

# Regulatory Story

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<b>Company</b>	<a href="#">Phaunos Timber Fund Limited</a>
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12 July 2012

## **Phaunos Timber Fund Limited**

### **Phaunos Realises Portion of Uruguayan Property Don Chico Eucalyptus Plantation Sold for US \$5.7 million in Cash**

(12 July 2012), The Board of Phaunos Timber Fund Limited ("Phaunos" or the "Company") is pleased to announce the sale of the Don Chico plantation, part of Phaunos' Pradera Roja investment for US \$5.7 million, payable to the Company in cash in US dollars. Don Chico is located in eastern Uruguay and is comprised of approximately 1,567 hectares with over 700 hectares planted in various Eucalyptus species. The Don Chico land was purchased in 2009 for US \$2.9 million. Don Chico represents 13% of the Pradera Roja estate of 11,921 hectares. The Pradera Roja investment was valued at US \$32.2 million as at 31 December 2011. The portion of this value attributable to Don Chico as at 31 December 2011 was approximately US \$4.1 million.

Phaunos completed planting in 2010. Phaunos manages its Pradera Roja plantations for saw logs. Union Capital Group, based in Montevideo, Uruguay, is the property manager for Pradera Roja. The buyer of the Don Chico plantation is Bosques del Uruguay, an institutional timberland investor that invests in sustainable Eucalyptus plantations in Uruguay. After the sale, Phaunos' remaining land ownership in the Pradera Roja estate will be 10,354 hectares, with approximately 5,000 hectares in Eucalyptus plantations.

Sir Henry Studholme, Chairman of Phaunos, said: "The Don Chico disposal is part of the investment manager's ongoing exploration of ways to smooth cash flows, including looking at the sale of younger assets, which were originally planted to allow the possibility of sale to other timber investment managers."

Liane Luke, Managing Director at FourWinds Capital Management ("FourWinds"), the Company's investment manager, commented, "We believe timberland appraisals are very conservative when valuing new and young plantations, like Pradera Roja. Agroempresa Forestal, manager of Bosques del Uruguay, is thoroughly expert in Uruguayan timberland and we are happy they have acknowledged the intrinsic value of the property at fair market value."

Kristen Kleiman, Director of Investments and Acquisitions at FourWinds said, "We believe the price is fair and reflects the market value of well managed Eucalyptus plantations in eastern Uruguay. Phaunos is satisfied that its investment strategy of purchasing bare land, establishing plantations and managing those plantations to their highest quality has been borne out in this sale. This is a relatively new strategy in this part of Uruguay and we are pleased that the future of forestry in Uruguay is progressing as we had projected."

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**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. 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 investments are managed by FourWinds Capital Management.

The Company's portfolio consists of timberland and timber-related investments across 6 continents. As at 31 December 2011, the Company's audited NAV was US\$558.8 million (being US\$1.04 per ordinary share).

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.

The Company's ticker is PTF.

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