SHARING *The Seas*

Tania Jacobs explores how yacht ownership is sailing into the modern digital economy as the fractional ownership tidal wave grows

For most, owning a luxury yacht represents the freedom to move whenever and wherever you choose in optimum comfort. According to the most recent Knight Frank Wealth Report, we are now in the midst of a superyacht boom, with orders up by 6%, led by buyers from the Gulf, notably the Red Sea, with this region becoming the next superyacht hub. The location has seen a rise in superyacht migration of 47% since the winter of 2015/16. Moreover, 60% of the 30m+ new-build vessels delivered since 2008 are owned by those with UAE nationality.

It's rare however for anyone to be able to use a yacht 100% of the time. Increasingly, there are options to more effectively access the opportunity to sail, and one of the most innovative concepts is fractional ownership.

As a wider medium, fractional ownership has been around for decades, allowing owners to split the cost of purchasing and managing their asset. The most common misconception is that it's a timeshare by another name. In reality, fractional ownership allows multiple owners to own part of a yacht for usage time on board, legally owning a piece of it as an asset, and like a company share or a bond, it can also be sold or transferred.

People have been sharing boats through informal partnerships with friends or family for decades, so it's little wonder that the formalisation of these arrangements, which offers more legal protection in the case of conflict, has skyrocketed in popularity.

In terms of structure, individual owners pay an equity stake in their chosen vessel depending on what percentage of the purchase they wish. In return, each owner is allotted a set number of days to use the boat each year in proportion to their investment.

On top of their individual share, owners pay an annual maintenance fee to the management company who take care of the calendar, crew and maintenance of the boat throughout the year.

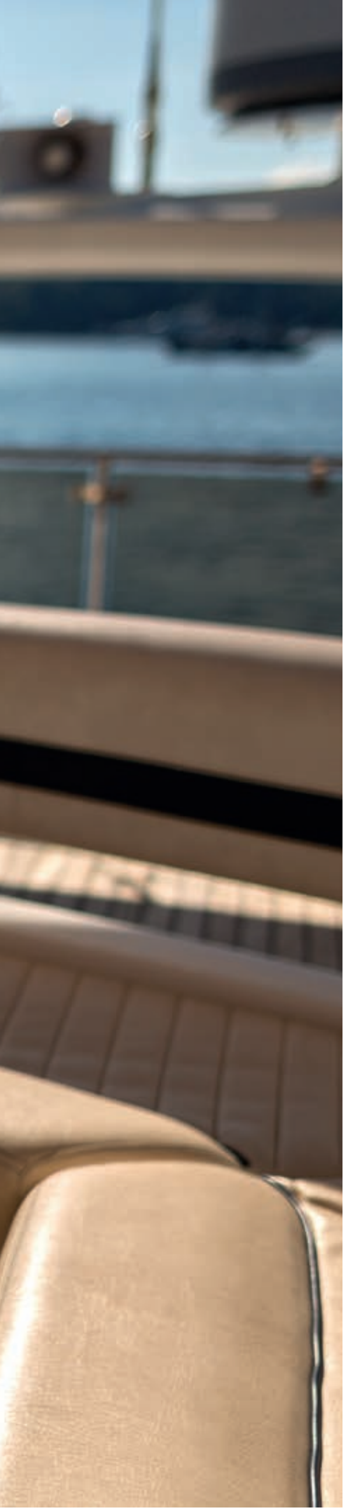
Industry specialist, Lenny Rudow explains: "Fractional ownership is exactly what it sounds like—you buy a share of a yacht, instead of owning it from bow to stern. But don't mistake this arrangement for time-share. With a time-share, you only purchase the rights of property usage for a certain period of time. When that time is over, so is your investment. With fractional ownership by contrast, you legally own the asset and can transfer or sell it. Just what portion of the yacht you own can vary. From 10% to over 50%. There are a lot of aspects to consider."

By sharing the purchase price and the operating and maintenance costs between owners, fractional boat ownership lightens investment considerably, allowing for considerable savings.

Fractional ownership also helps save time on upkeep and maintenance. Indeed, the management company in most cases will take care of the vessel – from hiring a crew to coordinating maintenance, managing the calendar among owners and dealing with marina access. Also when the yacht is not in use, the management company can help to charter it, creating a possible additional return on your investment.

If a time comes in which any party no longer wishes to own a fraction of the yacht, most fractional ownership agreements allow for the sale of any fractional shares. Since this kind of programme keeps the yachts well-maintained, the value of shares tend not to devalue as quickly, and parties are able to more easily change boats than is the case with full ownership.

Matty Zadnikar, CEO of SeaNet Europe Ltd., explains: "Co-ownership allows you to maximise your time onboard while reducing annual costs and eliminating the hassle of yacht management. For example, our unique co-ownership concept is tailored to suit all owners. Not only do we guide clients' in their choice, design and build of superyacht, but we also offer comprehensive yacht services that include Yacht, Hospitality and Charter Management, meaning that the owners are relieved of any laborious bureaucracy. The only aspect they truly have to worry about is enjoying themselves."



MEROS

• Born from the creator's personal love for the ocean and adventure, Meros focus on taking what is widely considered a great idea and turning it in to reality.

• The Meros quarter model offers you pro rata ship ownership. Purchasing a ¼ share in a Sunseeker yacht, gives 12 weeks of use. If interested in owning more than a quarter of the vessel, then it's possible to increase this at the same rate – Quarter – Half and so on.

• The Flex-Share Model, offers the ultimate freedom to tailor usage, investing into the vessel in line with the desired amount of weeks, without holding any direct ownership.

• Meros take responsibility for all owner communications focussing on making the best decision for everyone, including equal preferences and excellent time management.

www.meros-yachtsharing.com

SEANET EUROPE LTD

• SeaNet Europe Ltd was created by a passionate yacht owner to provide a complete 360-degree service for a flawless yachting journey, creating the best standards in yacht ownership and service provision to ensure the best owner experience.

• All pre-owned yachts are carefully selected and approved by experts to meet the highest standards.

• The Seanet team has unparalleled expertise in the Azimut-Benetti brand, as well as full access to the global fleet of yachts for sale.

• Seanet Custom Yacht Ownership concept offers first-time buyers and experienced owners a variation of ownership models, tailored to individual needs and preferences, all focused on how time is spent on-board.

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