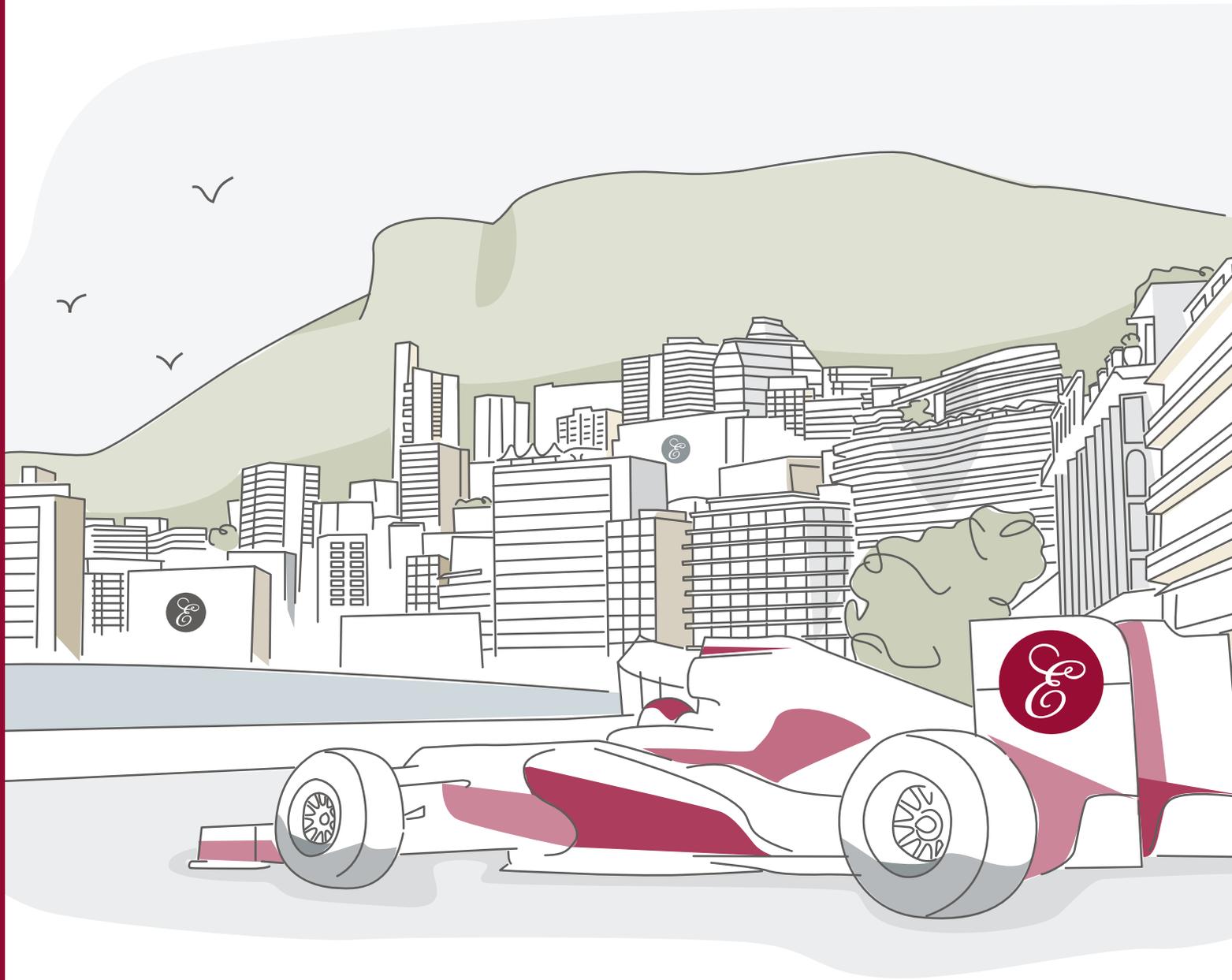




ENNESS INTERNATIONAL



EVERYTHING YOU NEED TO KNOW ABOUT  
SECURING A MORTGAGE IN MONACO

# MONACO MORTGAGE GUIDE

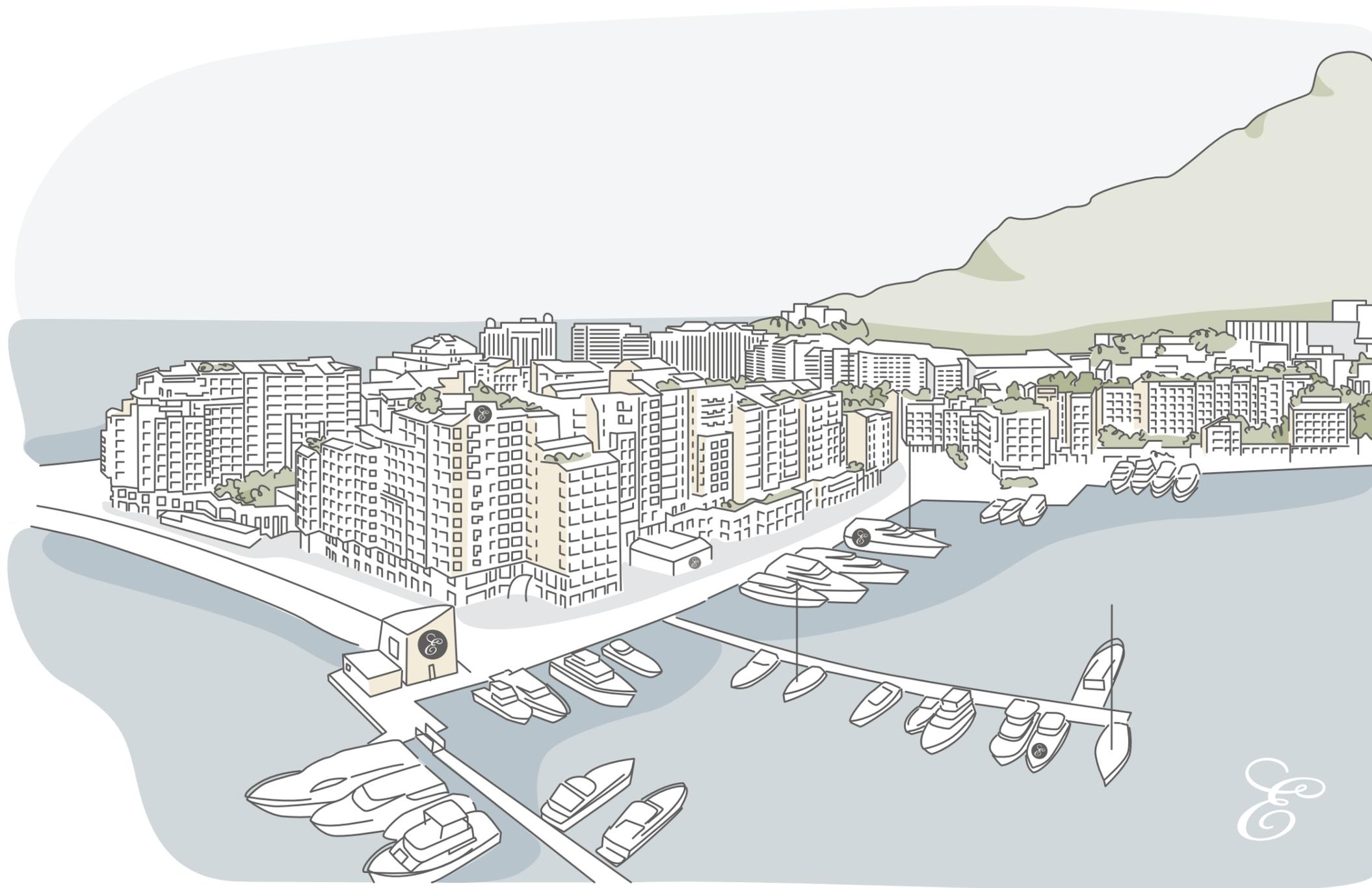
# Introduction

Monaco continues to be one of the most desirable locations on the planet and at an average price per sq m of €44,000 and ultra-prime prices reaching €90,000 it is the world's most expensive. There are several factors in play which drive such high demand and prices but most notably the favourable tax regime, glorious climate and business friendly setting providing a gateway between Europe and the rest of the world.

