

**I**T'S HARD TO KNOW WHEN ART maven and real estate investor Nasser David Khalili first felt a craving for legitimacy. Could it have been when his teacher at a Jewish day school in Tehran, Iran ridiculed and flunked him for aspiring to genius? "I was outspoken, and I wanted to prove my teacher wrong," Khalili today recalls. So, to that end, he wrote and published at age 14 a book ranking 233 world geniuses.

Or was it later, after he had purchased from a trusted London dealer an \$86,000 bird-shaped ceramic sculpture from Raqqa, Syria (circa 1250)? Although the object came with a certificate of authenticity from Oxford University art historians, Khalili had a different set of dons reexamine the object, this time using samples taken from anywhere except its base. The sculpture turned out to be a fake. Con artists "took the old bottom and attached a new part on top," he says, eyes squinted.

Or could it have been in 1992, when Khalili's offer to lend his 20,000-piece Islamic art collection to Great Britain prompted critics to ridicule his taste and disparage his philanthropy? Khalili did not get what he had hoped for—a separate museum bearing his name, paid for by British taxpayers. Instead he was dismissed as a front man for the Sultan of Brunei (whom he has advised on art). Parts of his collection were deemed ill-gotten "rubbish."

Khalili, 59, learned long ago to channel rejection into resolve. Besides his Islamic art—the largest private collection known to exist anywhere in the world—he owns another 7,000 heterogeneous pieces: a mix of Japanese art from the Meiji period (1868-1912), Indian and Swedish textiles and Spanish damascened metalwork. Some say the depth of Khalili's art holdings rivals that of the Getty or the Gulbenkian.

As owner, Khalili (new this year to the Forbes billionaire list) enjoys unique standing: He is the only billionaire whose fortune derives predominately from art.

Technically the entire collection is held by a trust, set up by Khalili's late father, which funds the purchases of art and also invests in commercial real estate, primarily European. Khalili himself, however, has effective control over what artworks are bought and sold.

Born into a Jewish family of art dealers in Iran (Achaemenid, Parthian, Sasanian

history schoolbooks in the West. Only recently has this genre, a stepchild of Egyptian antiquities, become widely admired. Last year the Louvre announced plans for a \$60 million glass expansion to house its Islamic collection, currently displayed in underground corridors. Earlier this year 100 Islamic objects from the Victoria and Albert Museum in London made a maiden voyage to the National Gallery in Washington, D.C. for a temporary exhibition. And the V&A is building a new Islamic gallery, thanks to an \$8 million gift from former Forbes billionaire Mohammed Jameel of Saudi Arabia.

Little surprise, then, that even allowing for rich sultans and emirs from the Gulf states, Khalili competed during a good stretch of the 1970s and 1980s on a field with a scarcity of players. Prices, reasonable when he started in the 1970s in New York, were brought still lower by the 1979 Iranian revolution and by a mid-decade depression in the Turkish art market. Sipping wine today at his headquarters in London's Mayfair (a red-brick Georgian town house with stacks of paintings still unwrapped in a library) Khalili describes what once had been his common practice: "I used to buy 50 pieces for \$100,000. Over the course of the following year I would keep the five best and sell the rest for \$500,000."

Among his best buys: a written history of the world by Rashid al-Din from the 14th century, commissioned by a Mongolian khan. Called the *Jami' al-Tawarikh*, or *Compendium of Chronicles*, it was his for \$10 million in a 1990 Sotheby's auction. The medieval manuscript could go for double that price today, says Islamic art gallery owner Raffi Portakal in Istanbul.

Then there are the 300 Egyptian papyrus documents (accounts, letters and

COLLECTING

## God Is Great

Londoners spurned his collection of Islamic art. Now billionaire David Khalili is giving it to them again, whether they want it or not | By Matthew Swibel

and Byzantine antiques were his clan's stock in trade), Khalili understood the value of cultural artifacts from age 10, when he traded stamps and banknotes. When he turned to Persian cast metalwork and Koranic calligraphy as an adult, few Western collectors competed in this field.

Islamic art lacks pictorials. Nary a nude appears. The empires and cultures from which it comes rarely appear in





Fastidious, fervent: "There is going to be a museum, which, please God, will be the Khalili museum."





legal documents), written in Arabic and dating from the 8th to the early 12th century. Khalili snatched these papyri early in the 1980s from a Kuwaiti collector, Jasim al-Homaizi, who had bought them a decade earlier. Since then bids for similar papyri have risen threefold, says Edward Gibbs of Sotheby's in London. At his peak Khalili bought around 100 items a day. His pace has now slowed to at most an occasional daily dozen.

Most of the time Khalili keeps a low profile, though he ventured into the public spotlight five years ago when he brought a successful libel suit against Associated Newspapers in London after the newspaper

Admirers call him prescient. "He's always been ahead—buying things that are out of fashion, like postmedieval Korans and Turkish maps that later appear exceptional," says Gibbs

pieces paints the whole picture of a culture. It doesn't."

Khalili trained in the Shah's military (he never entered combat) and came to New York in 1967 to get a B.S. in computer science from Queens College. But he made his first millions dealing art by day—and spent his evenings trolling museums and

## Papers **ERRONEOUSLY ACCUSED** him of smuggling.

chain erroneously accused him of smuggling an antiquity from Iran.

