

Phaunos Timber Fund Limited Management Arrangements

Date : 12/02/2013 @ 4:00PM

Source : UK Regulatory (RNS & others)

Stock : Phaunos Timber (PTF)

Quote : ↑ 0.5075 0.0175 (3.57%) @ 11:13PM

[Phaunos Timber share price](#)

[Chart](#)

[Trades](#)

[Level2](#)

Phaunos Timber Fund Limited Management Arrangements

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RNS Number : 3940U

Phaunos Timber Fund Limited

02 December 2013

Phaunos Timber Fund Ltd: Management Arrangements

Termination of Management Contract with FourWinds Capital Management

The Board of Directors of Phaunos Timber Fund Limited ("Phaunos" or the "Company") has for some time been seeking ways to reduce the costs and expenses of the Company and in this context has been examining the possibility of the Company becoming a self-managed fund, in order to end the current fund management structure, eliminate performance fees completely, and focus on the operational profitability and growth of Phaunos for its investors. In connection with achieving this objective, Phaunos today announces that it has reached agreement by mutual consent to terminate its Investment Management Agreement with FourWinds Capital Management with immediate effect.

New Management Arrangements

The Company has established a new subsidiary, Phaunos Boston, Inc., through which it intends to manage its assets. The majority of the employees of the FourWinds Capital Management group (the "FWCM Group") who have been responsible to date for the day to day management of the Company's portfolio of assets will be offered employment with Phaunos Boston Inc. with immediate effect. The subsidiary will initially be led by Mr Mason Browne, formerly Director of Timber Operations at FourWinds. Property management of the Company's wholly owned assets will continue to be carried out by local management teams in the countries in which they operate.

The Company has agreed to rent the existing office space, computers, telephones and supporting infrastructure used by the employees transferring to it from the FWCM Group for a period of three months, at commercial rates. Phaunos Boston, Inc. plans to move to new premises within that time.

The Board confirms that there have been no material changes to the Company's financial position since 30(th) September 2013, the date of its last Interim Management Statement.

The next financial year end is 31(st) December 2013. As of that date the Company will again be subject to the regular annual reporting process, including the valuation of assets by third party valuers.

Further, the Board has entered into a consultancy agreement with Stafford Timberland Limited (www.staffordtimberland.net) to provide a review of the Company's timber assets in close consultation with Mr Browne and his colleagues. Stafford Timberland, which is authorised and regulated by the Financial Conduct Authority in the UK, is a global timberland investment organisation that manages approximately US\$1.4 billion in timber assets worldwide on behalf of institutional investors. The Board expects to announce the results of Stafford Timberland's review with the Company's annual results for the year ended 31(st) December 2013, in April 2014.

Costs of Termination and Future Costs

In connection with the early termination of the Investment Management Agreement with FourWinds Capital Management it has been agreed that, in lieu of management fees foregone in respect of the 36 month notice period in the Investment Management Agreement, as compensation in respect of certain additional historical and / or ongoing and / or fixed costs and expenses of the FWCM Group related to the provision of investment management services pursuant to the Investment Management Agreement and in respect of the provision of certain transitional services by the FWCM Group to the Company and Phaunos Boston, the amount of compensation which will be paid to FourWinds Capital Management will be approximately US\$4.2 million. Of this, US\$2 million has been prepaid in advance under the existing terms of the Investment Management Agreement, leaving a balance to pay of US\$2.2 million.

The Board anticipates that the changes to the Company's management arrangements announced today will result in the running costs of the Company being reduced by at least US\$2.5 million during the first 12 months of operation. This figure includes the costs of establishing Phaunos Boston Inc. and the consultancy agreement with Stafford Timberland. This reduction represents an annual saving of 0.5% of net asset value. Further cost savings are expected in future years.

Future Plans

The Board is in regular contact with major shareholders and will communicate its plans for the future of the company with its annual results in April 2014, when the new management arrangements are in place and Stafford Timberland has concluded its review.

The Board remains committed to hold a continuation vote in the summer of 2016.

For further information, please contact:

Winterflood Investment Trusts (Joint Corporate Broker)

Joe Winkley / James Moseley 020 3100 0000

Citigate Dewe Rogerson (PR Advisor)

Lindsay Noton / Kevin Smith 020 7638 9571

Notes to Editors

Phaunos is a Guernsey-domiciled closed-ended investment company authorised by the GFSC. Its ordinary shares are listed on the Main Market of the London Stock Exchange and on the Channel Islands Stock Exchange. 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's portfolio consists of timberland and timber-related investments across 6 continents. At 30 June 2013, the Company's unaudited NAV was US\$458.1 million (being US\$0.85 per Ordinary Share).

The Company has sought 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.

The Company's ticker is PTF.

Information on Phaunos Timber Fund Limited

Phaunos Timber Fund Limited (the "Company" or "Phaunos") 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 Scheme Rules 2008, and was incorporated in Guernsey on 28 September 2006 with an unlimited life.

The Company has one class of shares in issue: US Dollar denominated ordinary shares of no par value ("Ordinary Shares"). The Ordinary Shares are admitted to the Official List of the UK Listing Authority ("Official List"), to trading on the Main Market of the London Stock Exchange plc ("LSE") and to listing and trading on the Channel Islands Stock Exchange ("CISX").

This information is provided by RNS

The company news service from the London Stock Exchange

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**Phaunos Timber (LSE:PTF)
Historical Stock Chart**

1 Year : From Dec 2012 to Dec 2013

**Phaunos Timber (LSE:PTF)
Intraday Stock Chart**

Today : Tuesday 3 December 2013