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Aqua Resources Fund Limited - Interim Management Statement

Aqua Resources Fund Limited ("Aqua" or the "Company"), the closed-ended investment company managed by FourWinds Capital Management ("FWCM") and established to invest in global water opportunities, today issues its Interim Management Statement for the period from 1 January 2010 to 14 May 2010 (the "Period").

Financial Position and Performance

	1 Jan 2010 (EUR)	31 March 2010 (EUR)	% change
NAV per Ordinary Share	1.0219	0.9724	-4.8%
Closing middle market price	0.630	0.700	+11.0%

At the end of the Period, Aqua's stock price closed at EUR 0.600.

Material Events in the Period

FWCM researched, sourced and evaluated a series of possible transactions for the Company, and as a result the Company entered into one further investment during the Period.

On 25 February 2010, Aqua announced that it had entered into an agreement to subscribe for five-year convertible bonds ("Bonds") of Waterleau Group N.V. ("Waterleau") for a total cash consideration of €20 million. This investment completed on 1 April 2010.

Waterleau is a privately held global environmental technology, solutions and services company. It provides a wide range of water, wastewater and solid waste and air treatment solutions for both industrial and municipal clients. Waterleau applies these technologies to purify wastewater and produce renewable energy from wastewater and bio-waste. Incorporated in 2000, Waterleau had a turnover in excess of €50 million in 2009, is profitable and has been growing at double digit rates since inception. It currently employs 225 people across offices in Belgium, France, Morocco, Egypt, India, China and Brazil. Waterleau was recently awarded two major high capacity wastewater Build & Operate projects in Marrakech and Fez, Morocco.

The proceeds of the subscription for the Bonds will provide Waterleau with growth capital to

invest alongside its clients in Build Own Operate Transfer ("BOOT") wastewater projects, make selective add-on acquisitions, and further expand into new markets.

On 28 January 2010, Aqua also announced the successful listing via an initial public offering ("IPO") of one of its portfolio companies, China Hydroelectric Corporation ("CHC"), on the New York Stock Exchange ("NYSE"). CHC priced its IPO of 6 million American Depositary Shares ("ADS") at US\$14.80 per ADS which yielded aggregate gross proceeds of US\$96 million. The terms of the IPO included the conversion of three CHC shares into one ADS. The net proceeds from the IPO and the subscription by Aqua will be used by CHC to acquire hydroelectric operating companies and assets and for the development of new hydropower plants in China, for working capital and for general corporate purposes. The Company did not subscribe for any further shares in the IPO. Post-IPO, the Company owns approximately 4 percent of CHC's ordinary shares. Subsequent to the IPO (and up until the end of the Period) the ADSs have traded in the US\$14.80 to US\$8.51 range, closing on 14 May 2010 at US\$9.47.

Investment Update

Aqua continues to concentrate on building a strong and diversified water portfolio by way of investments involving the supply, use and treatment of what is an increasingly scarce, though absolutely essential, resource. It seeks to do so by targeting companies (operators as well as equipment and services providers) in the water treatment, water reuse and recycling, energy efficiency and new infrastructure sectors, as well as projects using water as a source of renewable energy.

Aqua has built its portfolio through providing growth capital to operators of projects in water and waste water as well as hydroelectricity, and to equipment and innovation providers whose products and services seek to ensure that the broader water industry increases its efficiency and provides end-users, whether individuals or industrials, with cleaner and better water without dramatic increases in cost. By investing across this water value chain, Aqua has been able to diversify the risk across a very broad range of industries and geographies whilst maintaining a fundamental link to the core driver behind its investments.

As at 14 May 2010, the Company held investments in a total of five companies and has committed to invest approximately 80 percent of its assets. The balance is invested in cash, with no gearing.

Further enquiries

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Important Information

This Interim Management Statement has been produced solely to provide additional information to shareholders of the Company to meet the relevant requirements of the U.K. Listing Authority's Disclosure and Transparency Rules. It should not be relied upon by any other party for any other purpose. The information in this statement has not been audited.

The information related to the Company included in this statement is provided for information purposes only and does not constitute an invitation or offer to subscribe for or purchase shares in the Company. This material is not intended to provide a sufficient basis on which to make an investment decision. All investments are subject to risk. An investment in the Company should be regarded as long term in nature and is suitable only for sophisticated investors, investment professionals, high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts, in each case, who can bear the economic risk of a substantial or entire loss of their investment. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decisions.

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.

www.aquaresourcesfund.com

Fundamentals

Listing date: 24 July 2008
Ordinary shares outstanding: 72,464,340
Latest audited NAV (31 December 2009): EUR 1.0219
Latest adjusted NAV (31 March 2010): EUR 0.9724
Number of investments/continents: 5 /3
Total invested: EUR 48.6 million (78% of portfolio)
Total Committed: EUR 51 million (80% of portfolio)

Investment Objective

The Company's investment objective is to provide long term capital appreciation through exposure to a diversified portfolio of water-related investments.

The Company will invest principally in businesses that are involved in i) Water Treatment and Recycling (i.e. waste-water and recycling, water treatment and purification), ii) Water Infrastructure (i.e. water distribution) or iii) Water Application and Conversion (water- to-energy and desalination) with the objective of capturing the growth opportunities emerging from the attractive long-term tailwinds driving the water industry.

End.

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