

Regulatory Announcement

[Go to market news section](#)



Company	Phaunos Timber Fund Limited
TIDM	PTF
Headline	Notice of EGM
Released	14:08 08-Apr-08
Number	8962R

RNS Number:8962R
Phaunos Timber Fund Limited
08 April 2008

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

Notice of Extraordinary General Meeting and Update on Move to Official List

Phaunos announces the posting of a circular (the "Circular") and notice of Extraordinary General Meeting (the "EGM") to its Shareholders. The Company also confirms its intention to apply for admission to listing of its ordinary shares ("Ordinary Shares") on the Official List of the UK Listing Authority (the "Official List") and to trading on the London Stock Exchange's main market for listed securities (the "Main Market").

Unless otherwise defined, terms used in this announcement have the defined meaning given to them in the Circular.

POSTING OF CIRCULAR AND NOTICE OF EGM

At the January EGM, Shareholders granted the Company the requisite authorities to allow it to raise additional capital of up to approximately \$1.6 billion through one or more issues of C Shares (which are convertible into Ordinary Shares in accordance with the provisions set out in the Articles of Association). In order to proceed with the issue of the C Shares, the Company is now seeking Shareholders approval of the proposals described below.

Proposals

Approval of Panel Waiver

As noted in the January EGM Circular, as part of the proposed capital raising, the Board has been approached by a Luxembourg based investor which is advised by one of the largest asset managers in Luxembourg and which has expressed a strong interest in arranging a very substantial investment in the Company.

Following approval by Shareholders of the proposals in the January EGM Circular, the Luxembourg based investor, DWS ACCESS S.A., has indicated a potential level of subscription for C Shares under the Placing which could result in DWS ACCESS S.A.'s shareholding reaching or exceeding 30 per cent. of the total voting rights in the Company and may result in DWS ACCESS S.A.'s shareholding reaching or exceeding 50 per cent. of the total voting rights in the Company. DWS ACCESS S.A. does not currently own any shares in the Company.

Reaching or exceeding 30 per cent. of the total voting rights in the Company would normally trigger an obligation on the part of DWS ACCESS S.A. to make a general offer for the remainder of the entire issued share capital of the Company under the Takeover Code. The approval of Shareholders is being sought for the Waiver (which the Panel has granted, subject to Shareholder approval) by means of an ordinary resolution to be taken on a poll at the EGM.

Approval of amendment of the Articles of Association

At the January EGM, Shareholders also approved the proposal for the Company to de-list from AIM conditional upon the UKLA granting admission of the Ordinary Shares to the Official List and upon the London Stock Exchange admitting the Ordinary Shares to trading on the Main Market.

In order to satisfy UKLA requirements necessary for the admission of the Ordinary Shares to the Official List, the Articles of Association of the Company are required to be amended. Shareholders approval for the amendment of the Articles is being sought by means of a special resolution to be taken on a poll at the EGM.

Approval of authority to issue C Shares

In anticipation of the coming into force of the proposed Companies (Guernsey) Law 2008 (which is expected to come into effect in Guernsey on or about 1 July 2008), Shareholders' authorisation is being sought by means of an ordinary resolution to be taken on a poll at the EGM for the Directors to issue C Shares.

The Takeover Code and Panel Waiver

Under Rule 9 of the Takeover Code, any person who acquires an interest (as such term is defined in the Takeover Code) in shares which, taken together with the shares in which he and persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights in a company which is subject to the Takeover Code is normally required to make a general offer to all of the remaining shareholders to acquire their shares. Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent but does not hold shares carrying more than 50 per cent of the voting rights of such a company, a general offer will normally be required if any further interests in shares are acquired by any such person.

Under Rule 37 of the Takeover Code, any increase in the percentage holding of a shareholder which results from a company buying back its own shares will also be treated as an acquisition for the purposes of Rule 9 of the Takeover Code.

An offer under Rule 9 must be made in cash at the highest price paid by the person required to make the offer or any person acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of the offer.

However, the Panel has agreed to waive the obligation of DWS ACCESS S.A. to make a general offer under Rule 9 of the Takeover Code that would otherwise arise as a result of the Placing and exercise of the Buy Back Authority, subject to the approval of independent Shareholders at the EGM.

Accordingly, approval of the Waiver is being proposed at the EGM by means of an ordinary resolution and will be taken on a poll.

The Company currently has authority to buy back up to 14.99 per cent. of the Ordinary Shares in issue which expires at the conclusion of the first annual general meeting of the Company. The Company has no current intention to buy back any Ordinary Shares. However, if the Company conducts a buy-back of Ordinary Shares pursuant to the current Buy Back Authority and DWS ACCESS S.A. would, following such buy-back, exceed the limits set out above, DWS ACCESS S.A. will be obliged to make a general offer for the Company unless the Waiver is approved. Because of the likely impact on KG and on holders of Certificates, as explained below, it is unlikely that DWS ACCESS S.A. would wish to participate in such buy-back or otherwise dispose of shares it holds in the Company so as to maintain its proportional shareholding prior to such buy-back.

