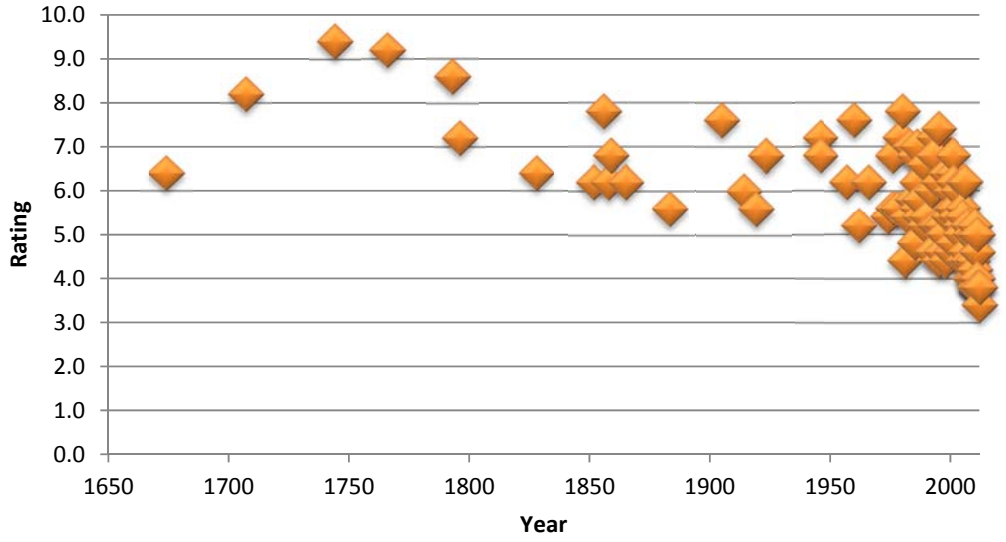

Exhibit 20: Allocation of Companies by Years of Age

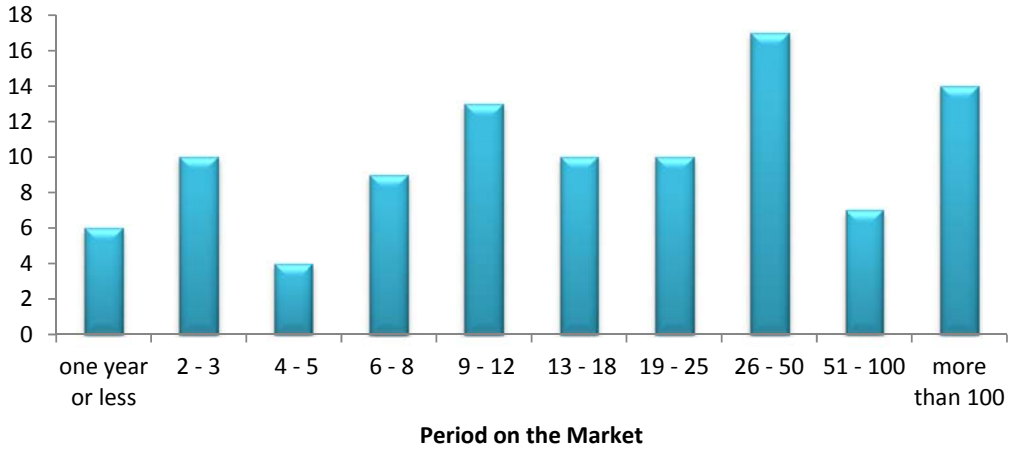

Exhibit 21: Top 5 Oldest Companies in the Art Industry

	Sectors/Company	Date of Inception	Period on the Market	Rating
1	Stockholms Auktionsverk	1674	338	7.0
2	Dorotheum	1707	305	9.2
3	Sotheby's	1744	268	10.0
4	Christie's	1766	246	9.8
5	Bonhams	1793	219	9.4

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Methodology

Skate's Art Industry Scorecard is a ranking created by Skate's Art Market Research ("Skate's"). Skate's parent company, Next Edition Partners GmbH, is the majority owner of the Viennafair.

Skate's established the rating's methodology according to the principles described below.

