



Cirris Capital

Customized Yacht Finance

Newsletter no 1 – 2007

Offshore investments: The financing of yachts

Yacht financing services are rarely adapted to the special circumstances surrounding the purchase of larger yachts. Despite increasing internationalisation and boat sizes, financiers often concentrate on national markets and provide loans up to a certain ceiling. Cirris Capital is the only service provider to concentrate exclusively on the yacht financing market and cover all its changing aspects. "Although we have extensive knowledge about finance," Commercial Director Remco Immink says, "we only deal with yachts."

The founders of Cirris Capital, Hans Groen and Remco Immink, were previously managers of DaimlerChrysler Capital Services, which had a considerable portfolio of international yacht loans. These were spun off as the conglomerate returned to its core

under the home flag and stay in national waters. "A look at the marinas and international boat shows in Holland, England, France, Italy and Germany makes it abundantly clear that yachts are becoming increasingly large and expensive," notes Immink.

complete purchase price has been settled and the buyer will only pay once he is confident about his future property," Immink points out.

Varied expertise for varied customers
Cirris Capital is the central contact point in this process. "We basically take care of everything in a timely fashion, so that the new owner can take his yacht out sailing as early as possible," Immink says. "The large variety of transactions we have handled in the past has generated extensive know-how and a wide network, providing a solution for every new challenge."



The broad expertise and experience of Cirris Capital is not just used for the benefit of clients and business associates looking for yacht financing. There are also an increasing number of associates and industry players who turn to Cirris Capital for advice. "For example, a number of customers buy their yacht outside of the EU and wish to import it to the Mediterranean," Immink says. "This raises all kinds of issues in terms of VAT, transport, insurance and CE standards. Another example is someone who wishes to exchange ideas and get advice on risks and possibilities before purchasing a yacht."

competency of cars, leaving behind a gap in the international yacht financing market. Groen and Immink decided to plug the gap themselves, launching Cirris Capital in 2002. The company has enjoyed explosive growth ever since.

"Owners want to choose for themselves where they sail and not be restricted by their bank."

The mission of Cirris Capital is extremely simple. "We arrange yacht-related financial constructions," Immink explains. "Owners use our packages for four main reasons: To purchase a new or second-hand yacht, re-finance a yacht already owned, cover the costs of a refit, or finance a new purchase while the previous yacht is being sold. Yacht financing has until recently been a rare phenomenon in Europe. Unlike our American friends, Europeans have traditionally seen yachts as luxury goods to be paid for with cash."

The first step in the process is to assess the finance possibilities. "This depends on the financial position of potential customers and their capacity for repaying the loan on schedule and maintaining the yacht in good condition," Immink says. "Maintenance, insurance, berthing and the like can easily amount to annual expenses of around 10% of the total value of the yacht!"

The customers of Cirris Capital are a diverse group. Although they originally mainly hailed from the Netherlands, some 80% of all customers are now from abroad. "This includes North-West Europe, North America, Australia and New Zealand," Immink says. "New cases are constantly adding countries to this list."

Filling the niche

While there are local banks active in yacht financing, they usually focus on loans of up to €250,000, however, and yachts are often requested to sail

"Once the basic financial conditions have been satisfied, the documentation phase can begin. This consists of the actual formulation of the loan agreement, as well as issues such as appraisal of the yacht, the sale agreement, registration, insurance, crew, VAT questions and ownership structures. At the end of this period all the involved parties must see eye to eye, which can be quite a challenge. The seller will, after all, only transfer ownership of the yacht once the

Financing dreams

Why use a financing plan? "Buying a yacht with cash is actually not the best use of money," Immink explains. "A financing plan allows one to keep assets liquid for other uses, such as business investment. The returns on such investments are usually higher than the interest due on the yacht loan, even when bad business years are taken into account."

