

**IPO WATCH** Cathy Bolt

# Mallee tree group seeks \$8m

A Perth-based start-up plans to take advantage of the obsession with all things carbon to raise \$8 million to grow mallee trees in the vast West Australian wheat belt.

Carbon Conscious executive director Dan Stevens admits to hoping for an early mover advantage on an expected string of companies seeking to fund projects in the emerging carbon-credit industry.

But Carbon claims to have other features it expects will boost its appeal to the retail investors targeted in its initial public offer, which closes tomorrow ahead of a planned listing on May 7.

They include a high-profile chairman, former WA Liberal opposition leader Matt Birney, one of three people to hold and lose the post since the last election in 2005.

It is Mr Birney's first corporate role since the 37-year-old revealed plans to quit politics at the next election, vacating the seat of Kalgoorlie that he won in 2001.

Carbon Conscious is one-third owned by Broadacre Asset Management, the parent company of Australian Agricultural Contracts, a company well known to WA farmers.

AAC has in effect become one of the biggest local grain producers after spending more than a decade developing a novel share-farming concept in which investors bankroll farmers to grow crops. AAC wants to raise \$35 million from investors this year to help fund anticipated plantings of about 200,000 hectares of wheat and barley, about 400,000 tonnes of grain, in co-operation with about 200 farmers.

Mr Stevens said Carbon would use AAC to establish relationships with farmers, identify land for planting mallee trees and negotiate agreements with landholders.

For that it will receive an annual base fee of \$180,000 plus up to \$50 a hectare established.

*The Australian Financial Review*



Mallee plantations will be established as tradeable carbon credits. Photo: CRAIG ABRAHAM

has also learned Carbon Conscious has the backing of at least one notable if low-profile supporter, Jason Stowe. Mr Stowe is the son of equally publicity-shy Ric Stowe, founder of one of WA's biggest private companies, Griffin Group.

Griffin is one of the state's biggest cattle farmers through its agricultural arm, WR Carpenter, overseen by Jason Stowe in his role as an executive director with the group.

Mr Stowe confirmed he had taken a foundation shareholding in Carbon Conscious.

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"I normally don't make any comment but I just liked their business plan and I know Matt and I asked him if I could have some shares," he said. "I have got an agricultural background, and it is something that sparked my interest. Sequestration of carbon would seem to be a thing of the future."

Carbon Conscious aims to

produce tradeable carbon credits by establishing mallee trees, a hardy species native to the wheat belt, in carbon sequestering plantations of at least 50 hectares. It intends to sell either the carbon credits or its services to businesses like power generators and miners with big liabilities after the onset of emissions trading in 2010.

Its initial public offer, not underwritten, is for 20 million shares at 40¢ each and will give new investors just over 50 per cent of the company for \$8 million.

The founding shareholders, who have contributed \$600,000, will retain the rest. No forecasts have been given for revenue and profits.

Mr Stevens said there were few opportunities for investors to get an exposure to the carbon credit market other than fellow Perth-based CO2 Group, which has recently signed deals with Inpex and Woodside to establish mallee plantations to help offset their huge gas projects in far north WA.

Several brokers have been enlisted to assist the offer. Brokers who convince clients to invest will receive a 5 per cent lodgement fee from Carbon Conscious.