



Liveras is the most exclusive charter company in the world.

Top charter

Liveras Yachts has built and is operating two 85-metre yachts exclusively for charter. They are the largest of their kind, available for some US\$800,000 a week.

Liveras Yachts has only two yachts in its fleet but the *Annaliessa* and its sister yacht *Alysia*, at 85 metres each, are just about the largest vessels available for charter throughout the year anywhere in the world. Each can accommodate 36 guests and a week's charter will cost in the region of US\$840,000.

What sets the yachts apart from most is that they have been purpose-built from scratch by Liveras exclusively for charter. Kyri Kyriacou, who runs the day-to-day Liveras operation, explains that this has allowed the Monte Carlo-based company to customise all elements of the design to suit its clientele. He says: "We built the yachts from scratch so they are purpose-built. We know exactly what the chartering market requires. A charter yacht is slightly different to a private owner's yacht. We have to accommodate not just one cul-

ture but many cultures, so the vessels have to be done to a taste so all types of client are happy to go on board."

The first yacht, *Annaliessa*, came into service in 2004, followed by *Alysia* nearly 10 months later. The yachts are structurally identical, save for some minor interior differences. Kyriacou says that was all part of the plan: "If you were to go on board you probably wouldn't be able to tell the difference, but there are a few improvements that we were able to pick up as we constructed the first vessel, which is why we wanted the gap. We really wanted to have two being built at the same time, one running nine or 10 months behind the other."

The design and pre-build took around two-and-a-half years to complete, with a further three to complete the build, at a total cost of US\$75-US\$80 million. According to Kyriacou, a replacement

today would likely cost in the region of US\$100 million. "They're the newest in the industry, probably the most expensive in the industry and the largest in the charter industry. We do extremely well out of them."

It was the first time Liveras had designed and built a vessel from scratch; the only comparable experience was a total refit of the *Princess Tanya*, a 57-metre yacht that the company previously owned. Liveras hired a Greek shipbuilder to carry out the building work but the only-for-charter operation has to meet entirely different safety standards to an owner's yacht, as Kyriacou explains. "The SOLUS is the commercial name for approval of about 12 people. The minute the yacht can accommodate more than 12 people you have to go to a much harder, more stringent level of safety in terms of fire retardant materials, reduction of the wood market and inflammable items."

He adds: "A classic example that we had a little difficulty with when we were building was that we like wood on the yachts. As we got more and more involved we found we had to replace the wood with stones so we used a lot of marble because we couldn't use the comfort of the wood surround."

The move to the super-yacht category has been a gradual one for Liveras. Twenty years ago its chairman and founder, Andreas Liveras, was running a patisserie business before selling his interest to the Grand Metropolitan Group and deciding to turn his hobby for yachting into a new business venture. Kyriacou is a veteran of the company and has been there since the start. "We started with a 23-metre boat and as we saw the market expand and grow, and that more people were going for yachts, we decided to expand the fleet. From one it built up to five. We had a range of about 23 metres to 40 metres in those very early days. Thereafter, as the market picked up and the competition began to get a little more fierce, we moved up a size bracket in yachts – from the 23 to 40s we moved up to 40, 50 and 60 metres. Now we're up to 85 metres."

Annaliessa and *Alysia*, named after Andreas Liveras's grandchildren, have been solidly booked since they launched. "We have around 10 to 15 clients a year depending on length of charters. When we first launched *Annaliessa* it was a lot more than that – a week to 10 days – whereas now we are getting four to six-week charters. I think some repeat clients are now familiar with the yacht and want to spend that amount of time on the yacht."

He adds: "We have the Mediterranean season, which starts just before the Cannes Film Festival and the Monaco >

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Kyri Kyriacou, managing director, photographed in London on Tuesday 22nd August 2006.

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< Grand Prix. That’s when we start getting business. At the back end of September we either transport the vessels to the Caribbean or, like this year, taking them to the Pacific Ocean. We’re going to be basing them in the Maldives, expanding on the other side.”

As well as the geographical expansion, Liveras has also diversified by introducing what it believes to be the first partial ownership scheme in the super-yacht category. Kyriacou has been put in charge of running the SeaChange project. “We noticed that the partial ownership scheme was going really well in the US with jets, which is currently being introduced into Europe. We thought we should have a crack at it with super-yachts. Nobody has actually done it with boats of our size.

“A lot of the clients could afford to buy these boats outright, we’re not kidding ourselves,” he says. “But we thought, ‘how many people can use these type of boats all the time?’ Not many of them can. So we sell them a stake in the boat. We have kept a majority control to give confidence to the clients. We didn’t want the clients to feel as if we were selling proportions and moving away from the boat. We also never used their funds to build the boat. What some companies, not just in yachts, have done in the past is bring in other people’s money, start to build the boat and then for whatever reason it never happens and there are problems. We decided to do it the other way round:

we build and then we decided to do the concept. And it has worked quite well.”

To buy a share costs €9 million for a 9.38 per cent stake in one of the two yachts. It entitles an owner to two peak weeks and two non-peak weeks every year and a 9.38 per cent of the value when the yacht is sold. Assuming interest rates at five per cent and depreciation at five per cent every year, it seems a good investment and a notional charter rate of US\$300,000 a week instead of US\$840,000 on the rate card. Kyriacou says that while it is still early days for the scheme, there has already been interest, even from existing clients. “It’s cost-effective for them to have an ownership stake, use their two weeks in the summer and two in the winter and then if they decide to take more than two weeks in the summer they can pay the normal charter fee.”

Liveras will shortly be increasing its fleet of charter yachts. It is about to start construction of a 110-metre yacht and work is also about to start on the design of a 120-metre yacht, although the exact length will only be decided once the design process is complete. “Once we start doing the detail the designer might come back and say 125, 128 or 119 is better so that everything fits. We’ll be working on that shortly.”

He adds: “They won’t be radically different [to anything else on the market] because I believe if it’s too radical you lose some clients and maybe gain some clients. We have to be fairly conservative

in the way we approach because we want to try and capture as many cultures as we can. It will be modern, but I think the exterior style will be similar to what we have now as opposed to something ultra-modern.”

Currently Kyriacou estimates that around half Liveras’s clients are from the Middle East, but he says that Russians are gradually replacing the traditional American clientele. “Russia has expanded tremendously in the last four or five years and is still growing quite strongly. We see the Far East coming in shortly although I still see that is a few years away. I think the Chinese market will gradually dip their toes in the water with smaller boats and then move into larger boats. That’s probably the next big market for us and then India will follow very, very quickly.”

Although not directly involved in Formula One at the moment, Kyriacou sees it as a niche market worthy of consideration. He says: “Formula One has extremely wealthy people sponsoring, owning and running these events, from Bernie Ecclestone down. There are a lot of drivers, team principals and sponsors who charter yachts so it’s an important area. We have had our yachts chartered during Grands Prix through some teams or sponsors. It’s primarily for Monaco, the start of the summer season in the South of France. We’re always open to further development of the business. If it expands the business we’re quite happy to listen.” BF1

The first yacht, Annaliessa.