The companies chosen for the rating participate in the art industry through a major part of their activities or have a department dedicated to art-related services. If a company performs its core activity in the art industry but has several unrelated businesses, we do not take account of the unrelated divisions (e.g., a real estate division). If a business has a strong holding company that also performs activities in art-related areas, we include the parent company (e.g., Euroasia and Umberto Allemandi & C). Occasionally we may decide to include a unit on its own without the parent company due to the standalone significance of such a unit (e.g., Christie's or Reed Exhibitions).

We also include companies that provide products and services (like publishing activities, media businesses, logistics, storage, insurance and marketing of arts) that complement or fortify the art industry's establishment and infrastructure.

The chosen companies are rated according to the following criteria:

1. Track record – period of presence in the art market, reflecting a company's experience, expertise and sustainability, as well as its ability to overcome economic turbulence and project a powerful business model
2. Global reach – number of branches worldwide, showing a company's global presence, its ability to adjust and scale its business model to various markets, as well as its desire and ability to expand globally
3. Role model – contribution to the art industry, a factor that reflects the importance of the role played by the company in terms of the art industry's development, as well as whether it provides a transparent and effective platform and operates a business model that is widely seen as the benchmark for aspiring rivals
4. Name/reputation/brand – specifically as much as it stands for business reputation, suggesting that a company is engaged as a strong art market participant and is characterized by trustworthy and ethical activity, as well as avoidance of controversial practices
5. Digital strategy – visibility on the art market through online and mobile media, reflecting a company's active position in the art world and the attention it has earned, as well as its transparent way of doing business

To find indicators (e.g., date of establishment, number of branches, and visibility), we used publicly available sources. We are also grateful to companies that have provided us with the required information and assisted us on reflecting the current state of their business in the event it was not fully disclosed to the public.

Occasionally, we saw a separate chance to rate companies using alternative ways to identify their standing in the art industry. Among the alternative ways we have classified publicly traded companies and luxury groups by their financial performance, e-commerce companies by frequency of visitors, banks by the size of art collections and art fairs by number of participating galleries, visitors and date of establishment.

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Scales of Skate's Art Industry Scorecard

Period on the Market				Number of Branches				Number of Results in Google. Updated Last Year		
Min	Max	1 to 10		Min	Max	1 to 10		Min	Max	1 to 10
0	1	1		1	1	1		0	100	1
2	3	2		2	2	2		101	1,000	2
4	5	3		3	3	3		1,001	5,000	3
6	8	4		4	5	4		5,001	10,000	4
9	12	5		6	8	5		10,001	25,000	5
13	18	6		9	12	6		25,001	50,000	6
19	25	7		13	18	7		50,001	100,000	7
26	50	8		19	25	8		100,001	500,000	8
51	100	9		26	50	9		500,001	1,000,000	9
101		10		51		10		1,000,001		10

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Skate's Art Industry Scorecard

