

## 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  
10 March 2009

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

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

(10 March 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 its fifth investment in the state of Mato Grosso, Brazil.

The Company has acquired Fazenda Santa Maria ("Santa Maria Farm"), an 800 hectare area of farmland, for an undisclosed sum. The investment is part of Phaunos' US\$150 million commitment to its Eucateca subsidiary. Eucateca will also purchase farm equipment and will fund working capital. The acquisition follows the purchase in January 2009 of Fazenda Graciosa, a property being planted with eucalyptus in Mato Grosso. In total, Eucateca has now acquired approximately 10,800 hectares.

The Company plans to plant the Santa Maria Farm with eucalyptus and expects the land to be fully planted by the end of April 2009.

Eucalyptus is typically grown on a seven year rotation for pulp/energy and on a fifteen to twenty year rotation for sawtimber.

Fazenda Santa Maria is 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. Eucalyptus benefits from its position as the only fuel source available in the region. Located next to a major, paved state highway, the property will also benefit from government plans to enhance local infrastructure further with the construction of a railway terminal next to the farm. The property is adjacent to another of Eucateca's properties, Aruanda Farm (1900 hectares), which is fully planted with eucalyptus. Proximity of the plantations makes management more efficient.

Mato Grosso has become Brazil's agribusiness centre, leading the country's grain and beef production.

Brazil is an investment-grade country which accounts for 40% of Latin America's GDP and nearly half of the Latin American land area, with a population of 180 million. The Brazilian economy is expected to grow at approximately 3% in 2009.

Keith Oates, Chairman of the Board of Directors of Phaunos, commented: "We are really proud of the progress we are making with the Eucateca project. In less than a year the Eucateca project has purchased over 10,000 hectares of farmland and this young forest has created an enormous value to our investors".

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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 at 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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