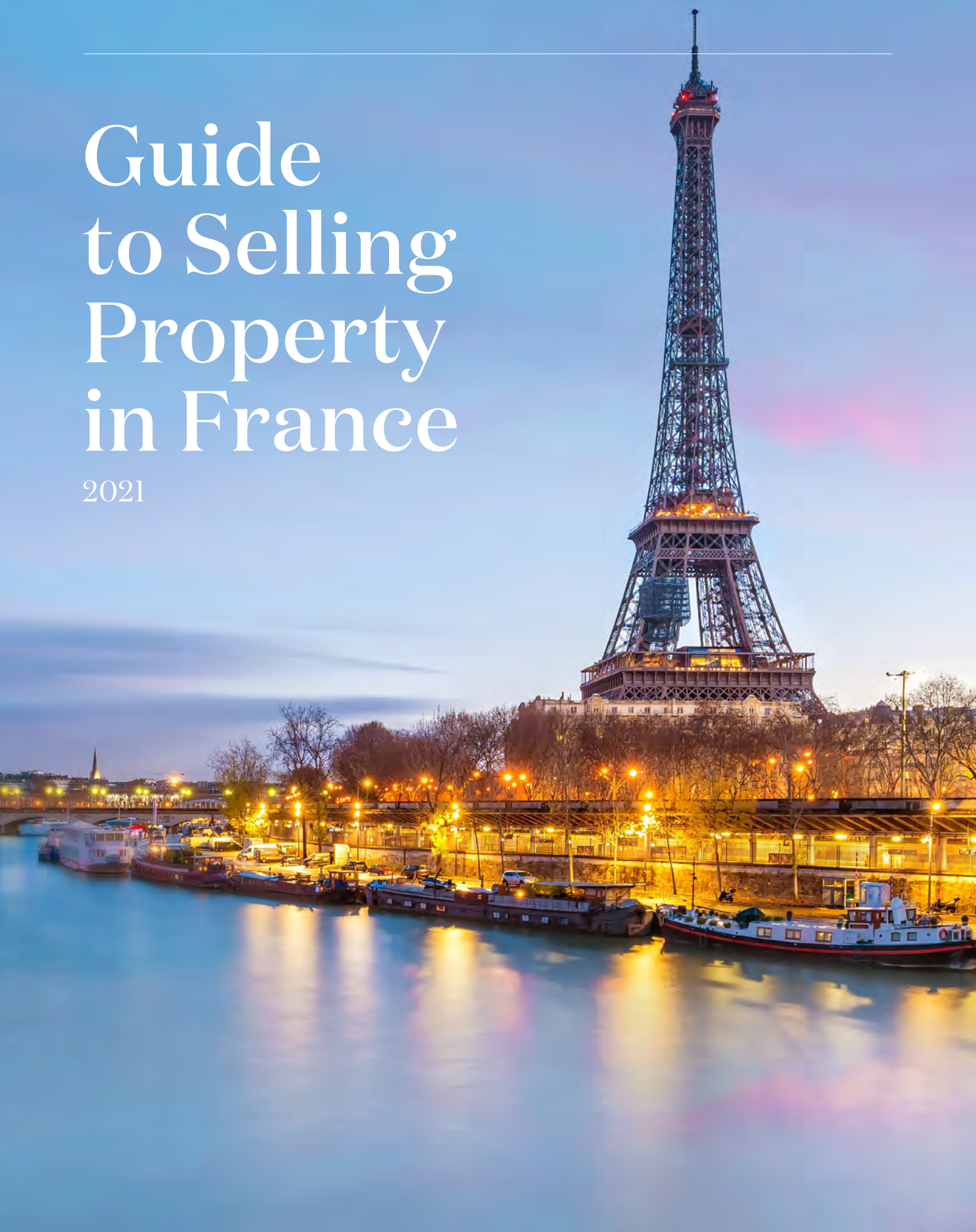


Selling Guide



Guide to Selling Property in France

2021



Preparing your home for sale

This document has been compiled as a guide for owners & potential vendors of residential real estate in France.