Given Monaco's size, just 2 sq km, and unique setting it's the epitome of a niche market and as such demand far outstrips supply. In addition, life expectancy is the highest on the planet at 89.6, five years higher than anywhere else on earth, and the average Monegasque home changes hands only once every 37 years. All these factors contribute house prices in The Principality being over double those of many of the better known super prime locations around the globe.

Monaco has looked to address the shortage of supply and there are a number of new build projects either underway or recently completed with much of the development focused on the Larvotto district. The most iconic of which is the Tour Odeon which was completed in 2016, a 49-storey development with 5 storey penthouse marketed at over \$100 million. What does one do however when they run out of land to develop? Well in Monaco they have taken an innovative approach of reclaiming land from the sea to build on which saw the creation of the Fontvieille district in the 1970's and in July 2015 Monaco's latest land expansion project, Le Portier, was agreed which will be complete in 2025.

With such high prices and even higher demand if you want to be successful in the Monaco property market you will need to be liquid, able to move quickly and be surrounded by the right advisory team. We will explain further how Enness International can help navigate the most desired marketplace in the world.

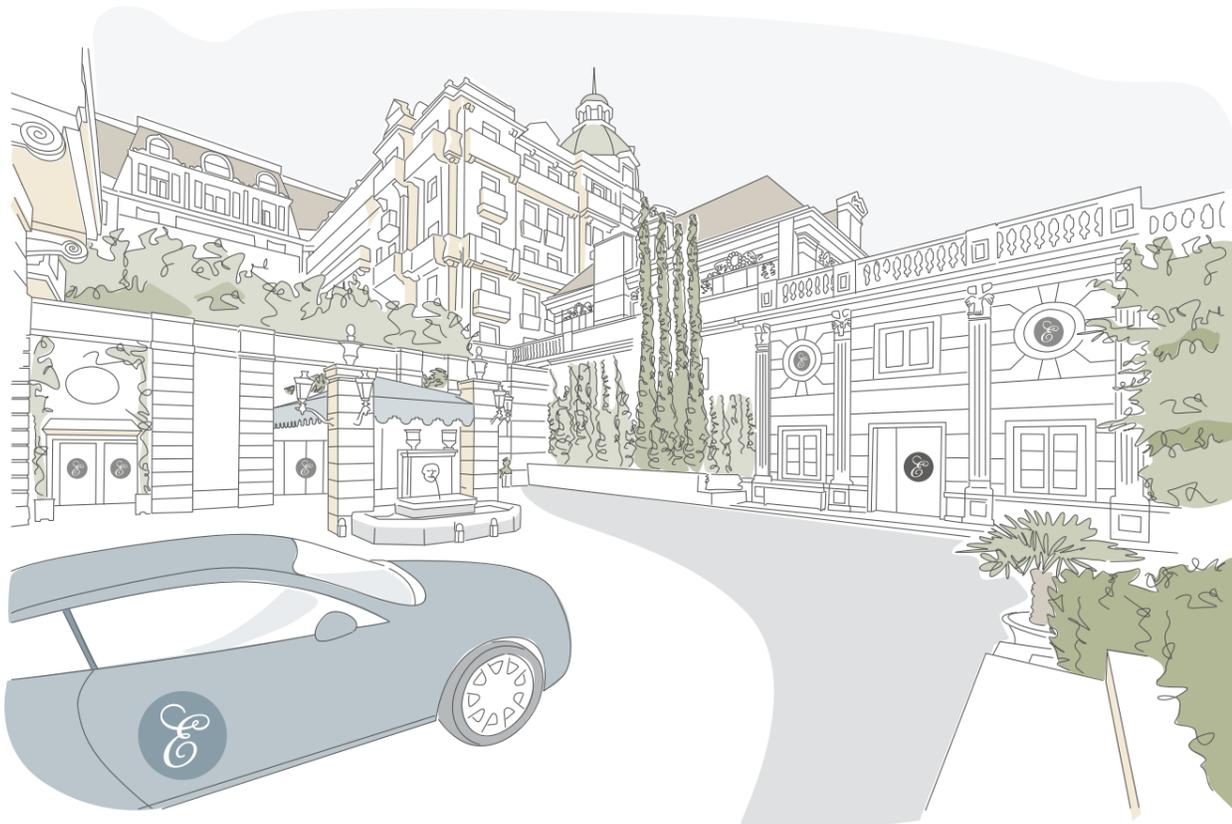