Number	Company	Headquarters	Model	Business	Public / Private	Number of Branches	Date of Inception	Number of Google Results per Year
1	Christie's	London	Both	Auction House/Art Dealer (Gallery)/Education/Art Lender/E-commerce/ Storage and Shipping	Private	63	1766	3,070,000
2	Sotheby's	New York	Both	Auction House/Art Dealer (Gallery)/Art Lender/ Storage and Shipping	Public	90	1744	2,680,000
3	Bonhams	London	Brick	Auction House/Art Dealer (Gallery)	Private	88	1793	300,000
4	Dorotheum	Vienna	Brick	Auction House	Private	44	1707	63,100
5	Getty Images	Seattle	Online	E-commerce	Private	48	1995	688,000,000
6	MCH Group	Basel	Brick	Events Management	Public	13	1916	150,000
7	Taschen	Köln	Both	Publishing	Private	20	1980	3,020,000
8	Gagosian Gallery	New York	Brick	Art Dealer (Gallery)	Private	12	1979	220,000
9	Phaidon	London	Brick	Publishing	Private	6	1923	195,000
10	Pace	New York	Brick	Art Dealer (Gallery)	Private	8	1960	983,000
11	Phillips	New York	Brick	Auction House	Private	8	1796	69,800
12	Reed Exhibitions [24]	Surrey	Both	Events Management	Public	34	1966	200,000
13	Withers Wordwide	London	Brick	Law	Private	10	1896	108,000
14	Collectors Universe	California	Brick	Auction House	Public	3	1986	879,000
15	Saatchi Gallery[25]	London	Both	Art Dealer (Gallery)/E-commerce	Private	3	1985	552,000
16	Stanley Gibbons	London	Brick	Auction House	Public	6	1856	186,000
17	Euroasia	Geneve	Brick	Storage and Shipping	Private	6	1859	66,100
18	Hiscox	Bermuda	Brick	Insurance	Public	28	1946	168,000
19	White Cube Gallery	London	Brick	Art Dealer (Gallery)	Private	4	1993	1,360,000
20	Umberto Allemandi & C	Turin	Both	Publishing/Online-media	Private	6	1983	9,200
21	China Guardian Auctions Co	Beijing	Brick	Auction House	Private	7	1993	165,000
22	Heritage Auctions	Dallas	Both	Auction House/ E-commerce	Private	5	1976	1,450,000
23	Ebay Inc.	California	Online	E-commerce	Public	2	1995	54,400,000
24	Marian Goodman Gallery	New York	Brick	Art Dealer (Gallery)	Private	2	1977	128,000
25	The Fine Art Fund	London	Brick	Art Fund	Private	5	2001	10,700,000
26	artnet	Berlin	Online	Analytics, Research and Database/E-commerce	Public	3	1989	386,000
27	Gladstone Gallery	New York	Brick	Art Dealer (Gallery)	Private	3	1991	227,000
28	Marlborough Gallery	New York	Brick	Art Dealer (Gallery)	Private	7	1946	315,000
29	Seoul Auction	Seoul	Both	Auction House	Public	5	1998	172,000
30	Stockholms Auktionsverk	Stockholm	Brick	Auction House	Private	2	1674	26,700

[24] Reed Elsevier Group plc division
[25] Includes Saatchi Online

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31	AXA Art	London	Brick	Insurance	Private	3	1962	1,090,000
32	Castelli Gallery	New York	Brick	Art Dealer (Gallery)	Private	2	1957	160,000
33	Galerie Thaddaeus Ropac	Salzburg	Brick	Art Dealer (Gallery)	Private	4	1983	27,200
34	Hauser & Wirth	London	Brick	Art Dealer (Gallery)	Private	4	1992	51,000
35	Mallett	London	Brick	Auction House	Public	3	1865	1,050,000
36	Nationale Suisse	Basel	Brick	Insurance	Private	1	1883	2,070,000
37	Deloitte Luxembourg	Luxembourg	Both	Consulting	Private	1	1950	94,200
38	Matthew Marks Gallery	New York	Brick	Art Dealer (Gallery)	Private	5	1991	215,000
39	Beijing Poly International Auction Co	Shanghai	Brick	Auction House	Private	5	2005	167,000
40	Drouot Patrimoine	Paris	Both	Auction House/Publishing/Education	Private	1	1852	13,300
41	Gurr Johns	London	Brick	Consulting	Private	3	1914	1,990
42	Louise Blouin Media	New York	Both	Online-media/Publishing	Private	8	2001	74,300
43	Zwirner	New York	Brick	Art Dealer (Gallery)	Private	2	1993	60,000
44	Sonnabend Gallery	New York	Brick	Art Dealer (Gallery)	Private	1	1962	37,000
45	Tajan Auction House	Paris	Brick	Auction House	Private	5	1966	12,800
46	Winston Art Group	New York	Brick	Consulting/Collection Management	Private	5	2010	1,510,000
47	Acquavella Galleries	New York	Brick	Art Dealer (Gallery)	Private	1	1921	5,600
48	Art Capital Group	New York	Both	Art Lender	Private	1	2000	120,000,000
49	Galerie Ernst Hilger	Vienna	Brick	Art Dealer (Gallery)	Private	1	1971	10,500
50	Saffronart	Mumbai	Brick	Auction House	Private	4	2000	62,200
51	Brant Publications	New York	Both	Publishing/Online-media	Private	1	1984	65,500
52	Beautiful Asset Advisors	New York	Online	Analytics, Research and Database	Private	2	2002	40,300
53	De Jonckheere Gallery	Paris	Brick	Art Dealer (Gallery)	Private	2	1976	8,070
54	Opera Gallery	Paris	Brick	Art Dealer (Gallery)	Private	11	1994	19,400,000
55	Sean Kelly Gallery	New York	Brick	Art Dealer (Gallery)	Private	1	1991	600,000
56	Beijing Council International Auction Co	Shanghai	Brick	Auction House	Private	4	2005	82,200
57	Coeur d'Alene	Idaho	Brick	Auction House	Private	3	1987	29,700
58	Aris	New York	Brick	Insurance	Private	8	2006	208,000
59	Art Assure	New York	Brick	Art Lender	Private	1	2010	5,390,000
60	Art Finance Partners	New York	Brick	Art Lender	Private	1	2005	837,000
61	Cadogan Tate	London	Brick	Storage and Shipping	Private	5	2005	23,400
62	Galerie Kornfeld	Bern	Brick	Auction House	Private	2	1919	9,210
63	Heffel Fine Art Auction House	Vancouver	Both	Auction House/ E-commerce	Private	5	1978	3,920
64	Koller Auktionen	Zurich	Brick	Auction House	Private	2	1974	12,300
65	Perrotin	Paris	Brick	Art Dealer (Gallery)	Private	2	1990	19,100
66	Artprice	Lyon	Online	Analytics, Research and Database/E-commerce	Public	1	1997	216,000
67	Invaluable	Newport	Online	Analytics, Research and Database	Private	3	1986	96,500
68	Piasa	Paris	Brick	Auction House	Private	1	1996	61,100
69	Ravenel Art Group	Hong Kong	Brick	Auction House	Private	3	1999	18,600

