

Regulatory Story

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Company [Phaunos Timber Fund Limited](#)
TIDM PTF
Headline Cash Position and Proposed Equity Fund Raising
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Phaunos Timber Fund Limited
05 August 2014

PHAUNOS TIMBER FUND LIMITED

CASH POSITION AND PROPOSED EQUITY FUND RAISING

5 August 2014

For immediate release

The Board of Phaunos Timber Fund Limited (the "Company") reports that, as a consequence of a number of changed circumstances, including a possible final capital call from Greenwood Tree Farm and a temporary suspension of dividends from Matariki as a result of reduced timber prices in China, there is material uncertainty over the immediate liquidity requirements of the Company and its cash position. The Board, as advised by Stafford Timberland Limited (the "Manager"), believes that, without action, the Company may be unable to pay its liabilities as they fall due within the next three to six months.

In normal circumstances it is the Company's policy to maintain cash reserves equivalent to two years' operating costs. Therefore, the Board intends to seek an equity injection by a placing of approximately 5 per cent. of the Company's issued share capital (excluding treasury shares), within the next few weeks. The Board and the Manager intend to participate in any placing of shares. Having held informal discussions with a number of shareholders, the Directors believe that the raising of funds by way of an issue of equity will be successful and it is the opinion of the Directors that the Company will remain a going concern following a successful equity raise.

It is anticipated that the equity injection, when coupled with the ongoing cost reduction programme, should be sufficient to enable the Company to move to a cash flow positive position. Based on the Manager's estimate that current conservative forecasts of revenue are likely to be maintained, the Board believes that this capital raise will be a one-off event.

In addition, the Company is engaged in advanced discussions with potential debt providers. These discussions will continue in order to ensure that alternatives are available in the event that the proposed equity fund-raising does not proceed. A sale of an underlying property will also be targeted, which would further strengthen the cash position of the Company and may enable surplus cash to be returned to shareholders. However, any possible asset sale is not being relied upon for the Company to become cash flow positive.

A Circular setting out details of the proposed placing will be issued shortly. In addition, the Company's half year results will be published by the end of August.

-Ends-

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Notes to Editors

The Company is a Guernsey-domiciled closed-ended investment company authorised by the GFSC. Its ordinary shares are listed on the Main Market of the London Stock Exchange. Its investment objective is to provide shareholders with attractive long term total returns, expected to be in the form of capital appreciation but with some income, through a diversified portfolio of timberland and timber-related investments. The Company is managed by Stafford Timberland Limited.

The Company's portfolio consists of timberland and timber-related investments across 5 continents. As at 31 December 2013, the Company's unaudited NAV was US\$419.0 million (being US\$0.78 per ordinary share).

The Company intends to seek investments that meet or exceed the guidelines set out in the Sustainable Forestry Initiative and, wherever possible and practicable, to certify the lands under the Forest Stewardship Council guidelines.

The Company's ticker is PTF.

This information is provided by RNS
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