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# Challenges and Key Considerations

When seeking a mortgage in Monaco, do bear in mind the relatively high set-up costs incurred compared to purchasing a property in the UK. Notary fees, bank arrangement fees, taxes, and if applicable, agency fees can often amount to well in excess of 10% of the value of the property.



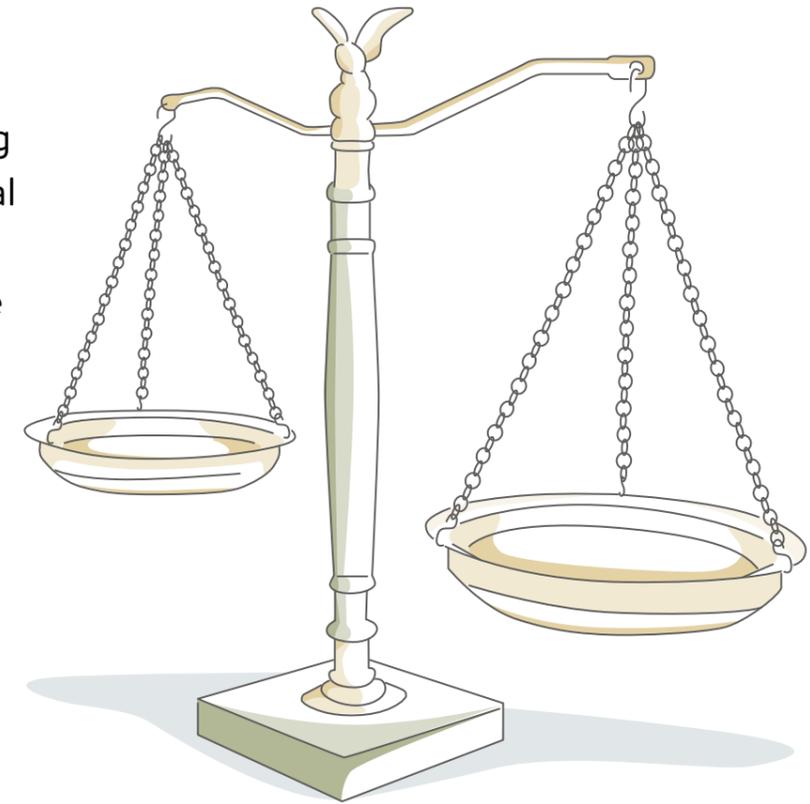
Here at Enness International we always advise our clients to seek expert advice from trusted consultants specializing in French tax structuring and legal processes prior to initiating their property purchase and/or financing. Your adviser at Enness International will be more than happy to put you in touch with the relevant experts who will ensure the structure of your financing is optimized.

In addition, buildings and contents insurance is a legal requirement in Monaco, and in addition,

acquiring an adequate life insurance policy to cover your mortgage loan should also be heavily considered. Here at Enness International, through our network of insurance and foreign exchange partners, our team can guide you through every stage of your property purchase and financing, and will ensure every base is adequately covered.

# Lenders and Rates

As well as working with all the major French lenders operating in Monaco, Enness International work with a huge panel of multinational banks and private lenders, who provide a full suite of mortgage products for residential and investment purchases, refinancing, equity release, development and bridging loans.