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70	Johnny Van Haeften	London	Brick	Art Dealer (Gallery)	Private	1	1977	3,700
71	Villa Grisebach Auktionen	Berlin	Brick	Auction House	Private	1	1986	2,480
72	Artifax	Epsom	Brick	Collection Management	Private	7	1987	4,920
73	Art Vivant	Tokyo	Both	Art Dealer (Gallery)	Public	1	1984	58,900
74	Gallery Systems	New York	Brick	Collection Management	Private	1	1981	3,810
75	Artcurial	Paris	Brick	Auction House	Private	1	2001	17,800
76	Montage Finance	New York	Brick	Art Lender	Private	1	2010	627,000
77	Noble Investments	London	Brick	Auction House	Public	1	2003	411,000
78	WFA	Krefeld	Both	Art Dealer (Gallery)	Public	1	1994	22,100
79	YellowKorner	Paris	Both	E-commerce	Private	32	2006	18,400
80	PlatinumArt	New York	Brick	Art Lender	Private	1	1992	17,900
81	Shinwa Art Auction	Tokyo	Brick	Auction House	Public	1	1989	2,570
82	Art Market Research	London	Online	Analytics, Research and Database	Private	1	1985	90,200
83	Art Photography Fund	Cayman Islands	Brick	Art Fund	Private	1	2008	233,000
84	Artfact	Allston	Online	E-commerce	Private	1	1989	45,000
85	Artfacts.net	Berlin	Online	Analytics, Research and Database	Private	1	2001	37,400
86	Liveauctioneers	New York	Online	E-commerce	Private	1	2002	996,000
87	Seymours	London	Brick	Consulting	Private	1	2000	18,600
88	ArtTactic	London	Online	Analytics, Research and Database	Private	1	2001	8,620
89	Abbey House	Warsaw	Brick	Auction House/Publishing/Art Dealer (Gallery)/Art Fund/Analytics, Research and Database	Public	1	2010	254,000
90	Art Daily	London	Online	Online-media	Private	1	1996	140,000
91	Artvest	New York	Brick	Consulting	Private	1	2009	22,000
92	Elite Advisers	Luxembourg	Brick	Art Fund/Consulting	Private	1	2007	120,000
93	Leslie Hindman Auctioneers	Chicago	Online	Auction House	Private	5	1982	24,000
94	McDougalls	London	Both	Auction House	Private	4	2004	18,600
95	Art Economics	Ireland	Brick	Analytics, Research and Database	Private	1	2005	466
96	Paddle8	New York	Online	E-commerce	Private	1	2011	22,400
97	Next Edition Partners	Vienna	Brick	Online-media	Public	2	2012	217,000
98	A&F Markets	Paris	Online	Online-media	Private	1	2010	81,000
99	Artemundi Global Fund	Cayman Islands	Brick	Art Fund	Private	3	2010	391
100	Collectrium	New York	Brick	Collection Management	Private	1	2010	1,980

