

**Phaunos Timber Fund Limited  
("Phaunos" or the "Company")**

**Phaunos announces further land acquisition in Brazil for eucalyptus plantations**

(29 October 2008), Phaunos Timber Fund Limited ("Phaunos" or the "Company"), the closed-ended investment company established to invest in timberland and timber related assets on a global basis, today announces its second investment in the state of Mato Grosso, Brazil.

The Company has acquired Fazenda Aruanda ("Aruanda Farm"), a 1,900 hectare area of farmland, for an undisclosed sum. The investment is part of Phaunos' \$150 million commitment to its Eucateca subsidiary. The Company will also purchase farm equipment and fund working capital. The acquisition follows the initial purchase of Fazenda Paraiso, a property being planted with teak in Mato Grosso, in September 2008.

The Company plans to plant the Fazenda Aruanda property with eucalyptus. Eucalyptus is typically grown on a seven year rotation for pulp / energy and on a fifteen to twenty year rotation for sawtimber. Common uses include furniture making, flooring and construction lumber.

Mato Grosso has become Brazil's agribusiness centre, accounting for 63% of the soybean production in the country, and is home to numerous grain and beef processing plants. Several more properties in Mato Grosso are in advanced stages of due diligence for both teak and eucalyptus plantations.

Brazil is an investment-grade country with annual economic growth of 6% and population of 180 million.

Cleudson Rangel, Manager of Investment and Acquisitions with FourWinds Capital Management, commented: "Brazil continues to attract a large number of timber investments based on the country's strategic positioning as one of the world major agribusiness players with available land, qualified labour coupled with macroeconomic and political stability. Phaunos remains committed to investing in this landmark project in Brazil."

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## Notes to Editors

[www.phaunostimber.com](http://www.phaunostimber.com)

Phaunos Timber Fund Limited is a closed ended investment company registered and incorporated in Guernsey on 28 September 2006 with an unlimited life. The Company has two classes of share in issue, US Dollar denominated Ordinary Shares and C Shares. The Company has raised a total of US\$ 536.7 million (before expenses) through four placings.

The Company raised approximately US\$115 million through a placing of 115,150,000 Ordinary Shares at a price of US\$1 each on the 20 December 2006. The Company raised US\$370 million by a secondary equity fund raising in June 2007 through a placing of 355,769,230 Ordinary shares at placing price of US\$1.04 per share. These shares began trading on 5 June 2007. In July 2008, the Company raised a further US\$33 million by a third equity fund raising in July 2008 through a placing of 31,480,376 Ordinary Shares at a price of US\$1.05 each. These shares began trading on 11 July 2008.

In October 2008, the Company raised US\$18.5 million through the first tranche of its placing of unlisted C Shares with institutional investors.

The Ordinary Shares of the Company were admitted to trading on the Main Market on the 11 June 2008 and remain admitted to listing and trading on the CISX.

The Company's 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.

Investments are managed by FourWinds Capital Management.

The company ticker is PTF.