When acquiring a property in Monaco, the vast majority of lenders are prepared to finance up to 100% of the property price – which is crucial in mitigating wealth tax for non-commercial purchases. However, the lender will require you to place assets under management with them for the life of the loan – usually to the tune of 20%-50% of the amount being borrowed. Your advisor at Enness will negotiate on your behalf to obtain the most competitive proposition available.

Interest rates across France and Monaco are currently standing at historic lows; it is currently possible to fix the interest rate for the life of your loan at 1.5%, and sometimes even below. In addition to fixed-rate products, variable and EURIBOR-linked products are available – so whether your priority is long-term security against interest rate rises, or avoiding penalties in the case of early redemption, there are products available in Monaco to suit any client, no matter their attitude to risk.

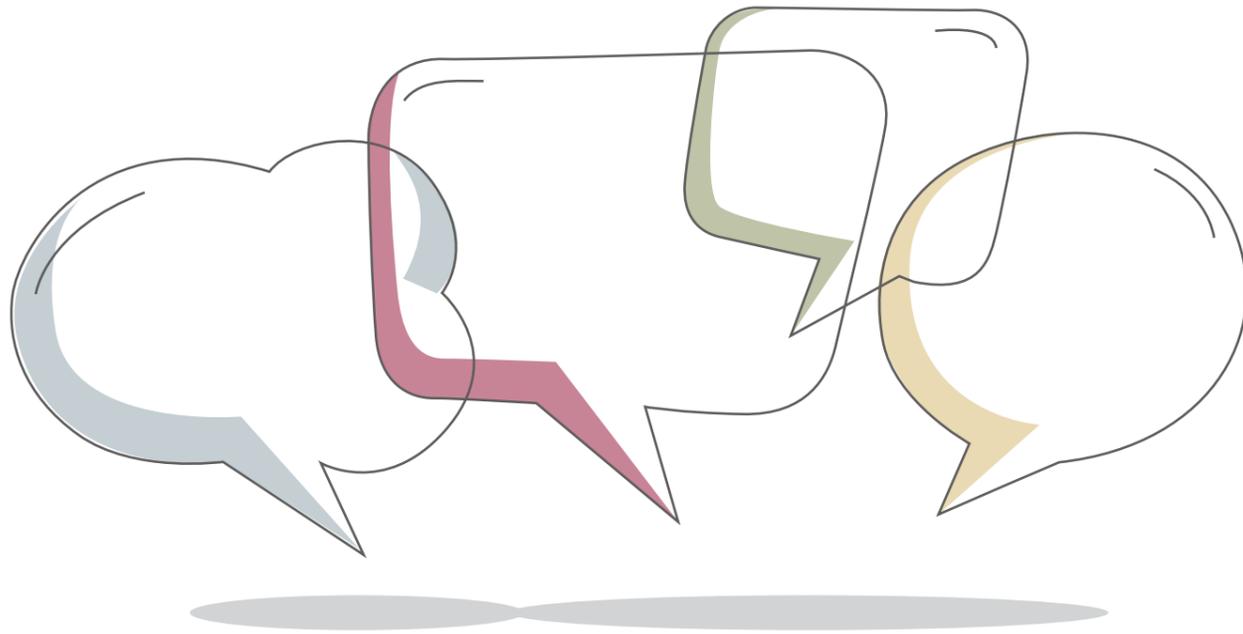
Like in the UK, to secure approval for a French mortgage, the lender will conduct an affordability check by assessing the prospective borrower's income, contractual outgoings, and overall level of assets. The bank will also conduct a valuation of the property to ensure it provides adequate security for the loan. When both these points are covered, a formal mortgage offer will be issued to you by the lender.

Typically for larger loans of €1,000,000 or above, the most competitive solutions can often be found not through local French lenders, but through International Private Banks. Such institutions are often better positioned to take a more nuanced view to the structuring of clients' income and wealth, and are more accustomed to working with clients of different nationalities who may struggle to work with more conventional lending institutions.

# How Can Enness Help?

Our international team at Enness thrives on the challenge of helping clients achieve their financing goals.