It does not seek to provide or replace any legal and fiscal advice which you should obtain, nor is it intended to have any contractual value.

Given the complexities of foreign ownership, it is strongly recommended that you seek independent advice from a financial and legal advisor as the below should be treated as a guide.



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PREPARING YOUR PROPERTY FOR THE MARKET

We understand that selling your home is an important decision. That is why we are available at every step of the way to offer guidance, assistance, and advice.

MARKET INSIGHTS

Our dedicated Research team combines a macro- and a micro- outlook so that we are able to share relevant market insights, local expertise, and frank advice. Please get in touch to find out more.

MARKET APPRAISAL

It is essential to launch your property onto the market at the right price. In order to support a proposed marketing price, it is recommended that our agents carry out a market appraisal. Our team will draw on their market knowledge, awareness of recent sales, and experience to suggest their opinion of an achievable asking price.

Please note that a market appraisal is for the purposes of a sale and should not replace a formal valuation.

SALES MANDATE

Once you have chosen your estate agent(s), you will enter into a written contract with them called a Mandat de Vente.

In France, it is possible to appoint a sales agency in several capacities. A sales mandate is typically issued in an exclusive, joint-exclusive, or non-exclusive basis. Please feel free to speak with one of our agents to discuss the most appropriate basis for you.

It is suggested that one limits the number of valid sales mandates to avoid over-exposure in the marketplace.

The mandate will include a Right of Retraction, the duration of the mandate, the commission due on a successful sale, and other information regarding the sale including the asking price.

Real estate agency fees across France are approximately 5-6% (+VAT) and are typically paid by the seller upon a successful sale.

Please feel free to contact one of our agents to discuss the format of a sales mandate.

You may wish to seek independent advice prior to signing a sales mandate.

COMPILING A TECHNICAL FILE

Prior to marketing your property, your agent will request certain pieces of information which are both a legal requirement and also act to facilitate the sale. In order to sell a property in France, you may be asked for the following:

- Title Deeds
- Confirmation of ownership structure
- Cadastral Plan
- Diagnostics Report

Europe is governed by Anti-Money Laundering legislation which requires all agencies to obtain certain information about their clients. The following information is required for each proprietary owner:

- i. Proof of Identity
- ii. Proof of Address
- iii. If owned/held by a company, statutes and registration documents of the company and full details of the director(s) with proof of identity and address.

PROMOTING YOUR PROPERTY

Upon signing the sales mandate and providing the necessary documentation/information, the agency is able to begin promoting your property. Speak to our property advisors to develop a personalised strategy to benefit from our local, regional, national and global networks.

One should agree a personalised strategy with your appointed agent. This strategy can vary and may depend on the nature of the property, the market position, etc.

We recognise that every property is different and so may require a tailored approach.

When marketing a property alongside Knight Frank, one can benefit from exposure to a truly global market through global search portals, marketing campaigns, and appropriate PR features.

VISITS

It is our aim to promote your property to suitable buyers, so individual applicants will be qualified to ensure a visit is appropriate. We recognise that this is your home and we will look to be as flexible as possible.

The nature of the real estate market may mean that a visit will be requested at short notice, but we will endeavour to offer as much forewarning as possible.

We will always seek permission from you before any viewing and will report back to you after a visit.



OFFER & SALES PROCEDURE

We will remain readily available to assist and guide you through the sales process. Should you require any further professional introductions then we would be glad to make recommendations.

OFFERS/ACCEPTANCE (OFFRE D'INTENTION)

An offer is usually presented to the owner verbally in the first instant, and may be followed by a confirmation in writing. A written offer may be presented in the form of an Offre d'Intention/d'Achat and will outline who the buyer is, the offer price, the expiry date of the offer, and any conditions of the purchase.

Once this document is countersigned by the seller, the buyer is granted an exclusivity period under the terms stipulated in the offer letter.

NOTARY APPOINTMENT

The Notary is nominated by the state and as such remains an impartial advisor. Throughout the process, the Notary's role is to ensure the letter of the law is applied and that the interests of both parties, relating to the sale and purchase are protected. The Notary will undertake the relevant searches and highlight any liens, rights of way, planning discrepancies and so forth as appropriate. The Notary will also prepare the preliminary contract, hold funds and ultimately oversee the transaction.

