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A SLICE OF YACHTING LIFE

Sole yacht ownership has many benefits but it can be expensive and frustrating when the yacht isn't used regularly. SeaNet is a company that aims to tackle this frustration with a smart co-ownership model. Servanne Sohier met the CEO of SeaNet, Matty Zadnikar and reports.

THE CHARMS OF LIFE ON A SUPERYACHT ARE many. I was recently fortunate enough to spend a weekend cruising around the Croatian waters off Split and Hvar on Mister Z, a 28.5 metre Benetti Delfino. I'd been invited by one of the owners, Matty Zadnikar, to experience life on his superyacht "as if it were my own". Zadnikar wanted me to have the hassle free experience of a charter, with the additional benefits of having all the perks of being one of the owners. His reason? To demonstrate to me his new business venture SeaNet, a new concept of yacht co-ownership he is introducing to Europe from the US.

Matty Zadnikar is a Belgian entrepreneur, and serial yacht owner. In 2013 he sold his oil and gas safety business and took a sabbatical until the end of 2014. During that year, while sailing onboard his Mister Z, he decided that doing nothing was not for him.

"I wanted to do something that was more than just plain business; I wanted to do something with my passion. So I started focussing on what I could do with boats. I thought about my own hassles as an owner in the past and the hassles I'd heard from other owners I'd spoken to, past and present. I noticed that we shared a lot of the same irritations. The balance between the passion you feel when you are onboard your boat, and the frustrations you have when you have to pay for the boat and for yacht management issues when you are not using it, is very delicate."

This led to thinking about developing a business concept based around taking the hassles away from owners. He'd heard about yacht co-ownership in the US, had a company do market research for him and came across SeaNet US, the third largest business in that sector. He liked what he saw. Moving forward he met Mike Costa, the founder of SeaNet US, and spent three days shadowing him. "At the end of the three days I thought: this is the concept I want to work with, this is the guy I want to do business with," says Zadnikar. "I looked at the data, did my due diligence and an evaluation and then I stepped into the company. I am investing my own money into SeaNet."

SeaNet's co-ownership's concept is simple and has been dubbed 'smart ownership' by Zadnikar – up to four co-owners can enjoy the benefits of owning a yacht while splitting the cost of the vessel and its management. SeaNet offers potential owners' shares worth either 25%, 33%, 50%, or 75% of one of four Benetti superyachts, all Maltese flagged, ranging from 28.5 metres to 40.24 metres. Zadnikar wants to have one yacht in each popular European mooring: the French Riviera, the Balearics, Italy / Sardinia, and of course, Croatia.

All joining fees and running costs are calculated in relation to the size of their individual share. The smallest share (25%) of a Benetti Delfino 95', for example, has a joining fee of €2.4 million, plus annual costs of roughly €125,000, depending on the size and location of the yacht. The annual cost is paid to SeaNet who takes care of the yacht management and the crew. The larger your ownership percentage, the more weeks you are entitled onboard, and the more peak time you get.

Fractional yacht ownership has been done before but has not always been successful. As Zadnikar puts it, "There are three factors that played into the failure of fractional ownership. Firstly, past companies had not invested in the assets (e.g. yachts) upfront. When you offer something you have to be able to show it. This concept does not work when it is just on paper." Then there is the problem of overcharging. "Secondly, people have been greedy. They put fifty percent on top of the yacht costs and thought they could get away with it because people are only buying a fraction. People are not stupid, they wouldn't buy into that. And lastly, too many owners per boat meant that the availability per yacht was limited. Ten to fifteen owners per yacht will never work. A summer in Europe is eight weeks so the maximum you can do is four owners."