With our multilingual and culturally diverse team speaking not only French, but Russian, German, Spanish, Italian and Swedish, we are fully-equipped to look after clients with a host of different nationalities. We have welcomed individuals from all jurisdictions, and have arranged finance on a number of Europe's most unusual, complex and high-value properties, helping clients remove the language barriers which can cause major delays.



We are dedicated to providing a value-add service, whereby the depth and breadth of our longstanding relationships with lenders provide a competitive advantage in negotiating the most favorable terms from our clients. We speak directly with decision makers at financial institutions, ensuring that the mortgage process is both speedy and streamlined. Our panel comprises over 200 institutions including private banks, specialist lenders, funds and Family Offices. This enables us to source funding for any position within the capital structure from senior lending, second charges, bridging and development finance.



## CASE STUDY

### €4.3million refinance on Monégasque penthouse for Russian national

I recently secured a bridging loan on a 17th century property for an expat in Mallorca. My client needed to close his deal by the end of the month as there was high demand for the property, and so this needed to be completed with speed and efficiency.

Recently a client was referred to Enness, looking for specialist help to secure a refinance his Monégasque Penthouse in the exclusive area of Cap Martin. In my client's native Russia, he owned a large business within the retail sector which had been enormously successful in exporting to Europe and owned further businesses around Russia.

My client was looking for a refinance loan of around €4.3 million secured against his Monégasque Penthouse, a property worth €4.9million. There were, however, a few hurdles which needed to be overcome before terms could be agreed.

My client's Russian nationality posed the initial problem. Indeed, the reason he sought Enness' help in the first place was because his bank in France was moving to a position in which they were reluctant to have Russian clients on their books.

Furthermore, French lenders have been reluctant recently to lend to Russian nationals. Even with my client's financial profile and sturdy business record, finding the right lender for my client was going to be challenging.

Fortunately, at Enness, over time we have built up an unusually large network of lenders with whom relationships have been nurtured and maintained. I knew of a lender based in Monaco whose specialty was assisting Russian national clients find terms which are otherwise unavailable to them, and the bank was happy to help.

Having a close relationship with this bank was absolutely critical in securing my deal. This bank has referred business to Enness in the past and I was keen to help nurture this relationship further. In fact, after I had made the initial inquiry, it transpired that both my client and lender were in Russia at the same time, so a meeting could be arranged between client and lender, face to face and on home turf, which, I believe went a long way to helping us close the deal.

I was able to secure very good terms for my client.

- €3 million refinance
- 1.5-2% fixed rate
- 5-years interest only
- 50% loan amount required as assets under management (AUM)

Needless to say my client was delighted with the result and I look forward to working with him again.

## CASE STUDY

## €16 million Monégasque villa remortgage for foreign national

An international client was recently introduced to us by a wealth management company based in Monaco. He required help raising €11 million on a villa he owned in Monaco worth €16million. My client is politically exposed with connections in his national government, so absolute confidentiality and discretion were essential for his very important profile.

The original loan on this villa was under his partners' name who had no income. It was important for him to complete a personal guarantee on the required loan and ensure it was still under his partners' name once his existing deal came to an end.

