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Joint Venture Launched to Link Europe to Australia's Sustainable Companies

An innovative joint venture has been launched to provide increased linkages between Australian listed companies and willing institutional investors in mainland Europe. The main focus is to link companies that have strong Socially Responsible or Sustainability ratings with institutions targeting global companies with those characteristics.

The joint venture comprises the Münster-based *Dr. Reuter Investor Relations* and the Paris-based *Europe-Australia Investor Relations* with *Australian CleanTech* representing the group to companies in Australia.

Trevor Baldock, former Agent-General for the Victorian Government and previously Head of Austrade in Paris, the Managing Partner of Europe-Australia Investor Relations, explained that the reason that the Australian companies benefitted from the services was through greater demand for their shares. At present, there is no coverage of Australian stocks amongst most of the European institutions.

Mr Baldock stated "Those companies that do seek investors in Europe focus almost solely on London. We are working with European based institutional investors that have no exposure to Australian companies whatsoever. Once they learn of the companies and their activities we find there are many willing investors".

Furthermore European institutional investors are both more knowledgeable of the benefits of Environmental, Social and Governance performance and far more willing to invest in companies rating highly.

Dr Eva Reuter, the Principal of Dr. Reuter Investor Relations, has found that Socially Responsible Investment is mainstream business in Europe, where it is still seen as the exception in Australia. "The institutions with whom we work understand the financial benefits and improved risk profiles of investing in companies that look after their investors, their employees, the community and the environment. They are still in the business of making money. They just see Socially Responsible Investment as a way to increase returns and reduce risks".

The process is made easier through the fact that many Australian companies are already listed on German exchanges, often without realising it. German brokers can easily list companies locally without reference to the company. Where this has not happened it is easy to arrange. "This often comes as a surprise to the companies, but means that local investors can invest locally and this provides a platform for our work."

The services offered by the joint venture include preparation of sustainability reports tailored to the European market and translation of key company information into the language of the analysts. "The assumption that all analysts are fluent in English may be

half true, but we have found that they are far more likely to fully engage if they are reading regular and concise information in their mother tongue”, Dr Reuter added.

Through the use of webinars and video conferencing, as well as annual roadshows, the impost of the time and energy of the company is extremely limited.

The group is working with a number of Australian listed companies that are finding significant interest from institutions that are hearing about them for the first time. One the best success stories has been that of Dyesol Ltd (ASX:DYE), whose ground breaking solar technology has been grasped by the institutions with a good understanding of the product’s potential. Sylvia Tulloch, Managing Director of Dyesol Industries, has worked with Dr Reuter Investor Relations since 2006 and said “We now have about 25% of our share registry based in Europe. Without this shareholder diversity, our share price would not have been as robust as it now is.”

Dyesol and its solar technology is by no means the exception. Demand for any company that rates highly in ESG tables, such as that published in Ethical Investor, will be of interest to investors.

Australian CleanTech has analysed the ESG Rating of the ASX200 companies and found that there are 88 companies that would meet the minimum criteria sought after by the European institutions the group works with according to John O’Brien, Managing Director of Australian CleanTech. “These 88 companies have willing institutional investors who would be interested in joining the share registry. The problem is that the companies do not realise there is this latent demand and the investors do not know that the investment opportunities exist,” he said.

“The potential to add value to the market capitalisation of Australian companies is significant,” Mr O’Brien added.

The joint venture has to date been working ‘under the radar’ to demonstrate the benefits that it believed existed for Australian companies. “We now know this creates significant value for our clients and are now formally launching the initiative to deliver benefits to more Australian companies,” Mr Baldock concluded.

FURTHER INFORMATION:

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