

# Vrakotas Yachting & Commercial Ltd



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Yacht management \* Agency representation \* Yacht brokers \* Boat repairs \* Winter Maintenance

## Purchase of boat and investment

### Purchase of a new boat.

Most companies selling boats also have a charter office too. By operating charters they can offer the buyer a guarantee of usually 110 days of charter per annum for 5 years which will help with the repayment of the balance of the boat if you purchase with a deposit of about of 40%.

The balance will be guaranteed to the bank by the company from the monies collected from the charters.

Greek citizens can get finance for the remaining 60% from the Greek banks. Foreign citizen can get finance from a bank in their country and the company selling the boat will guarantee the boat owner the income of the days agreed per annum.

The approximate total amount could be calculated prior to purchase with the company selling the boat. The days guarantee also applies even if you purchase the boat by paying cash for the whole amount.

### Purchase of a used boat.

Purchasing a used boat is not very easy to get bank finance unless is a fairly new boat which is still under some sort of finance and you could take over the existing finance. In this case you take over the days guarantee from the selling company too. If you purchase a boat from a company that operates charters they can also offer a guarantee even for a used boat but not for many years and not for so many days. Usually 60-80 days for 1-2 years.

## INVESTMENT versus PROFIT

### New boat purchased cash in full.

Condition 1: Handing over the boat to a charter office or person to take care of charters, maintenance, check-in and check-outs etc.

- The total income amount in Euro depends on the size of boat minus the expenses of insurance, marina fees, inspection fees, registration, some deliveries, check-in, check-out etc.
- The income of the charters less the expenses is paid to the owner at the end of the season after all expenses have been paid.
- The final return on the investment is calculated at the end of the boats life or when the boat is sold.
- A return of 12-18% has been achieved on the initial capital invested from studies done by a large yacht agent and charter company. This return is measured when you sell the boat.
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### **New boat purchased with 40% deposit and the remaining 60% in 5 years.**

Same conditions as above.

- There is no yearly income to the owner. All monies collected from the charters are being kept to pay the expenses plus the financing bank. With reputable companies there is no other financial participation till the repayment of the boat.
- If there has been an exception charter year and there is surplus money, this amount is given to the owner.
- Again the final return of the investment is calculated after the sale of the boat i.e. in 5 years. Expected return 12-15% on the initial capital invested for the deposit of the boat. Even though there is depreciation from the initial purchase price, the difference of the used selling price minus the deposit paid, will give you the above return.
- Do not expect income out of the charters for the first 5 years as most will go towards expenses and repayment.
- It is advised for better return to keep the boat for 2 more years before selling it for example in 7 years. The first 5 years you finish paying the boat and the next 2 years all the income minus the expenses is net to you. Then the return could rise to even 25%.
- The difference in the selling price of the boat in 5 or 7 years is minimal.

### **Used boat.**

A used boat as said is purchased in cash only unless you personally arrange a bank finance. The calculation of the return is more complex as there are many factors involved like condition of the boat, available number of new boats and their amount of charters they have. If they have a financial commitment, not enough charters they offer the boat cheaper in order to make the charter. This affects the older boats as clients will prefer the newer one. The trend is that they trust a new one better than an old one.

The old boat has to be in very good condition and the client must have confidence in the charter agent or owner that the boat is in very good condition

The lesser price paid for the purchase of a used boat permits the owner to accept less charters and lower prices (not always necessary). The return of some used boats has been recorded to be 20-30% on investment.

Services offered by us

- Help in purchasing the new or used boat.
- Help with the registration and inspections of the boat
- Full management of the boat.
- Summer season with check-in, Check-out, receiving clients, collecting security deposit, Port police clearance, cleaning and maintaining the boat. You do not have to be there.
- Full management of the boat during winter. Complete maintenance, repairs, service etc plus renewals of inspection papers and other expiring certificates and getting the boat ready for the summer season.
- Finding charters
- Arranging your charters if you have any of your own.
- Generally anything that the boat or you will require.
- Participation in the ownership of the boat for EU and non EU members with back up guarantees.