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Dear Sir

Corporate Update – Alterra Positioning to Execute Growth Strategy

Alterra Ltd (**Alterra** or **Company**) is pleased to provide the following update.

Highlights

- Comment from incoming MD
- Successful demerger of Carbon Business
- Alterra Snapshot
- Contracted Income and Other Revenue
- Business Model & Growth Strategy
- Planned Shareholder Communication

Incoming Managing Director Comment

Alterra has appointed experienced agribusiness executive Oliver Barnes as Executive Director (effective 11 January) with a transition to Managing Director by April 2019 (see ASX announcement 357 on 9 January).

Mr Barnes brings extensive experience in greenfield project development and institutional agricultural investment that will enhance the capabilities of the existing executive team as the Company advances its agribusiness growth strategy.

Mr Barnes holds a balanced skillset of commercial, technical and financial expertise accumulated from a wide range of agricultural development initiatives executed in Australia, Sub-Saharan Africa and Eastern Europe.

Mr Barnes said “I am very excited to be joining Alterra to lead and execute the new business development strategy. Alterra is seeing tremendous opportunities in the Australian agricultural sector that when advanced with the correct commercial, operational and agronomic disciplines have potential to become tier one assets.

Alterra intends to have a strong bias to Western Australia focusing on high value tree crops, irrigated cropping, and when market conditions are appropriate intensive dairy.

Now that the demerger has been completed, Alterra has commenced its growth plans with the advantages of being a clean agri-investment vehicle with robust cash and land assets, combined with existing large-scale agri-project development and management expertise.

Alterra Ltd

ABN 20 129 035 221
AFSL 338 520

Office

Suite 1, 25 Walters Drive
Osborne Park WA 6017

Post

PO Box 1805
Osborne Park DC WA 6916

P 08 9204 8400

E info@alterra.com.au
w alterra.com.au

Alterra believes there is unprecedented interest from institutional investors to invest in the agricultural sector, but the deployment of such capital is constrained by a lack of appropriately structured and managed tier one assets. The Company is focussed on developing underutilised agricultural assets as an entry point for such institutional capital and sees an opportunity to be an asset manager focussed on originating, procuring, developing and managing institutional grade agricultural assets.

Ultimately, Alterra is the timely coming together of likeminded parties, with on-ground experience in agribusiness production and markets, agri-project finance, development and management. In addition to my appointment, the pre-demerger management team remains with the Company, and the Board has determined to enhance its experience and skills with new non-executive Board appointments in due course.”

Demerger of Carbon Business

Following the December general meeting, where shareholders were strongly supportive of the Company’s strategy, the demerger of the Carbon Business was effected on 31 December 2018 with Alterra retaining a 15% interest in the demerged entity Carbon Conscious Investment Ltd (CCIL). As reported by the Company on 15 January, CCIL has informed shareholders that, subject to business as usual conditions, it intends to pay bi-annual distributions (May and November) with the first distribution to commence in May 2019.

Alterra Snapshot Post Demerger (Australian Dollars)

Ordinary Shares on Issue	147.6m
Market Capitalisation @ \$0.03	\$4.4m

Balance Sheet as at 18 January 2019

Cash & Receivables*	\$3.9m
Agricultural Land (net of debt)**	\$2.7m
Investment in CCIL***	\$1.0m
Other	\$0.5m
Liabilities	<u>(\$0.3m)</u>
Net Assets****	\$7.8m

* Includes \$1M working capital loan to CCIL.

** Agricultural land valued at cost (\$4.4m – March 2017) less bank debt (\$1.75m)

*** Investment in CCIL is carrying value for tax purposes

**** Does not account for: the agricultural land at market value; \$460,000 p.a. of contracted revenue with CCIL out to Sept 2027; or full value of carry forward tax losses of \$3.6 million.

The above balance sheet information has not been reviewed and is based on the Company’s internal management accounts.

Shareholders

Approx. 750 shareholders	
Board & Management	30%
Top 50 (incl. Board & Management)	81%

Contracted Income & Other Revenue

Post demerger, Alterra has retained management of the carbon business operations under contract with CCIL. Alterra will receive \$100,000 per quarter (first payment 31 March 2019) to continue to manage the carbon business operations on behalf of CCIL. In addition, the Company receives an annual fee of \$60,000 to guarantee the provision of project management services to CCIL’s carbon business clients.

Alterra continues to generate \$210,000 p.a. from the lease of its agricultural land (net approx. \$120,000 p.a. after interest and costs) and expects to receive approx. \$100,000 in interest income, and bi-annual distributions from CCIL (see ASX announcement 359 on 15 January).

Business Model & Growth Strategy

The Company is focussed on developing underutilised agricultural assets and building entry points for institutional capital. Alterra is progressing opportunities that provide the Company with a balanced mix of short to medium-term development income, short to medium-term capital growth and long-term annuity income. Further detail on the business model and strategy will be released in the near future.

Shareholder Communication

As Alterra develops its growth strategy, the Company will be increasing the frequency of its shareholder engagement and communication and, in addition to its continuous disclosure and statutory reporting obligations, plans to begin providing event driven and regular corporate updates during the year.

Sandon Capital


Sandon Capital Ltd (**Sandon**) owns approximately 19.6% of the shares in the Company and voted against the demerger at the December general meeting. On 19 December, the Company disclosed that Sandon had, immediately prior to the December general meeting, communicated a proposal to purchase all the Alterra shares they did not own. The proposal was indicative, incomplete, non-binding and subject to due diligence and therefore not capable of acceptance. The Board considered Sandon's approach and did not believe the proposal was economically compelling, capable of acceptance or in the best interest of the Company or its shareholders.

Please refer to ASX announcement 352 on 19 December 2018 for further detail.

The Board will continue to evaluate all proposals but has encouraged management to focus on the Company's growth strategy.

We thank shareholders for their continued support and look forward to the next exciting phase of the Company's development.

Your sincerely



Andrew McBain
Managing Director