

Regulatory Announcement

[Go to market news section](#)



Company	Phaunos Tmbr Fnd Ltd
TIDM	PTF
Headline	Investment Update
Released	07:30 25-Nov-08
Number	8027107

RNS Number : 80271
Phaunos Timber Fund Limited
25 November 2008

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

Phaunos announces further land acquisition in Brazil for teak plantations

(25 November 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 third investment in the state of Mato Grosso, Brazil.

The Company has acquired Fazenda Alto Jauru ("Alto Jauru Farm"), a 2,075 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 recent purchase of Fazenda Aruanda, a property being planted with eucalyptus in Mato Grosso, in October 2008.

The Company plans to plant the Fazenda Alto Jauru property with teak. Teak is typically grown on a twenty five year rotation for high-value hardwood. Common uses include outdoor construction and furniture, boat

construction, and any application which will be exposed to the elements.

Mato Grosso has become Brazil's agribusiness centre, and is home to several reforestation projects. 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, located in the heart of Latin America, offering competitive infrastructure and sizeable domestic and export markets. Mato Grosso offers unparalleled growth conditions for hard-wood plantations and it's very exciting to see Eucateca expanding its footprint in such premier location."

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Notes to Editors

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 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.

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.

E&OE - In transmission

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