

Ciris Capital
Customized Yacht Finance & Leasing

winter 2008/2009

**Stay on course with
the finance specialists.**

Stay on Course with Ciris Capital

The HISWA Amsterdam Seaport Boat Show is behind us and we can say with confidence that this exceptionally wet exhibition was more nautical than ever! The Ciris Capital team were very pleased with the countless conversations we had with watersports fans and the many business relations who dropped by our stand. The contrast with sunny Cannes just a few days after could not have been greater in terms of weather, but here too we met many interested parties.

All this bodes well for the months ahead. Our busy schedule includes new-build plans, projects well underway with the launch due soon, refinancing from clients who had owned their yacht for a while without taking out a loan at the time of purchase, and much more besides.

Wherever we go currently, one of the main topics of conversation is the credit crunch. How did it come this far? What influence will the crisis have on the yacht market in general and the yacht financing market in particular?

Around ten months ago, business seemed to be as usual. We would have an assessment meeting with the client, make a thorough analysis of the project, draw up the application for the selected bank and submit this to the credit committee. After answering any follow-up questions from the bank, the job was usually complete within one or two weeks, depending on the size of the application.

Slowly but surely, a change in direction from the banks became apparent. Some banks withdrew from the market – these were parties at the top of the market that had not been active in this segment for long – while others saw room for becoming more active. General conditions with regards to loan to value and maximum term remained largely the same. Things then started moving rather quickly as the credit crunch increasingly made the headlines. Will the banks end up writing off 250, 400, 1000 or even 2000 billion? The increasing cost of lending has caused interest rates and surcharges to rise, although this varies greatly per supplier. The most important change, however, has been the time required for applications. What used to be processed and approved within a few days now takes considerably longer.



www.ciriscapital.com



The main reason for this is that banks analyse the received information more thoroughly and then have it checked by other institutions. Until recently the primary assessment during the application procedure was security. Now the emphasis has switched to two main areas: The ability to meet payments and legal matters. In other words: Is the source of income sufficient and stable enough to be able to meet the financial obligations? What risks are contained in the application? How can we counter them and limit the risks faced by the bank?

Financial institutions want much more detailed information than before. This information is studied more extensively by a larger team – from two to four to six eyes – which results in an application taking considerably longer. This is actually a good thing, especially considering what is happening in the US at the moment. Many of us can now seriously consider a dream home with a swimming pool in Ft. Lauderdale. While a quick internet search provides plenty of choice, there is currently.

This change in approach to credit loans by the banks has resulted in a major increase in applications at Ciris Capital. This is a logical consequence of the banks' new policy. Communicating with banks, understanding and answering the many questions, and meeting their requirements, becomes a more specialist task every day and one which Ciris Capital provides. After all, if yacht financing is becoming increasingly challenging for us as a yacht finance specialist, imagine how it must be for someone who is not involved with these issues on a daily basis.

Ciris Capital is registered with the AFM (Authority Financial Markets), is fully licensed in accordance with the Act on Financial Supervision (WFT) and has a Dutch Financial Services certificate.



The buying and selling of yachts continues as always. We advise potential buyers or yacht owners who wish to (re) finance their yacht to start the application process well in advance so as to allow sufficient time to have the application drawn up, approved and finally documented and paid. We are here to provide this service. It saves yacht owners a lot of time, need not increase the costs of a loan and may well result in you enjoying lower rates!

In view of the current circumstances, Ciris Capital is currently also hosting workshops for various groups in the yacht industry. Over a day-long course, you will gain an overview of the varying issues involved in the field of yacht finance.



An interview with Hein Velema

After well over a decade at the helm of Feadship in Holland, Hein moved to warmer climes in the summer of 2007 to become Commercial Director at Fraser Yachts, Monaco. In addition to these years at the very peak of the yachting profession, Hein has a unique perspective when it comes to the financial aspects as he also has a background in the banking sector. We caught up with Hein after Ciris Capital had held a special training day in Monaco for Fraser brokers from around Europe.

What was this training course about?

We have an intensive training programme for our brokers, with regular trips to shipyards and educational courses. This all-day training with Ciris was designed to make our brokers feel more comfortable discussing yacht finance with their clients. It taught them about the complexities of the issue and how best to advise clients.

This was very much appreciated by all present and one of the best trainings we've ever had. Remco was so well prepared; he explained the market, the different types of products, the problems they might have in getting yacht finance and how to solve them. We will have a follow-up training day for our American brokers at the Ft Lauderdale office. After all, yacht finance truly is an international market.

Is this a good example, in your opinion, of how well Ciris Capital knows the market in which it operates?

Yes. Remco and Hans have a tremendous amount of knowledge on the market and practical experience to match. The turbulence of the finance business, as new trends and parties come and go and the credit crunch bites deeper, gives Ciris Capital a priceless overall understanding that transcends time. In addition to yacht finance, they also know a great deal about clients, boats and shipyards.

