



Book IV - Collective investment products

Title II - AIFS

Chapter II - Funds open to retail investors

Section 4 - Real estate investment companies and forestry investment companies

Paragraph 3 - Provisions specific to forestry investment companies

General regulation of the AMF

Article 422-238 into force from 21 December 2013 to 21 February 2019

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Article 422-238

I. - The management company's compensation shall consist of three types of fees:

- 1 • A subscription fee calculated on the basis of the sums received from capital increases;
- 2 • A transfer fee calculated on the basis of the transaction amount when transfers are made from the register provided for in Article 422-205 or when transfers are made free of charge or on a flat fee basis;
- 3 • A management fee, which shall be capped by applying a maximum rate to the market value of the assets under management.

Different rates may be applied according to the category of assets concerned: directly held woodlands and forests, indirectly held woodlands and forests, cash and cash equivalents.

II. - The management fee shall cover expenses for:

1 • Administration and bookkeeping;

2 • Maintaining the register provided for in Article L. 214-93 of the Monetary and Financial Code;

3 • Drawing up basic management plans for directly held forestry assets;

4 • Partner information: producing annual reports and newsletters;

5 • Organising general meetings and supervisory board meetings;

6 • Organising and monitoring management of directly held woodlands and forests, vacant land, equipment and outbuildings (development, maintenance, improvement);

7 • Negotiating and monitoring transactions involving trades, transfers and constitution of real rights provided for by Article R.214-164 of the Monetary and Financial Code;

8 • Organising and monitoring harvesting operations in directly held woodlands and forests (marking and felling);

9 • Incidental expenses arising from timber sales (invoicing, marketing);

0 • Organising and managing forest-related businesses and, more specifically, hunting rights;

1 • Monitoring and attending the general meetings of forestry groups and companies where the sole business is ownership of woodlands and forests in which the forestry investment companies under management hold equity interests;

2 • Managing cash and cash equivalents.

III. - The management fee shall not include:

1 • Insurance expenses;

2 • Appraisers' fees for the forestry appraisals provided for in Article 422-246 et seq. and statutory auditors' fees;

3 • Forestry operating costs and, more specifically, replanting costs, forest and infrastructure maintenance costs, and harvesting costs.

The articles of association of the forestry investment company and the prospectus shall give a precise description of the calculation base and rates used for the fees paid to the management company under the conditions set out in Article 422-198, the maximum management fee rate, the rate structure by asset category and a detailed description of the calculation procedures, rates and calculation bases for the sums actually charged by the management company according to the type of services provided with regard to directly held woodlands and forests.

The calculation bases used may be the market value of the assets under management, the cost of work carried out, net of tax, the charges, net of tax, invoiced for services performed during the financial year, the land area of properties covered by a basic management plan during the financial year and the amount of the ordinary management transactions provided for by Article R. 214-164 of the Monetary and Financial Code.

Any fees in excess of the maximum set out in the articles of association and the prospectus shall be submitted for the partners' approval at the general meeting of the forestry investment company.

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