

Regulatory Story

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Phaunos Timber Fund Limited
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Phaunos Timber Fund Limited

Phaunos announces December 2009 Portfolio Recap

(19 January 2010), Phaunos Timber Fund Limited ("Phaunos" or the "Company"), the Authorised Closed-ended investment scheme managed by FourWinds Capital Management established to invest in timberland and timber related assets on a global basis, today announces a summary of its activities over the Christmas and New Year period.

2009 saw Phaunos rapidly build its portfolio of global investments, culminating in a particularly active December. "December 2009 was a landmark month for us," said Liane Luke, Head of Timber Investments for FourWinds Capital Management. "We announced two of Phaunos' largest investments ever in standing timber, one in Brazil and another in New Zealand. These investments in mature and mixed-age plantations balance the portfolio's greenfield investments, and augment the Company's existing standing timber portfolio in North America, South America, Africa, and most recently, China. Phaunos also completed the first ever investment in China by a timber investment management organization, which makes history in our industry."

Phaunos has announced investments totalling over US\$200 million since 30 November 2009. These investments included:

| Date announced | Description |
|-----------------------|--|
| 30/11/09 | the purchase of an additional US\$7.9m interest in Green Resources AS, East Africa's largest forestry company, which manages mixed species standing timber plantations in Uganda, Mozambique, and Tanzania, and operates East Africa's largest sawmill |
| 14/12/09 | the signing by Phaunos' wholly owned subsidiary, Mata Mineira Investimentos Florestais Ltda, of a purchase and sale agreement for US\$77m to acquire approximately 20,000 hectares of standing eucalyptus plantations in Minas Gerais, Brazil, which is expected to close during the first quarter of 2010 |
| 22/12/09 | the purchase by Phaunos' wholly owned subsidiary, Pradera Roja, of a further property in Uruguay for eucalyptus plantation |
| 22/12/09 | the conversion of Phaunos' convertible loan to Green Resources AS (of approximately NOK 67.5 million, plus interest accrued up to the maturity date of the original loan) into equity, as per the original agreement. This has brought Phaunos' ownership in the venture to over 25% |
| 24/12/09 | the purchase (conditional on government approval), for a consideration of US\$117.6m, of a significant stake in Matariki Forestry Group, a New Zealand private company which manages over 132,000 hectares of radiata pine in six estates across both the North and South islands, which is expected to close in the first quarter of 2010 |
| 31/12/09 | the purchase by Phaunos' subsidiary, Green China (Jiangxi) Forestry Co. Ltd, of standing timber in China's Jiangxi province for US\$2.5m, consisting of pine, fir and other species which are grown for the sawn timber market |

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| 11/01/10 | the acquisition by Pradera Roja of a further property in Uruguay |
| 12/01/10 | a further investment of US\$2.5 million in the Aurora Forestal, pine plantation and saw mill investment in northern Uruguay. |

Commenting on the Company's expanding global footprint, Liane Luke said: "The Matariki Forestry Group investment gives Phaunos further exposure to mature markets and access to Asian markets, while we carefully grow our presence in China. Phaunos' investment in China has been carefully planned and executed to give our program there a stable base for growth. Further penetration of the South American market, through our investment in Minas Gerais, provides us with additional standing timber in Brazil, and deploys capital while we wait for targeted Eastern European markets to settle down and return to more realistic valuations and economic stability."

"We believe that Phaunos now holds the most globally diversified timberland portfolio in our industry. We have terrific opportunities to grow Phaunos' investment footprint in the years to come."

Phaunos now has investments in ten countries globally, with further commitments to expand its investments in Brazil, Uruguay, China, and Africa. With the successful completion of the Matariki Forestry Group and Minas Gerais investments, Phaunos expects to be in excess of 80% invested by the end of the first quarter of 2010.

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Notes to Editors

www.phaunostimber.com

The Company is a Guernsey-domiciled Authorised Closed-ended investment scheme pursuant to 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.

The Company has two classes of share in issue, US Dollar denominated Ordinary Shares and C Shares. The Company has raised a total of approximately US\$560 million (before expenses) through several placings of Ordinary Shares and C Shares.

The Ordinary Shares of the Company were admitted to trading on the Main Market on the 11 June 2008 and are admitted to listing and trading on the CISX.

Since November 2008, the Company has bought back to hold in treasury 4.07 million Ordinary Shares for an aggregate total amount of approximately US\$ 2.81 million.

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 Company 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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