

Regulatory Story

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Company	Phaunos Timber Fund Limited
TIDM	PTF
Headline	Further Aquisition in Green Resources
Released	07:00 01- Oct-2009
Number	9399Z07

RNS Number : 9399Z
Phaunos Timber Fund Limited
01 October 2009

Phaunos Timber Fund Limited

Phaunos announces acquisition of further shares in Green Resources

(01 October 2009), Phaunos Timber Fund Limited ("Phaunos" or the "Company"), the Authorised Closed-ended investment scheme managed by FourWinds Capital Management ("FourWinds") established to invest in timberland and timber related assets on a global basis, announces that it has purchased additional shares in Green Resources AS ("Green Resources"), a private Norwegian company, for approximately NOK 13.95 million (US\$ 2.36m).

This is the third investment Phaunos has made in Green Resources, increasing the total investment to approximately NOK 204 million (approximately US\$35 million) in loans and share acquisitions. Phaunos announced its initial investment, pursuant to which it acquired a minority stake, in December 2008. Green Resources manages over 14,300

hectares of timberland in East Africa including forests in Tanzania, Uganda and Mozambique. Green Resources' industrial operation, Sao Hill Industries (SHI), is East Africa's largest sawmill and one of the largest transmission pole producers in the region.

There have been many positive developments in the past few months at Green Resources. In June, IFC (a division of the World Bank) and Norfund (a Norwegian development financial institution) agreed to provide Green Resources with \$25million in long-term loans. The proceeds from the loans will be used for additional plantation development and for industrial operation improvements in Tanzania. The IFC loan is the largest ever to a private company in Tanzania. In July, Green Resources' plantations, Mapanda and Uchindile, were the first forest projects, outside of the US, to receive Voluntary Carbon validation (VCS). VCS is considered the world standard for voluntary carbon projects. In August, Green Resources signed a framework agreement with the Government of Mozambique to establish a world scale forest plantation (up to 100,000 ha) in Northern Mozambique.

Most recently, Green Resources' subsidiary, SHI, signed a 20 year log supply contract with Tanzania's Department of Forestry and was awarded a large contract with Tanzania Electric Supply Company Limited (Tanesco) to provide transmission poles. The majority of these logs will be harvested from Green Resources' eucalyptus plantations established in the late 1990's in Uganda and Tanzania.

Kristen Kleiman, FourWinds' Director of Investments and Acquisitions, said "We are pleased to increase our ownership in Green Resources. The company is developing rapidly under a strong management team. We continue to be impressed by its future prospects."

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Notes to Editors

www.phaunostimber.com

The Company is a Guernsey-domiciled Authorised Closed-ended investment scheme pursuant to section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and rule 6.02 of the Authorised Closed-ended Investment Schemes Rules 2008.

The Company has two classes of share in issue, US Dollar denominated Ordinary Shares and C Shares. The Company has raised a total of approximately US\$560 million (before expenses) through several placings of Ordinary Shares and C Shares.

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

Since November 2008, the Company has bought back to hold in treasury 4.07 million Ordinary Shares for an aggregate total amount of approximately US\$2.81 million.

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.

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

Investments are managed by FourWinds Capital Management.

The Company ticker is PTF.

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