



# *Prestige*

VINEYARD BUYER'S GUIDE



**HHVINEYARDS**  
COMMERCIAL & LIFESTYLE VINEYARD SPECIALISTS



“Home Hunts is perfectly positioned to help you find the best vineyard properties in France”



# Welcome

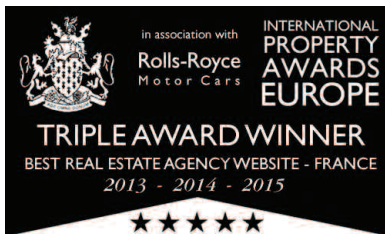
## TO THE VINEYARD BUYER'S GUIDE FROM HOME HUNTS



We have produced this brochure to help guide you through the entire buying process – from the initial stages of looking for a vineyard right through to our after-sales care service – and to give you a good idea of the high level of support that Home Hunts can offer you throughout.

As a buyer's agent in the prime property market, Home Hunts is perfectly positioned to help you find the best vineyard properties in France.

Welcome to the Vineyard Buyer's Guide.



Tim Swannie  
Director



Francois-Xavier de Vial  
Director



# Finding

YOUR DREAM VINEYARD



How we can help you find the best vineyards on the market

## **We provide a smart and discreet service**

Home Hunts is a buyer's agent, meaning that the properties we have in our collection are those from all our immobilier (estate agent) partners in France. Moreover, in the vineyard sales world you have to be very discreet about the enquiries you make and speaking with too many estate agents can make the process harder for you in the long run. By choosing Home Hunts, you only ever need to discuss your business and your requirements with one agent.

## **We only care about your interests**

Although we are a certified estate agent in France with our own carte professionnelle, we decided to be a buyer's agent so that we could offer our clients all the properties that are on the market as well as independent, objective advice. Many vineyard properties on the market are over-valued, so we do our utmost to get you the best value on properties that are as close to your criteria and budget as possible.



## We are well connected

Did you know that agents only have about 10% of the vineyard properties that are for sale on their books? Vineyard owners are particularly discreet. They don't want their competitors or their staff to know their property is on the open market, so they will stay firmly "off market". To find what you want, you will have to dig deeper – but how?

It is all a question of contacts. This is where our extensive market intelligence and our carefully

established connections come into their own. We pride ourselves on sustaining strong, discreet long-term relationships and we are happy to share them with you in order to help you find the most suitable vineyard property.

## Our service is bespoke

The connections, the market intelligence, the incredible choice of vineyard properties and the after-sales service – all these are part of our normal bespoke service and can come at no extra cost to you.



# Pre-Buying

## PROCESS

### Two questions to answer before launching your search

There are two key questions to answer before you even start looking for a vineyard: what do you want your vineyard for, and where do you want to live. The answers to these should be clear in your mind before you start your search as it will save you time and money in the long run.

#### 1) What are your objectives?

Before you even start looking seriously at vineyards, it is important that you decide exactly what you want your vineyard for. Is your primary aim to buy a business and make money? Or do you simply want to live in a wonderful French property and keep yourself occupied by looking after a few vines?

There are hobby vineyards in all manner of appellations for sale. Some with quite substantial

houses and a few hectares of vines. But this choice will mean you will require another source of income.

If you want a wine business, then you need to understand how to market and sell your wine at a profit, as you will certainly struggle financially if you don't. Of course, you could sell in bulk to a négociant (wine merchant) and probably break even, but making an acceptable return on your investment would be out of the question. That leaves you considering a lifestyle purchase again.

#### 2) Where do you want to live?

Another important consideration is the location of your vineyard. Did you know that if you're looking in the Bordeaux area, in certain appellations, the vines cost more than the property, whereas in other regions the reverse may be true?

At Home Hunts we are experienced at matching the right vineyard to the right client so that you make the right choice for your needs.





## How to make correct decisions before costly due diligence

How do you go about finding a vineyard you actually want to make an offer on? You don't want to spend money unnecessarily on the required due diligence, so getting it right from the beginning is essential.

If you've been able to narrow your choices down to two vineyards, which one truly offers the best value? Is the vineyard at the beginning or end of its cycle? When will you need to replant vines to keep the vineyard going?

This quick analysis of the property is something that happens before the due diligence even starts.

Some estate agents will show you properties that seem like excellent prospects. However, they could be overpriced or there could be details about the properties that they deliberately choose not to share with you – that way they are more likely to get the financial deal that they want.

At Home Hunts we are well practised at getting the best price for our clients. We also excel at reading between the lines and finding out all there is to know about a property, so that you can make important decisions based on all the facts, not just some of them.

