

**PHAUNOS TIMBER FUND LIMITED**

Arnold House  
St Julian's Avenue, St Peter Port  
Guernsey GY1 3NF

16 June 2010

Investor Code:

Dear Shareholder

**Important information regarding communications with shareholders**

**This document is important and requires your immediate attention. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000 if in the United Kingdom or otherwise regulated under the laws of your own country if outside the United Kingdom.**

At the Company's Annual General Meeting held on 27 May 2010, shareholders passed a resolution to allow the Company to publish notices of Annual General Meetings and the annual report and accounts of the Company and any other notices including the half yearly interim accounts of the Company ("Notices and Accounts") on the Company's website or alternatively to allow the Company to send Notices and Accounts to shareholders by email.

In the future all Notices and Accounts will be published on the Company website at [www.phaunostimber.com](http://www.phaunostimber.com). Reducing the number of communications sent by post will not only result in cost savings to the Company but also reduce the impact on the environment.

The Disclosure Rules and Transparency Rules of the Financial Services Authority (acting in its capacity as the UK Listing Authority) require that shareholders are individually asked to consent to the publishing of documents on a website or for documents to be sent by email (together, "Electronic Communication").

Please note that if you consent to Electronic Communication, you will continue to be notified each time that the Company publishes a document on its website ("Notifications"). All future Notifications will be sent to you by post, unless you elect to receive such Notifications by email by either registering your email address via the share portal (as described below) or by completing and returning Section A) 1 of the reply slip attached to this letter.

**Actions to be taken in response to this letter**

If you wish to consent to Electronic Communication, you do not need to take any action in response to this letter.

If you would prefer to receive Notifications via email then you can register your email address via the share portal: <https://www.capitashareportal.com> or complete Section A) 1 of the reply slip attached to this letter.

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If you wish to continue to receive hard copies of Notices and Accounts, you must complete Section B) of the reply slip attached to this letter and return it to the Company's registrar, Capita Registrars (the "Registrar"). **If you do not return this slip within 28 days from the date of this letter, we will assume that you have consented to website publication of these documents and you will no longer receive hard copies in the post.**

Finally may I take this opportunity to remind you of the services that are available to shareholders via the Registrar's website. These include on-line voting, access to your shareholding and dividend history and the ability to amend your dividend mandate details and address online.

Yours sincerely

For and on behalf of  
Phaunos Timber Fund Limited

Reply slip

Phaunos Timber Fund Limited

**Please complete either A or B below:**

A) You can be notified when new documents are available on the Company's website via email or post.

1. **Email Notifications:** If you would like to receive Notifications by email when new documents are available on the Company's website please either:
  - a. register your email address at <https://www.capitashareportal.com>; or
  - b. complete the details below and return this reply slip to the address at the bottom:

Email Address:

Name:

Investor Code\*:

Address:

Signed/date:

2. **Postal Notifications:** If you would like to receive Notifications by post then you need take no further action.

B) If you would prefer to continue receiving Notices and Accounts in paper form rather than via the Company's website please complete the details below:

Name:

Investor Code\*:

Address:

Signed/date:

\*The Investor Code is located on page 1 of the accompanying letter included with this reply slip.

Return to:

FREEPOST RLYX-GZTU-KRRG  
SAS  
34 Beckenham Road  
Beckenham  
Kent  
BR3 9ZA