



Phaunos Timber Fund Limited - PTF Half-year Report
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Phaunos Timber Fund Limited
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("Phaunos" or the "Company")

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Unaudited Interim Results for the Six Months to 30 June 2017

Phaunos Timber Fund Limited, the specialist authorised closed-ended timberland and timber-related investment fund, managed by Stafford Capital Partners Limited, today announces its unaudited interim results for the period ended 30 June 2017.

2017 Interim Performance Summary

- **5% decrease in Net Asset Value ("NAV")** to US\$286.8 million from US\$301.3 million at 31 December 2016, net of share buybacks and dividends declared. The decrease is primarily attributable to US\$11.8 million provided for in estimated realisation taxes as a result of the anticipated wind-down of the Company, as well as estimated sales and deregistration costs
- Discount to NAV **reduced by 9%** from 25% as at 31 December 2016 to 16% as at 30 June 2017
- In addition to the interim dividend of 0.3 cents per Ordinary Share paid in December 2016, the Board paid a **final dividend of 1.6 cents per Ordinary Share** in July 2017, amounting to a **total dividend of 1.9 cents per share** for the 2016 year
- Revenue from timber operations and investment income **increased** from US\$2.1 million for the first six months of 2016 to US\$7.0 million for the same period in 2017. The increase was due to increased distributions from Matariki, which contributed US\$6.0 million to

revenue as well as timber sales revenue of US\$0.6 million from the Mata Mineira asset

- Timber and investment operating expenses increased from US\$3.1 million in 2016 to US\$4.4 million in 2017, **an increase of 42%**, primarily due to the Increased Base Fee paid to Stafford in lieu of the lapsed warrants as a result of the outcome of the 2017 continuation vote
- **1.5 million shares repurchased** through the share buyback programme in 2017 at a weighted average price of US\$0.46 per share

Commenting on the results, Sir Henry Studholme, Chairman of Phaunos Timber Fund Limited said:

"This is my last report as Chairman and I am pleased to say that operationally, the performance of the Company's underlying investments over the first half of 2017 was very encouraging and reflects the cost savings and focus on revenue generation put into place by Stafford and the Board over the last few years.

While the NAV of the Company has decreased by 5%, this is primarily attributable to provisions made to take account of the anticipated wind-down costs in realising the assets and returning the proceeds to Shareholders as part of the new investment objective and policy approved recently by Shareholders following the vote at the AGM on 19 June 2017 not to continue the Company.

I am pleased to report that during the first six months of 2017 Matariki has provided Phaunos with higher than budgeted distributions and two new wood supply agreements were agreed in Brazil which are expected to generate revenue in the second half of the year. Moreover, the share price strengthened since year end. The positive performance of the underlying assets is expected to continue throughout 2017 as the managed wind-down process continues."

The Company's Interim Report & Condensed Consolidated Financial Statements for the period ended 30 June 2017 can be accessed [here](http://www.rns-pdf.londonstockexchange.com/rns/9116O_1-2017-8-24.pdf) http://www.rns-pdf.londonstockexchange.com/rns/9116O_1-2017-8-24.pdf or on the Company's website (www.phaunostimber.com) under 'Financial Reports' in the Investor Information section of the website.

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Notes to Editors

About Phaunos Timber Fund Limited

Established in 2006, Phaunos Timber Fund Limited ("Phaunos" or "the Company") invests in a concentrated, but diversified portfolio of timberland and timber-related investments.

Phaunos is a Guernsey-domiciled authorised closed-ended investment scheme, authorised by the Guernsey Financial Services Commission under section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) and the Authorised Closed-ended Investment Schemes Rules 2008 made thereunder. The Company's ordinary shares are traded on the Premium Segment of the Main Market of the London Stock Exchange.

At the 2017 AGM on 19 June 2017, a majority of the votes submitted were against continuing the Company for a further five years. Shareholders have approved a change to the Company's investment policy to permit an orderly realisation of its assets.

About Stafford Capital Partners Limited

Stafford Capital Partners Limited (the "Manager" or "Stafford") is a leading private markets investment and advisory group, with US\$4.9 billion of funds under management and advice as at 30 June 2017. The Stafford group comprises focused teams in the timberland, agriculture, infrastructure, private equity, sustainable capital and venture capital sectors.

With effect from 17 August 2017, Stafford has tendered its resignation as the Company's Manager and will serve a six-month notice period.

The Company's ticker is PTF www.phaunostimber.com

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