- We know about yachts and finance -

“Furthermore, the financing plan is based on the value of the yacht and the personal liability of the owner. This allows owners to keep any other property components, such as real estate, securities portfolio and business interests, at their full disposal. And even though short term interest rates are now rising, financing and refinancing is still an attractive option, as astute investors see the sense in freeing up their capital. At least 50% of all yachts are now financed through loans.”



A key consideration when getting a loan is to ensure that the financing and maintenance of the yacht fit within the budget. “Buying a yacht is only half the story,” Immink points out. “The rest depends on other variables, such as whether the sailing area will be in a temperate country or in the heat of the tropics, on whether the boat is motor or sail, and on whether it is reserved for private use only or also used for chartering or racing. All of these factors influence the budget and determine yearly maintenance costs.”

The added value of Ciris Capital

So why turn to Ciris Capital and not directly to a bank? “There is a

shortage of specialist know how available among the banking community when it comes to the financing of yachts,” Immink explains. “Furthermore, personnel do not share the owner’s passion for the floating capital. Without an explicit understanding of this area of finance, many banks have traditionally been reluctant to become involved.”

The accumulated expertise and experience at Ciris Capital means that customers are in good hands. “We act

as a buffer and central contact point between the bank and the involved parties,” Immink says. “This saves the owner a great deal of time that can be better used elsewhere. We also ensure that everything goes according to plan, survey the progress and lead times, and keep the customer abreast of developments, all the while ensuring that as little as possible of the client’s time is taken up: Ciris Capital thereby functions as a kind of front office for the bank.

“It is important that Ciris Capital be made part of the process as early as possible. This way, we can help attune all the required documents to each

other, and flag up specific points of interest in the purchase contract, construction contract or terms of delivery. Although we can, naturally, also be brought in during the process, we will then be more dependent on third parties. This is why we make sure that we explain beforehand what we will and will not be able to do for customers at any given point.”

Another important reason is that Ciris Capital represents an independent party, which enables it to efficiently inventory the various options and estimate the desirability of a given course of action. “We have no problem with saying no to our clients,” Immink says. “Some of them are still grateful to us for it years later. Furthermore, the fact that Ciris Capital specialises only in yacht financing means that clients are not approached with all kinds of secondary products that they can already get from their current financial service providers, such as asset management. Our primary aim – and the key to our success – is to provide efficient, no-frills, no-nonsense yacht financing that saves both time and money.”

The Ciris plan

A basic financing plan from Ciris Capital covers up to 70% (in some cases even up to 80%) of the real market value and is based on a maturity of 120 months, with the loan repaid in equal monthly instalments. The 70% and 120 month limits are designed with specific goals in mind. Until recently, average boat ownership was four years; lately, however, this is becoming closer to three years.

No matter how well it is maintained, a yacht always depreciates, especially during the first three to five years. A guiding principle at Ciris Capital is that a yacht sold on the open market should always bring in more than the outstanding amount of the loan. This prevents a sale from leaving the former owner with residual debt and makes the step to the often larger and more expensive following boat much simpler.

The application usually begins with a conversation where clients are informed of operating modes and procedures. Applications for up to €3 million can be authorised within five days. Larger amounts require around ten days, depending on complexity and ultimate risk profile.

The majority business ranges between € 1 and € 5 million finance (that means yachts up to € 10 million worth), but assistance can be provided with loans of up to € 50 million.

Elburg Yachting

Fellow professionals

Elburg Yachting is a fast-growing yacht brokerage house in Holland that specialises in motoryachts up to 50 metres. In addition to sales, the company offers a wide variety of yacht-related services. According to co-owners Luca Arbouw and Rob den Dulk, there is only one port of call when clients ask for advice on financing their purchase.

“We worked with Ciris Capital from the very outset, having already conducted some minor transactions with Remco and Hans before they started their own

from a brokerage house than selling boats alone. It is essential that the company with whom we partner in the financial field works in the same professional and client-focused manner. Ciris Capital certainly fits that bill.”