## Making a verbal offer

Before you get too involved in your vineyard property purchase and the ensuing due diligence process, which comes with significant costs, it is essential that

you at least strike a verbal agreement on price with the vendor. There is no point going into detail until you have an agreement in principle. Again, it is important that you do not rely on any estate agent's valuation figures. Their duty is to get the best price possible for the property, so take any figure mentioned with a pinch of salt.

## Structuring your vineyard purchase

The right structure is crucial to the purchase of your vineyard property, so getting accurate advice about this is essential. It is likely that you will be buying a business as well as a house to live in, or to use as a second home, so it is doubly important that you structure your purchase correctly. In order to do this you should seek professional advice for your individual circumstances – and we can put you in touch with reliable experts for this – so what follows serves as background information only.

It is worth considering buying the vineyard property including land and buildings using a Société Civile Immobilière (SCI) as this is a legally recognised private property company specifically created for individuals to buy one or more French properties.

A trading company should also be created to run the vineyard, hold stock, buy equipment and to market and sell your wines.

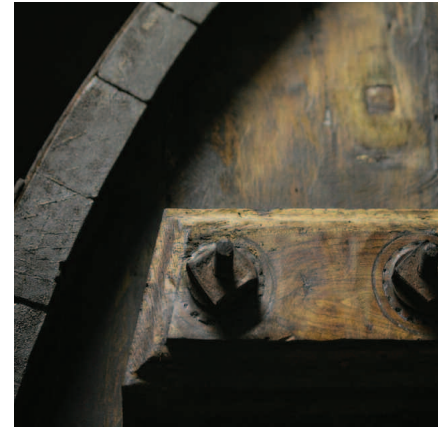
Your French tax advisor will recommend how you can optimise your exposure to French tax using these entities, which can be set up by the notaire responsible for conveyancing the ownership of the property. This is because the holding company (SCI) shares are considered, in international law, as “intangible property” and, as such, are governed by the law of the owner’s domicile.

## Purchase timescale

Once you have your verbal offer agreed in principle, a top priority will be to negotiate enough time to carry out due diligence before making a binding offer to the vendor.

In order to make a sensible binding offer, you will need a multi-disciplinary team who can confirm the quality of the business as well as the soil, vines and wine-making equipment. This work will be at your cost, but the following list should help you to get a good idea of exactly who and what will be involved.

Once you have received results from your team of experts you will know precisely at what level to pitch your binding offer and whether to re-negotiate your verbal offer and the purchasing conditions based on the new information you have.





# The Buying

## PROCESS



### Who needs to be involved?

#### Accountant

Checking the calculation of the final price, making a financial audit and challenging the business plan prepared by the vendor are just several areas that you will need an accountant for during the buying process.

#### Architect

An assessment of the château and the buildings involved in the sale will enable you to verify that their valuation is reasonable, as well as understand any possible renovation costs.

#### Banker

You will need to consult with your bank regarding any loans you may

be taking out or to issue bank mandates on your behalf.

#### Buyer's agent

An independent agent acting entirely on your behalf, Home Hunts' role is to guide you through the entire process. This means helping you find experienced and reliable advisors to assist you with your purchase, as well as supporting you long after the purchase deeds have been signed.

#### Environmental experts

It is essential that an environmental inspection of the cellars is carried out by a specialised laboratory





expert. Having the building checked for asbestos, termites and lead is also vital.

### Lawyer

The lawyer will advise on all the various stages throughout the buying process. They will run legal, tax and labour audits, create the required legal documentation and structure the acquisition.

### Notaire

The notaire is responsible for the certification of the deeds of the property and drafting legal documentation for the sales transaction.

### Wine broker

The quality of the wine, the inventory and verification of the wine's quality are key areas of investigation for the wine broker.

### Wine-property expert

A wine-property expert is essential to you gaining a thorough inspection of the entire property, from the vineyard to the facilities.

### Why gathering such a team of experts is essential

Having these audits carried out by a multi-disciplinary team of experts

will enable you to be clear about the following issues:

- Whether or not you wish to make a binding offer to the vendor.
- How to precisely calculate the purchasing costs.
- How far you wish to negotiate on price.
- Whether or not to negotiate on the vendor's purchasing conditions and guarantees.

To arrive at this point, each aspect of the wine business needs to be evaluated.



# Glossary

## OF TERMS

This is a glossary of French terms to familiarise you with some of those you will come across during the buying process:

### **AOP**

Appellation d'origine protégée is the French certification for wine producers in designated geographical areas.