NB that the buyer may choose to appoint a different Notary to the seller.

Please do let us know if we can make any recommendations of Notaries.

DIAGNOSTICS REPORT AND DUE DILIGENCE

Prior to the preparation of the preliminary sales contract, the buyer's Notary will undertake the necessary searches on the property to ensure that the transaction can proceed.

A diagnostics report is instructed to be undertaken by the vendor and will be completed for the property with an inspection of energy performance certificates and for termites, lead, asbestos, drainage, loi carrez, gas & electricity etc.

A buyer may instruct for a separate building survey at their own expense.

EXCHANGE OF CONTRACTS (COMPROMIS/PROMESSE DE VENTE)

The preliminary contract will identify the completion date (typically a 2-3 month period), any conditions of the sale, and all prior agreed information.

The exchange of contracts is typically accompanied by the buyer transferring a 5-10% deposit to be entrusted to the Notary and held in Escrow. Your Notary will be able to advise whether you need to sign this document in person, or whether a Power of Attorney can be created.

10-DAY CANCELLATION (COOLING-OFF) PERIOD

The buyer is entitled to a 10-day cooling offer period which follows the signing of the preliminary contract. This forms part of French consumer legislation and gives the buyer the right to annul the transaction process without penalty or justification at any stage within the 10 days from signing.

SUSPENSIVE CLAUSE

Between exchange and completion, there may be suspensive clauses included in the purchase that may be actioned by the Notary and/or others prior to completion. For example, securing finance etc.

COMPLETION (ACTE DE VENTE)

This takes place at the office of the Notary with payment of the remaining purchase balance, Notary's fees, land registration costs, agency fees and transfer taxes are all due at this stage. Your Notary will be able to advise whether you need to sign this document in person, or whether a Power of Attorney can be created.

TAX & OTHER CONSIDERATIONS

Given the complexities of foreign ownership and succession, it is strongly recommended that you seek independent advice from a financial and legal advisor as the below should be treated as a guide. Please do feel free to contact one of our property experts to ask for recommendations.

Capital Gains Tax – The standard capital gains tax on the sale of a property for both EU and non-EU nationals will remain at 19% as from the 1st January 2021 and is only payable on a second home. If your French property is your primary residence then no CGT is payable.

Social Levy Charge – The standard social levy charge for EU residents with a second home in France is currently 7.5%. For non-EU residents (including British homeowners from the 1st January 2021) this is 17.2%.

Taper relief – A taper relief exists for both CGT and the social levy. For CGT the rate decreases after five years of ownership with no CGT applicable after 22 years, whilst the social charge taper also starts at year five with no charge applicable after 30 years of ownership.

Fiscal Tax Representative – A fiscal representative will need to be appointed by non-EU residents at an additional cost of approx. 0.5-1% of the sales price. This applies to all sales above €150,000.

KNIGHT FRANK'S NETWORK OF AGENTS IN FRANCE

Throughout Knight Frank's French network, it is our intention to provide all our clients with the most comprehensive level of service and care. Working alongside our growing network of Associates in France, Knight Frank's dedicated London team will endeavour to find you the right property in the right area.

All local network offices are well established and locally owned businesses trading under strict French real estate laws. Local agency agreements and other contractual agreements are governed by French law.

We will also help with the following:

Put you in touch with possible legal, survey, planning and tax advisory firms that can assist you with due diligence, general advice and completing the transaction. None of our agents are qualified to give you legal, survey, planning or tax advice, although they are happy to share with you their years of experience.

Note: This publication is meant to give a very basic indication of the selling process. No liability is assumed as each interested person should seek local professional advice.

THE FRENCH NETWORK

Our established and growing network of Knight Frank branded and associate offices gives us the leading edge in the prime markets of Paris, Côte d'Azur, Provence, south west France, the Alps and Monaco.



CONTACTS

With a dedicated French desk based in our global headquarters, our multi-lingual team look forward to sharing their experience and advice in assisting you with a sale.



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Super Prime Sales France



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