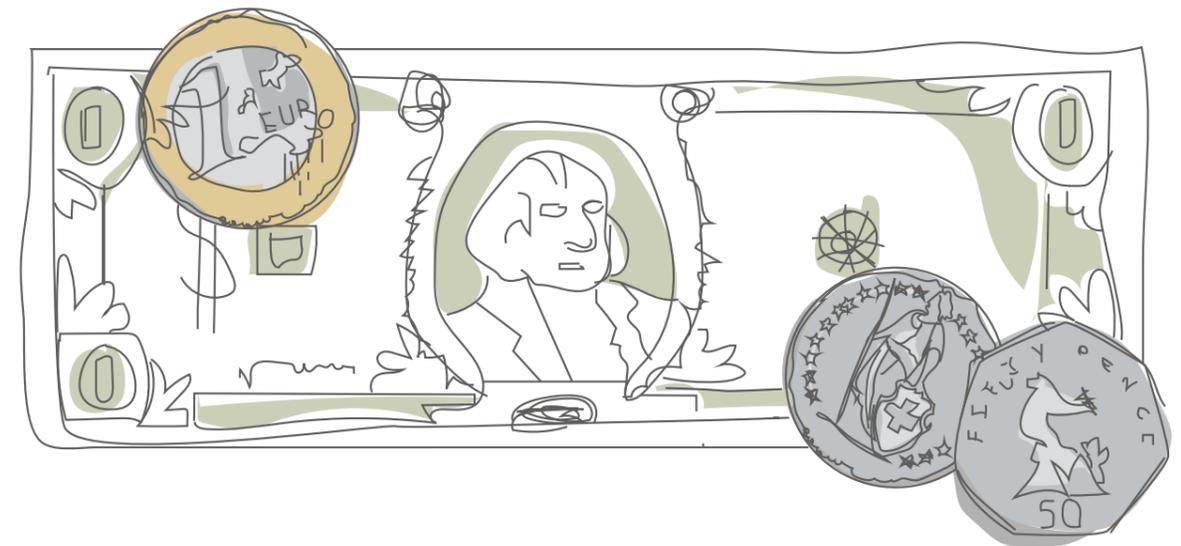
The fact my client was a politically exposed person had the potential to be a challenge when getting past compliance with a bank, as these individuals tend to be very private about their wealth. However, in this instance my client was very open and happy to provide the necessary information.

After trying multiple lenders, I was able to engage with the only lender who was comfortable with my client's profile and politically exposed status. Because of our existing relationship and the overall wealth of the client, this lender was open to him from the outset.

The lender was willing to provide a complete 100% loan to value (LTV), keeping €5 million of his assets under their management and €11 million for the refinance. I managed to secure an interest only facility for my client on a five-year tracker product with a rate of just 1.75% over Libor.

## Foreign exchange & currency management

As part of your French investment, we understand that currency exchange is an integral component of the process. Our partnership with Argentex ensure the provision of top-level, cost-effect foreign exchange services to clients across the world.



The way you manage your international transfers will make a considerable difference to the cost of each one and how far your money goes.

Enness works closely with foreign exchange specialists **Argentex** to give clients access to a dedicated currency service for their property purchase and ongoing requirements.

With the global political climate currently somewhat uncertain, exchange rates are likely to fluctuate. Argentex can help navigate these changing rates and prevent unnecessary losses when transferring deposits between currencies.

### Typical requirements you may have:

- Transferring funds for your initial Monaco purchase
- Moving savings to your country of residence
- Regular transfers for pension, school fees, or salary transfers
- One-off international transfers
- Monthly transfers towards a mortgage
- Transfers for renovations and developments





## Conclusion

We hope you have gained an enriched understanding of property finance and broader legal considerations for investments in Monaco from this guide. If you are interested in exploring an investment into Monaco property, we would welcome the opportunity to assist you in obtaining the finance you require to manifest your plans.

If you have any questions on the contents of this guide, or if you are interested in a free introductory consultation to explore the opportunities available to you, we would love to hear from you.



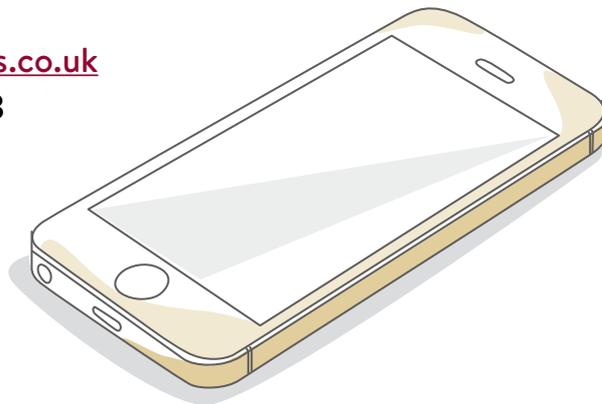
ENNESS INTERNATIONAL

## Are you looking for a mortgage in Monaco?

Pick up the phone and give us a call for  
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