### **Acte de vente**

Sale completion contract.

### **Bail à ferme**

A simple long-term agricultural lease that is paid in money.

### **Bail à métayage**

Long-term agricultural share-cropping lease where the landlord is paid in kind (often one-third of the output).

### **Carnet de pressoir**

Every wine-making establishment has a carnet de pressoir. This document states what grapes are pressed when and in what cuve the resulting juice is stored.

### **Casier viticole**

This is issued by the "service de la viticulture", a French customs department, and is a customs declaration relating to the grape varieties planted in the vineyard. It is produced yearly by the château and regularly audited to ensure the business is following rules and regulations. This document can be used to ensure that everything that

needs to be done is being carried out correctly.

### **Compromis de vente**

Preliminary sales contract.

### **Fiche d'encépagement**

Similar to the casier viticole, this document describes what vines have been planted, including the appellation and the variety, on what date and where.

### **GPS**

Global positioning system.

### **PCP-PCA-TCA**

Organohalogens (pollution of cellar's atmosphere).



# Analysing

THE HEALTH OF YOUR  
FUTURE WINE BUSINESS

The due diligence that you carry out should cover the following areas: plantation, buildings and facilities, equipment, wine quality, financial accounting, leases, and tax and labour.

## Plantation

Your valuation and audit for the vineyard plots and winery buildings will be carried out by an independent wine-property expert. A description of each plot will be provided and grouped according to its location, condition (size, density of planting and grape varieties), the quality of the terroir and root stocks. These will then be compared to the descriptions in the casier viticole (see glossary) alongside a GPS (see glossary) survey to ensure there isn't a mismatch between areas shown and those officially declared.

Every vineyard has a casier viticole

or fiche d'encépagement (see glossary) – these will also provide information on each parcel of land: including the exact area planted, the appellation and the grape variety.

The wine-property expert will value the land and buildings using a direct comparison with recent transactions in the same approximate location and appellation. This will involve analysing the market to identify the best elements of comparison to make using statistics provided by notaires and SAFER (Sociétés d'Aménagement Foncier et d'Établissement Rural).

## Buildings and facilities

A report on each building involved, their conformity with environmental rules, health and safety and their organisation, will be produced by the wine-property expert. Usually a château has a range of buildings, including a chai, where the wine is aged, cellars, tasting rooms, an office and staff quarters. The chais needs to be well insulated to help maintain a constant temperature.

The cellars will be required to undergo an inspection by an environmental expert. Waste-water treatment is also an important

consideration, so ensure you check the level of the waste-water monitoring and treatment that is already in place. Atmosphere traps are also used, to ensure that there is no TCA contamination in the winery.

Finally, an environmental expert must also identify asbestos levels, lead risk and the presence of termites – each of these inspections is required under French law.

Although buildings in France are not routinely subject to a structural survey, it is recommended that an architect is brought in to view and assess the buildings to address any potential concerns or future renovation costs before purchase.

## Equipment

A description of the equipment available, its state and age will also be made by environmental experts. While wine vats are often made from stainless steel, they can also be made from concrete

or wood. Wooden equipment in particular needs to be verified as wood treatment can give wine a bad taste – PCP-PCA-TCA (see glossary) – above a certain rate. A list detailing all the equipment included in the sale (as well as information about what is owned by the vendor, what is shared with neighbours and the relevant guarantees) should be initially provided by the vendor.

## Wine quality

The wine broker will sample each vintage available from the wine property and testify that it is “droit de gout, loyal et marchand” – this means it conforms to the quality that is required. The wine broker will also make an inventory and provide you with advice on how best to sell the wine in the marketplace and offer a valuation. In terms of legal due diligence in this area, areas to investigate include checking the harvest and stock declarations, and verifying the commercial and wine brokers’

contracts. In certain circumstances, it is best not to acquire the stock.

## Financial accounting

Your accountant will need to run a valuation of the wine inventory and analyse the profit and loss accounts to ensure that the figures are consistent. The vendor’s business plan will also need to be challenged.

## Leases

Agricultural leases have specific rules attached to them. Long-term leases are for a minimum of nine years, which are renewable in nine-year periods. The bail à ferme (see glossary) is a simple lease that is paid in money; the bail à métayage (see glossary) is a share-cropping agreement where the landlord is paid in kind, and this usually works out to be one-third of the vineyard’s output.

You also need to know that under French law the lessee must obtain authorisation to manage the

property through the authorisation d'exploiter. The notaire will be able to explain all the details surrounding long-term leases and whether you will qualify for any tax exemptions for property rented out in this way.