Let's be honest, to many people yacht finance is so much 'abracadabra' and they want to stay out of it. The fact that Ciris Capital understands the market and the way yachts are priced puts in a very strong position. Moreover, during the training Remco proved both the value of preparation and the ability to communicate. Both are very important in his everyday work as the commercial person at Ciris Capital because educating clients is a crucial aspect.

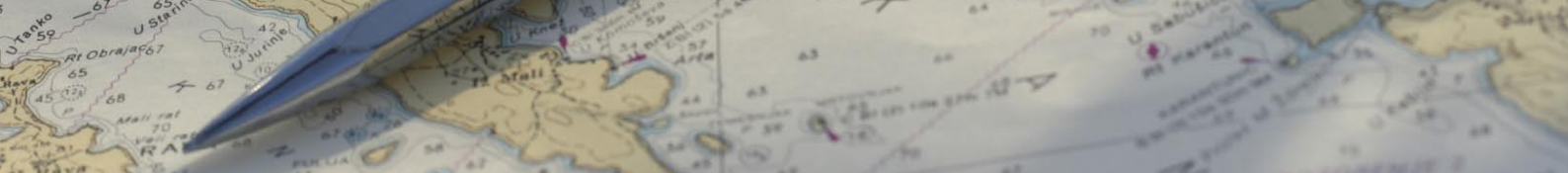
How does a banking background help in the yachting industry?

My own experience in this sector makes me aware of the processes in a bank and how proposals must be written in a way that reflects this system of procedures. Information and figures must be presented in a manner that makes it easier for banks to accept a loan proposal. Sometimes the decision-making in banks is completely shut off from the real world. Staff rarely if ever meet clients and judge proposals based on paper. The banks might have good reasons to operate like this but you have to understand how they work in order to make the right proposal. And that is what Ciris Capital does so well.

Would you recommend Ciris Capital?

Unreservedly! The speed with which the company reacts to proposals or suggestions is amazing. Ciris Capital is exceptionally professional in everything it does.





We are boat builders, not money men

Dick Mulder is the managing director of Shipyard Mulder in Holland, which builds premium quality motoryachts in the medium-size range. Now celebrating its 70th year, the yard is renowned for its superior design, construction and finish. With owners from all around the world making a beeline to his yard, Dick Mulder is appreciative of Ciris Capital's support and advice concerning financial matters.

I have known managing director Remco Immink since 1997 when he worked at debis, and followed the setting up of Ciris Capital with interest. Since then I've been hugely impressed by the way the company has developed in the market. It is exceptionally fast in answering questions, which is crucial in a business like ours. All too often we have had to wait two months to hear back from a bank or other financial institution. These delays can be fatal for projects that are at a very sensitive negotiating phase, and can lead to the client changing his mind about building a yacht altogether.

It was therefore a great pleasure to find a company that responds so swiftly. Moreover, the guys at Ciris Capital have an intricate understanding not only of the finance sector but also of how the yachting market operates and how owners think. Mulder Shipyard only has a moderate profit margin on our yachts and it is therefore vital that all financial matters regarding payment are clear. Having Ciris Capital involved adds security in this respect.

The majority of Mulder owners have traditionally paid for their yacht out of their own means but we see an increasing trend

to ask for advice on finance. This is not surprising as more people are looking to retain the best position possible when it comes to liquidity and accessible assets. Several Mulder owners have recently taken advantage of Ciris Capital's services in this way. And while others may not eventually take out a loan, it is of considerable value that we can offer our clients an authoritative overview of the options at their disposal.

I also enjoy being able to refer Mulder clients to Remco and Hans in order to explore the possibilities in relation to leasing and VAT structures. As a yard we do not want to become overly involved in such matters. I prefer to stay focused on what we do best - building the finest boat that money can buy in this size bracket - and leave other experts to deal with where that money comes from and how the boat will be registered.





Successful show, meetings and forum in Monaco

The Monaco Yacht Show is always one of the key gatherings of the year in the superyacht segment. All the industry players are there and the four days in Monaco give a sound impression of the directions in which the market is moving. For Ciris Capital, this year's show was the best of the ten we have attended so far. The entire period was taken up with scheduled meetings and these resulted in an interesting number of new inquiries.

On Tuesday 23 September, the day before the show, the Superyacht Finance Forum organised by Marine Money took place. Remco Immink, owner and managing director of Ciris Capital, was pleased to moderate the panel discussion, which involved a selection of highly experienced and knowledgeable people from the yachting and finance worlds. Many critical and relevant questions were addressed to the panel, and the discussions were very instructive for all concerned. The panel members were frank about what is achievable in the current turbulent market and what is not.

From 7 to 9 October, The Yacht Report magazine hosted the annual Yacht Fiscal Management Meeting at the Columbus hotel in Monaco. At a time when financial issues are making all the world news headlines, this event gave us an opportunity to see the potential effects the credit crunch may have on the superyacht industry. In addition, legal, fiscal and ownership problems were raised and advice, guidance and suggestions given by the panel, which included Remco Immink.




Customized Yacht Finance & Leasing

www.ciriscapital.com