The Company anticipates that it will seek fresh authority to buy back Ordinary Shares and C Shares at each annual general meeting of the Company. At the time of seeking fresh authority and/or at the time of utilising such authority the

Company will consider whether it is necessary (taking account of the circumstances at the time) to seek a further waiver of any obligation which might otherwise arise for DWS ACCESS S.A. to make a general offer under Rule 9 of the Takeover Code.

Proposed Amendment of the Articles of Association

In discussions with the UKLA concerning eligibility for admission of the Company to the Official List, the UKLA has expressed the view that only listed, voting share classes can vote in any shareholder vote held in order to meet obligations which are governed by the Listing Rules.

The Articles of Association as amended at the January EGM, provide C Shares, which are an unlisted class of securities, with voting rights that are similar to those of the listed Ordinary Shares.

In order to satisfy the UKLA's requirements necessary for the admission of the Ordinary Shares to the Official List, Shareholders' approval of an amendment of the Articles of Association which limits the voting rights attaching to C Shares in relation to votes held in connection with obligations that are governed by the Listing Rules is being sought by means of a special resolution to be taken on a poll at the EGM.

One of the limitations on the voting rights attaching to C Shares required by the UKLA is the restriction of C Shareholders from voting on material changes to the Company's investment policy.

Under the Articles and the Side Letter, the rights to convert C Shares into Ordinary Shares are dependent on a certain percentage of the Company's assets being invested in timberland and timber related assets. Accordingly, C Shareholders' conversion rights could be affected if there was a change to the Company's investment policy prior to such conditions being met.

In order to address this issue, the Company has agreed with DWS ACCESS S.A. that the Specified Class Consent Event (as set out in proposed new sub-paragraph 3A.6(e) of the Articles) in respect of the C Shares issued pursuant to the Placing shall have the following meaning:

"Any Shareholders' resolution authorising a change to the Company's published investment policy which would result in conversion of C Shares into Ordinary Shares in accordance with the Articles not occurring because the conditions relating to the percentage of the Company's assets that must be invested in timberland and timber related assets as specified under the definition of Calculation Date (which for the avoidance of doubt includes the modified meaning given to it by the Side Letter) will not be met."

Approval of Authority to issue C Shares

It is expected that the proposed Companies (Guernsey) Law 2008 (the "Law") will come into force on or around 1 July 2008. The Law provides that the directors of a company must not exercise any power of the company to issue shares in the company unless authorised to do so by the company's memorandum and articles or by resolution of the company.

While the issue of the first tranche of C Shares under the Placing will occur prior to the date on which it is expected that these provisions of the proposed Law will come into effect, later C Share tranches may be issued when the proposed legislation will be in force.

Accordingly, Shareholders' authorisation by means of an ordinary resolution for the Directors to issue up to 1.6 billion C Shares (the figure by which the Company increased its authorised share capital at the January EGM) is being sought at the EGM.

EGM

The Circular convening the EGM will be posted to shareholders tomorrow. The EGM will be held at 10.00 a.m on 21 April 2008 at the offices of Anson Fund Managers Limited, Anson Place, Mill Court, La Charroterie, Guernsey GY1 1EJ, and will seek shareholder approval:

- by means of an ordinary resolution, for the Waiver granted by the Takeover Panel of the obligation that would otherwise arise on DWS ACCESS S.A. to make a general offer to Shareholders pursuant to Rule 9 of the Takeover Code;
- by means of an ordinary resolution, for the Directors to be authorised to issue C Shares; and
- by means of a special resolution, that the Company's Articles of Association be amended in order to satisfy UKLA requirements in connection with the proposed migration of the Company to the Official List.

A copy of the Circular will shortly be available on the Company's website.

PROPOSED MIGRATION TO THE OFFICIAL LIST

On 21 December 2007, the Company gave notice that it was proposing to move its listing from the AIM market of the London Stock Exchange ("AIM") to the Main Market. Subsequently, a resolution was passed at the EGM held on 10 January 2008, authorising the Company to de-list from AIM conditional upon the UKLA granting admission of the Ordinary Shares to the Official List and the London Stock Exchange confirming that the Ordinary Shares can commence trading on the Main Market. The Company confirms that, following Shareholder approval, it now intends to apply for admission to listing of its Ordinary Shares on the Official List and to trading on the Main Market.

It is expected that cancellation of trading in the Company's Ordinary Shares on AIM will take place at the same time as the Ordinary Shares are admitted to the Official List and begin trading on the Main Market. Migration to the Official List and the Main Market is expected to occur in early May 2008, subject to receipt of the necessary approvals from the UKLA and the London Stock Exchange.

Phaunos Timber Fund Limited is a closed-ended Guernsey investment company listed on the Channel Islands Stock Exchange and currently traded on AIM, a market run by the London Stock Exchange (in each case with the ticker "PTF"). It invests in timber and timber-related assets internationally and is managed by FourWinds Capital Management.

For further information about Phaunos and its investment strategies, please visit www.phaunostimber.com.

Enquiries:

FourWinds Capital Management

- Kimberly Tara
- Liane Luke
- + 1 617 399 0074

Shore Capital

- Guy Peters
- + 44 (0) 20 7408 4090

Anson Fund Managers Limited
Secretary

- + 44 (0) 1481 722260

8 April 2008

This information is provided by RNS
The company news service from the London Stock Exchange

END

Close

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

©2008 London Stock Exchange plc. All rights reserved