Home Hunts' advice on this matter is never to lease your land to a tenant. It is virtually impossible to remove the tenant from your land without considerable financial compensation.

## Legal, tax and labour

There are many legal and tax issues that will need to be organised by your lawyer. These include: the organisation and ownership of the wine real estate, assets and properties, the intellectual property rights, the

leases, trademarks (specific terms such as AOP – see glossary – and the right to use them), commercial contracts, employment contracts (you may be taking on existing staff so all contractual information needs to be up to date) and insurance.

One major area for verification is the checking of the wine property deeds to ensure the identity of the owner. To do this effectively the notary deeds, land register, real-estate register and casier viticole (see glossary) will need to be cross-checked. Knowledge of previous owners for the last 30 years is required and for this a certificate from the notaire will likely be requested. Your notaire will draft all the relevant notary documentation and certify the real-estate deeds.

In terms of the wine real estate, information on the right to a vineyard appellation (geographical location, grape varieties, conditions of pressing, and so on) will need to be provided. It is also important to understand the cahiers des charges, which is a charter that gives the specific rules for each appellation. A cross-reference check with the stock declaration, the carnet de pressoir, the casier viticole (see glossary) and harvest declaration will also be carried out.

It will also be necessary for your notaire to contact SAFER, the French land agency, as it can exercise its pre-emptive rights and substitute itself as the buyer in any vineyard property sale.

## What is the role of SAFER in agricultural land sales and purchases?

You should be aware that by law, SAFER has the right to intervene in any sale of agricultural land, which can include a property with no more than one hectare of land, under the "droit de pre-emption". Your notaire will be duty bound to contact the local SAFER office and advise them of your proposed purchase to ensure they will not intervene. They have two months to do so, but you can pay a fee to fast-track their decision. Knowing this is important because a "clause suspensive" needs to be included in the "compromis de vente" (see glossary) stating that if SAFER does decide to exercise its pre-emptive right of purchase then the sale will not go ahead and the buyer's deposit will be returned.



# An Overview

## OF THE DOCUMENTATION INVOLVED



### The mandate

The mandate includes the conditions, clauses, duration and price anticipated by the seller.

### The non-disclosure letter

As a prospective purchaser you will likely have to sign one of these before the vendor will send you information about the wine property.

### The letter of intent

A non-binding offer which outlines

the main aspects of the purchase and allows the buyer to undertake due diligence over an agreed period of time.

### Sale and purchase agreement (SPA)

Once the audits and due diligence have been carried out, the sale and purchase agreement will be produced (this includes the compromis de vente) which outlines the scope of the purchase, details of how the transitional period will be managed, the location of the château, the condition precedent, the price or the methods to determine the price and the dates for signature of the final deed. The final price is calculated as being the value of the different assets

minus the debts. To confirm your commitment you will pay a deposit that is usually around 5% of the purchase price.

### The guarantee

If the purchase involves the acquisition of shares the vendor will guarantee various elements, such as the balance sheet, the bank guarantee and the value of assets and liabilities.

### The final sales contracts

These will include the share purchase agreement, the acte de vente (see glossary), the property purchase agreement and the financial documents.

# After Sales

## SUPPORT

### Complimentary after-sales support from Home Hunts



The support that Home Hunts offers its clients doesn't stop once the buying process is finished. We continue to help our clients long after the acte de vente has been signed – whether it is to help smooth your transition to running a wine business, finding the right

school for your children, helping with renovation work or connecting you with a reliable long-term tax adviser.

Many clients dream of buying and running a wine business but are not wine experts. One of the main areas where we can help new vineyard owners is through negotiations with the previous owner to support the transfer of knowledge and assets for two years after the sale. This way the employees are happy and relaxed as the existing owner is still present and the new owner is able to learn, at a reasonable pace, the ins and outs of the wine business. If you need a wine expert because

you wish to improve the quality of the wines over time, or someone to advise you on how to move from mechanical harvesting to harvesting by hand, or an expert to look at the vines and give you advice on how to improve their quality, then we can help with that too.

We will advise, support, accompany, arrange and organise all aspects of the search and buying process, and take care of you during the after-sales period too. That way your vineyard venture will be positive, stress-free and, most importantly, the dream experience you always hoped it would be.



[www.home-hunts.com](http://www.home-hunts.com)

THE LUXURY PROPERTY SEARCH SPECIALISTS

EMAIL: [info@home-hunts.com](mailto:info@home-hunts.com) . TEL FRANCE: 0970 44 66 43 . TEL UK: 0208 144 5501