

## Regulatory Announcement

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<b>Company</b>	Phaunos Timber Fund Limited
<b>TIDM</b>	PTF
<b>Headline</b>	Acquisition
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Phaunos Timber Fund Limited  
05 May 2009

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

#### **Phaunos announces further acquisitions in Mato Grosso, Brazil**

(5 May 09), Phaunos Timber Fund Limited ("Phaunos" or the "Company"), the closed-ended investment company managed by FourWinds Capital Management and established to invest in timberland and timber related assets on a global basis, today announces four further investments in the state of Mato Grosso, Brazil.

The Company has acquired four new farms: Graciosa II, Graciosa III, Capricho and Mata Formosa, for a total investment of approximately US\$8 million. Two of the farms will be planted with teak and two will be planted with eucalyptus. The investments are part of Phaunos' US\$150 million commitment to its Eucateca subsidiary. The acquisitions follow the purchase in March 2009 of Fazenda Santa Maria, a property being planted with eucalyptus in Mato Grosso.

In total, Eucateca has now acquired approximately 17,000 hectares across two different regions of Mato Grosso, and invested

US\$37 million in working capital and land acquisition.

The Company plans to plant Graciosa II and Graciosa III farms with eucalyptus. Eucalyptus is typically grown on a seven year rotation for pulp/energy and on a fifteen to twenty year rotation for sawtimber.

Graciosa II and Graciosa III are located in the south eastern region of Mato Grosso, near the town of Rondonopolis, a district that has rapidly become home to several industries with a high consumption of fuel derived from eucalyptus, such as grain crushers, breweries and brick kilns.

The Company plans to plant Capricho and Mata Formosa farms with teak. Teak is typically grown on a twenty-five year rotation for high-value hardwood. Common uses of teak include outdoor construction and furniture, and boat construction. Capricho and Mata Formosa are located in western Mato Grosso.

In addition, Eucateca has a number of properties in advanced stages of due diligence for both teak and eucalyptus in Mato Grosso and Phaunos expects to announce further investments in due course.

Helizander Brecaillo, FourWinds Capital Management's Project Lead for South America, commented: "We are excited with the rapid growth of our project in Brazil. Mato Grosso benefits from the recent establishment of railroads up to Alto de Araguaia, a system that creates an efficient platform for exports and attracts industries that develop the area economically. We are growing at a fast pace in a region that is still developing, despite the global recession trend. Moreover, we are creating jobs and helping the local economy".

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**Notes to Editors**

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

The Company is an Authorised closed-ended investment scheme domiciled in Guernsey. As an existing closed-ended fund the Company is deemed to be granted an authorisation declaration in accordance with 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 on the same date as the Company obtained consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinance 1959 to 1989.

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\$ 557.1 million (before expenses) through several placings of Ordinary Shares and C Shares.

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 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 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 as US\$1.00 per share. A further US\$20.37 million was raised through the second tranche placing of C Shares at US\$1.00 per share in December 2008.

The Company was incorporated on 28 September 2006 with an unlimited life. Its Ordinary Shares were admitted to trading on the Main Market on the 11 June 2008 and are 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.

The Group 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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