The phases of yacht ownership

Zadnikar prides himself on having a business model being transparent. He is upfront and honest about the running costs of a yacht. And as an experienced owner he is the right man to be taking on this co-ownership business. "Yacht ownership has four phases. The first phase is very pleasant. You spend two to three years researching the yacht. You speak to shipyards and designers. Phase two is amazing. You have signed the contract and you can start customising the yacht. The shipyards do all they can to make it as great as possible for you. Phase three you take delivery of the yacht. The 'wow' factor sets in and you enjoy the yacht with your friends and family during the high season. You then hit the winter costs for the first time which is a surprise. This cycle goes on for about three years until you hit the third winter and you think, 'why am I paying for a yacht which is not operating?' Phase three is when you start talking to a central agent about chartering the yacht. The first year of charter you still manage to get three weeks on your yacht. The next year, however, if the charter has been successful, you get return clients, and new clients, which means that in the fifth year of your ownership you don't get any weeks out of the high season. Phase four is when winter comes and your friends and family start to ask why you have a boat since you can't use it in the high season. You don't make money from the charter you simply pay for the yacht management costs. So you sell it, discreetly, as you don't want to say the boat is too expensive for you. That is the cycle of ownership, no broker or shipyard will talk about it because it is not a nice story but that is the reality, the life of an owner."

The future of SeaNet

So far SeaNet has signed up one owner (the co-owner of Mister Z) and is in negotiations with two other potential owners. He is putting his own money into the business. He has pledged a 25% stake in four other superyachts and is in negotiations with Benetti about their build. He is looking for another 12 owners but admits finding it difficult to find potential buyers in Europe. He says that the European market is more interested in the materialistic aspect of sailing as opposed to enjoying the sailing itself. "In Europe the market is very conservative. People are fixed on owning a yacht in the Cote d'Azur. In Europe there is a strong macho mentality and people are sensitive to what others say." Zadnikar claims that for now, having a 25% share in a yacht is frowned upon. "People will ask, do you not have enough money for a whole boat? In the US they find it very smart to co-own and are proud to say they are not stupid to buy a whole yacht. Sometimes I really think people want to get ripped off!" He smiles and adds, "I find myself so convinced of smart co-ownership that I often wonder how I could have been so stupid as to own a yacht outright."

In three to five years Zadnikar hopes to have a fleet of 5 yachts in Europe. "The challenge for us now is to be persistent enough to invest in a business that is not successful very quickly. It is a question for us, how long are we going to push the

WHAT YOU GET FOR YOUR MONEY:

- **Dates are booked via a reservation system well in advance of the Mediterranean season which kicks off in April and runs through to October. The first co-owner who signs up to SeaNet becomes "A" in the rotation, the second person "B," and so on during the first year. The next year, the co-owner who was "A" and had first choice becomes "D," Those who own a 50% share get priority in high season.**
- **All co-owners get to personalise the yacht with items such as bed linens, wardrobes, toiletries art and wine collections. SeaNet rents containers at various marinas to store the items and they will be installed on the yacht in time for when the owner arrives.**
- **Co-owners are responsible for the cost of fuel, food and drink, and transit port fees.**
- **Zadnikar believes that a happy crew makes a happy yacht and owner. Each boat has therefore two permanent crew that are on rotation every month.**
- **The owner can take the yacht anywhere as long as you bring it back to homeport or agrees with the next owner on a pick up spot. An owner can also (depending on availability) use one of the other yachts in the fleet in the various locations.**
- **Co-owners can sell their shares whenever they like. When an owner wants to sell, they must enter a process of offering first right of refusal to the other shareholders, which lasts for two years. If the owners turn it down, and if after five years the owner cannot sell their share, the entire vessel goes up for sale.**

Seanet's co-ownership prices (in euro) for a Delfino 95	100 % *	75 % *	50 % *	33 % *	25 % *
Standard price	8.700.000	6.525.000	4.350.000	2.900.000	2.175.000
Options	1.000.000	750.000	500.000	333.333	250.000
Standard total	9.700.000	7.275.000	4.850.000	3.233.000	2.425.000
Weeks	28	21	14	8	7
SeaNet all inclusive **	9.781.000	7.336.000	4.891.000	3.260.000	2.445.000
Running costs ***	600.000	450.000	300.000	198.000	150.000

*100% ownership costs are given for comparisons against SeaNet's co-ownership model ** Option to be fully equipped, including 1 Williams diesel jet tender & 1 Techno hull 999 sport day cruiser + VAT inclusive
*** Including 2 x 4 crew in rotation, home port & winter dry docking in Croatia, technical & esthetical maintenance, insurance and comprehensive SeaNet management