Working with Ciris Capital offers Elburg Yachting added value in other ways too. “They process the information we provide on our client and approach him directly to suggest solutions,” Rob reveals. “This means that the client need not tell us his personal financial situation, and can instead deal directly

international clientele, which makes it important to be able to compete on the financing front too. “The way in which Ciris Capital and their partners work together in the yachting market has allowed us to go forward with larger transactions than would otherwise have been possible,” Luca explains.

“Remco and Hans have the right mentality when it comes to selling boats that are not based in the Netherlands to non-Dutch owners. In essence, they facilitate our desire to offer a genuinely international service. Many owners are looking to keep their



company,’ Rob explains. “These previous contacts served as the foundation of a good personal relationship and it was a pleasure to see this flourish into something more substantial in business terms.”

Service minded

The unique way in which Ciris Capital approaches the specialist yacht finance market has impressed the directors of Elburg Yachting. “We strive to do more than simply facilitate the buying and selling of boats,” Luca says. “Ours is a very service minded company and providing support to owners in terms of finance is a crucial part.

“This is not an act of corporate philanthropy on our behalf, of course. In today’s market clients expect more

with the financiers. In the meantime, Ciris Capital provides the information that we require to proceed with a given project.

“Being able to guarantee potential buyers a financial solution, so long as they have the means of course, makes the whole process smoother and dramatically reduces the chances of a transaction falling through. Similarly, the way in which Ciris Capital allows us access to their excellent online systems means we can carry on conducting business around the clock.”

Internationally competitive

There are many lease systems available currently in southern Europe, and Holland is well behind in this respect. Elburg Yachting has a large

cash working for them, staying liquid rather than tying funds up in a yacht. As banks have responded inadequately to this trend, the support of Ciris Capital has been crucial for a major brokerage house such as ours.”

Why don’t Elburg Yachting simply contact lenders directly? “Our core business is selling boats and that is what we do best,” Rob concludes. “It is pointless trying to be outstanding at everything, especially when there are other terrific companies capable of providing the non-core services.”

Flexibility and efficiency



Based in the delightful Dutch town of Muiden, Lengers Yachting is the main distributor for the Ferretti Group in Holland and Belgium. With more than 30 years experience in motoryacht sales, the company also offers a brand independent brokerage service. As over 75% of its clients sail in the Mediterranean, Lengers has berths and shipmasters in the region, organises charters and provides service points for Ferretti owners. Bas Lengers, the company's owner and managing director, explains why he values the long-term relationship with Ciris Capital.

“Working with Ciris Capital offers many benefits to both our company and our clients. The financial plans undoubtedly make the whole sales process smoother and the flexibility they offer is especially valuable. For instance, many clients welcome the fact that the loans can be paid off within as little as one year. Yacht owners often say that they do not want to be locked in to an agreement that lasts for a decade or more. Moreover, the initial objection that many potential owners have to leasing or financing a boat soon disappears when we explain the

structural financing options offered by Ciris Capital.

“Another important plus point that Remco and Hans offer us is efficiency. They have an excellent knowledge of the market, understand the mindset of owners and consistently come up with good offers. Ciris Capital does not operate through an intermediary and the company is able to write its own reports. The major benefit of this is that requests for credit are answered very quickly and deals can usually be



finalised within a week or two. Other lenders can take far too long to process an application, by which time the deal can easily fall through.

“I am also very appreciative of the support that Ciris Capital provides us above and beyond matters of leasing.

A good example is in the field of yacht registration, where Hans and Remco use all their expertise to ensure that a transaction is successfully completed.

“It is fair to say that our business would be less productive without the support of Ciris Capital as the number of leasing and finance companies able to provide the service that 21st-century yacht buyers require is extremely limited. Although the competition is now greater, none can yet match the professionalism of Ciris Capital.”



Ciris Capital BV
1e Dorpstraat 20, Zeist
P.O. Box 91
3700 AB Zeist – The Netherlands
Phone: +31 30 69 70 865
Fax: +31 30 69 74 800
E-mail: info@ciriscapital.com