Such accusations have arisen in part because of the secrecy with which Khalili cloaks his buying. He has purchased thousands of pieces through agents, not only to conceal the fact that he was building his own collection but also to protect himself from price gouging. (Witness the way Sheikh Saud Al-Thani of Qatar unwittingly drove up prices for Islamic art after spending \$28 million in a week during the annual April auctions in 2004.)

of Sotheby's. Detractors think Khalili's peculiar passion for the prosaic—coins, seals, scientific instruments, manuscripts, to name a few—has hurt his reputation and that of his collection. Such quotidian items lack the profound value of relics validated by fine American and European museums—masterpiece Korans, say, or Persian tapestries. Khalili, whose fastidious 5-foot-8 frame belies his fervency, defends his breadth of taste this way: "The problem is a lot of people only try to buy objects of quality, thinking only having master-

galleries, memorizing, he says, 500 labels at a time. The spoils of his quest? When, for example, he spotted something offered in a gallery as 19th-century art, he would know if it was in fact from the Renaissance—and hence far more valuable.

He received pointers on buying from Richard Ettinghausen, author of books on Islamic painting and a consultant who put together the Metropolitan Museum of Art's Islamic galleries. Well-known Persian dealers and collectors involved Khalili in trades, including Mehdi Mahbouian, known as a





Four from 20,000: a lynx-shaped incense burner (late 12th century); depiction of Noah and sons aboard the Ark (1314); a silver-inlaid casket (13th century); below, a Koran, c. 1550-1600.

personal adviser to the Shah. The late Lilian Nassau, an art dealer who traded Russian ceramics with Khalili, “was like a second mother.”

He got turned on to real estate after moving to London in 1978 to marry his English wife, Marion, though he continued to deal in art until the mid-1980s. He also picked up a Ph.D. in Islamic lacquerware from the University of London, where he now underwrites a chair in Islamic art.

In the next decade Khalili inked office and residential deals topping \$150 million in England, Scotland and abroad. Public records show his privately held property development firm, Favermead, and its seven subsidiaries listed \$31 million in assets for 2003, but Khalili’s reach extends beyond that pile of assets. He sold a London mansion near the late Princess Diana’s Kensington Palace to fellow Forbes billionaire Bernie Ecclestone for \$90 million in 2001. Not everything he touches, though, has turned golden: Private equity investments in technology made through a fund that counts Ronald Lauder among its partners are still under water.

The artwork he has now—purchased over 35 years for around half a billion dollars—he vows he will never sell. “As a collector, when you start saying, ‘I bought it for \$10,000—what will it be [worth] in five years?’ you go wrong,” says Khalili.

“With a collection, don’t ever buy for investment. Everything I have collected is going through the roof, probably ten- to twelvefold, but if you are not interested in selling any of the art it doesn’t mean anything.”

Tell that to the Lloyd’s insurance consortium, which underwrites Khalili’s artwork for, we are told, a sum exceeding 1 billion pounds sterling. That translates to less than \$2 million in annual premiums—a figure that does not include what muse-

ums and institutions pay to indemnify items they borrow and put on display.

Judging the collection accurately is difficult, not just because few people have seen it in its entirety but because art enthusiasts and auction houses often base their opinions on published catalogs. Though Khalili’s trust has spent \$7.5 million publishing a handsome 38-volume catalog (edited by such scholars as Julian Raby, director of the Smithsonian’s Freer and Sackler galleries in Washington, D.C.), it is as yet incomplete and still omits, for example, certain metalwork and coins.

Khalili, who carries U.S. and British passports, tells *FORBES* he’s very close to finishing the paperwork to purchase a building in central London, which he intends to transform into a museum. He expresses his ambition in halting English: “There is going to be a museum to be the house for the collections, and through that institution, which, please God, will be the Khalili museum, we will create the finest boutique museum in the world.” It will come with a \$100 million endowment and will open its doors, he says, in 2010 or thereabouts. “The world has 1.2 billion Muslims representing almost 25% of the countries around the globe,” Khalili notes. “That gives you an indication that the art and culture of Islam is something that needs to be appreciated.” **F**

## Can't We All Just Get Along?

**Nasser David Khalili tries to build bridges between Muslims and Jews. In 2004 London's Hermitage Rooms at Somerset House billed a provocative show of his Islamic art "Heaven on Earth: Art from Islamic Lands." His charity, the Maimonides Foundation, dropped off busloads of Jewish and Muslim students to see the show and to work together on a related art project. "I have always maintained that religion and politics have their own language," says Khalili, "but the language of art is universal."**

Last year his foundation, on whose advisory board sit ambassadors to the U.K. from nine Arab states and Israel, paid an Islamic publishing house \$20,000 to translate into Arabic and print 3,000 copies of a children's book—a retelling in English of the stories of Joseph and Moses, as taken from the Koran. The books, distributed to Palestinian children, are meant to show them the shared heritage of Islam and Judaism.

Then there's the Maimonides soccer league for Muslim and Jewish schoolchildren, ages 9-12, hosted by the popular Arsenal Football Club at its London field. Cheered on by Prince Charles' charitable trust, over 120 children from 20 different Jewish, Muslim and secular schools, synagogues, mosques and faith-based community centers have peacefully competed—without, so far, any brawling from their parents in the bleachers. —*M.S.*