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Points in Skate's Art Industry Scorecard

Number	Company	Number of Branches	Years in Operation	Contribution to Art Industry Development	Visibility	Reputation	Rating
1	Christie's	10	10	10	10.0	10	**10.0**
2	Sotheby's	10	10	10	10.0	10	**10.0**
3	Bonhams	10	10	10	8.0	10	**9.6**
4	Dorotheum	9	10	10	7.0	10	**9.2**
5	Getty Images	9	6	9	10.0	10	**8.8**
6	MCH Group	7	9	10	8.0	10	**8.8**
7	Taschen	8	8	8	10.0	10	**8.8**
8	Gagosian Gallery	6	8	10	8.0	8	**8.0**
9	Phaidon	5	9	8	8.0	10	**8.0**
10	Pace	5	9	8	9.0	8	**7.8**
11	Phillips	5	10	9	7.0	8	**7.8**
12	Reed Exhibitions [26]	9	8	7	8.0	7	**7.8**
13	Withers Wordwide	6	10	6	8.0	9	**7.8**
14	Collectors Universe	3	8	9	9.0	9	**7.6**
15	Saatchi Gallery [27]	3	8	9	9.0	9	**7.6**
16	Stanley Gibbons	5	10	7	8.0	8	**7.6**
17	Euroasia	5	10	8	7.0	7	**7.4**
18	Hiscox	9	9	3	8.0	8	**7.4**
19	White Cube Gallery	4	7	8	10.0	8	**7.4**
20	Umberto Allemandi & C	5	8	10	4.0	10	**7.4**
21	China Guardian Auctions Co	5	7	9	8.0	7	**7.2**
22	Heritage Auctions	4	8	7	10.0	7	**7.2**
23	Ebay Inc.	2	6	9	10.0	9	**7.2**
24	Marian Goodman Gallery	2	8	9	8.0	9	**7.2**
25	The Fine Art Fund	4	5	8	10.0	9	**7.2**
26	artnet	3	7	10	8.0	8	**7.2**
27	Gladstone Gallery	3	7	10	8.0	8	**7.2**
28	Marlborough Gallery	5	9	7	8.0	6	**7.0**
29	Seoul Auction	4	6	8	8.0	9	**7.0**
30	Stockholms Auktionsverk	2	10	8	6.0	9	**7.0**
31	AXA Art	3	8	5	10.0	8	**6.8**
32	Castelli Gallery	2	9	8	8.0	7	**6.8**
33	Galerie Thaddaeus Ropac	4	8	8	6.0	8	**6.8**
34	Hauser & Wirth	4	7	7	7.0	9	**6.8**
35	Mallett	3	10	6	10.0	5	**6.8**
36	Nationale Suisse	1	10	5	10.0	8	**6.8**
37	Deloitte Luxembourg	1	9	8	7.0	9	**6.8**
38	Matthew Marks Gallery	4	7	7	8.0	7	**6.6**
39	Beijing Poly International Auction Co	4	4	8	8.0	9	**6.6**
40	Drouot Patrimoine	1	10	8	5.0	9	**6.6**
41	Gurr Johns	3	9	9	3.0	9	**6.6**
42	Louise Blouin Media	5	5	7	7.0	9	**6.6**
43	Zwirner	2	7	8	7.0	9	**6.6**
44	Sonnabend Gallery	1	8	9	6.0	8	**6.4**
45	Tajan Auction House	4	8	7	5.0	8	**6.4**
46	Winston Art Group	4	2	7	10.0	9	**6.4**
47	Acquavella Galleries	1	9	9	4.0	9	**6.4**
48	Art Capital Group	1	5	7	10.0	9	**6.4**
49	Galerie Ernst Hilger	1	8	9	5.0	9	**6.4**
50	Saffronart	4	5	7	7.0	8	**6.2**
51	Brant Publications	1	8	7	7.0	8	**6.2**
52	Beautiful Asset Advisors	2	5	9	6.0	9	**6.2**
53	De Jonckheere Gallery	2	8	8	4.0	9	**6.2**
54	Opera Gallery	6	6	5	10.0	4	**6.2**
55	Sean Kelly Gallery	1	7	7	9.0	7	**6.2**

[26] Reed Elsevier Group plc division
[27] Includes Saatchi Online

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56	Beijing Council International Auction Co	4	4	8	7.0	7	**6.0**
57	Coeur d'Alene	3	7	7	6.0	7	**6.0**
58	Aris	5	4	5	8.0	8	**6.0**
59	Art Assure	1	2	8	10.0	9	**6.0**
60	Art Finance Partners	1	4	7	9.0	9	**6.0**
61	Cadogan Tate	4	4	8	5.0	9	**6.0**
62	Galerie Kornfeld	2	9	7	4.0	8	**6.0**
63	Heffel Fine Art Auction House	4	8	7	3.0	8	**6.0**
64	Koller Auktionen	2	8	7	5.0	8	**6.0**
65	Perrotin	2	7	8	5.0	8	**6.0**
66	Artprice	1	6	7	8.0	7	**5.8**
67	Invaluable	3	8	5	7.0	6	**5.8**
68	Piasa	1	6	6	7.0	9	**5.8**
69	Ravenel Art Group	3	6	7	5.0	8	**5.8**
70	Johnny Van Haeften	1	8	8	3.0	9	**5.8**
71	Villa Grisebach Auktionen	1	8	8	3.0	9	**5.8**
72	Artifax	5	7	6	3.0	7	**5.6**
73	Art Vivant	1	8	6	7.0	6	**5.6**
74	Gallery Systems	1	8	7	3.0	9	**5.6**
75	Artcurial	1	5	8	5.0	9	**5.6**
76	Montage Finance	1	2	8	9.0	8	**5.6**
77	Noble Investments	1	5	6	8.0	8	**5.6**
78	WFA	1	6	8	5.0	8	**5.6**
79	YellowKorner	9	4	5	5.0	5	**5.6**
80	PlatinumArt	1	7	6	5.0	8	**5.4**
81	Shinwa Art Auction	1	7	8	3.0	8	**5.4**
82	Art Market Research	1	8	5	7.0	5	**5.2**
83	Art Photography Fund	1	3	6	8.0	8	**5.2**
84	Artfact	1	7	5	6.0	7	**5.2**
85	Artfacts.net	1	5	7	6.0	7	**5.2**
86	Liveauctioneers	1	5	5	9.0	6	**5.2**
87	Seymours	1	5	6	5.0	9	**5.2**
88	ArtTactic	1	5	8	4.0	8	**5.2**
89	Abbey House	1	2	7	8.0	7	**5.0**
90	Art Daily	1	6	5	8.0	5	**5.0**
91	Artvest	1	2	8	5.0	9	**5.0**
92	Elite Advisers	1	3	5	8.0	8	**5.0**
93	Leslie Hindman Auctioneers	4	8	4	5.0	4	**5.0**
94	McDougalls	4	4	6	5.0	6	**5.0**
95	Art Economics	1	4	9	2.0	9	**5.0**
96	Paddle8	1	1	8	5.0	9	**4.8**
97	Next Edition Partners	2	1	6	8.0	6	**4.6**
98	A&F Markets	1	2	6	7.0	6	**4.4**
99	Artemundi Global Fund	3	2	7	2.0	8	**4.4**
100	Collectrium	1	2	8	3.0	8	**4.4**

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