



2020 Annual General Meeting – Alterra (ASX:1AG)

ORIGINATORS, DEVELOPERS & MANAGERS OF IN-DEMAND AGRICULTURAL ASSETS

27 FEBRUARY 2020

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The Alterra Team

BALANCE OF COMMERCIAL & AGRONOMIC EXPERIENCE



OLIVER BARNES

Managing Director

BSc Agricultural Business Management
12 years of asset development experience covering agricultural, horticultural, & forestry assets in Australia, Sub-Saharan Africa & Eastern Europe



TREVOR STONEY

Non-Executive Chairman

55 years agribusiness in WA & Vic
Purchased, developed, managed & sold 70,000 hectares



JOHN POYNTON AO

Chair of Advisory Board

Officer in the General Division of the Order of Australia & Western Australian Citizen of the Year Award

Director of The Future Fund, Australia's A\$166bn sovereign wealth fund



ANDREW MCBAIN

Founder & Executive Director

Highly experienced in start-ups and ASX listings
Raised \$200 million plus for agricultural and natural resources related businesses since 2005



JOHN PALERMO

Non-Executive Director

Chartered Accountant 22 years experience in corporate accounting
Board member of Chartered Accountants Australia & New Zealand



JOHN MCGLUE

Advisory Board

30 years of corporate communications & financial markets experience
Corporate transactions, complex disputes & shareholder activism specialist



BRETT HEATHER

Chief Operating & Technical Officer

Bachelor of Agribusiness Horticulture
17 years international fresh produce experience across 16 countries including supply chain
Specialising in high value horticulture



PAUL GOOD

Regional Manager – South West

Bachelor of Agribusiness & Management
12 years operational experience in the South-West of Western Australia
Director of APAL, owner of Pink Lady® apples



NICOLA CILLIE

General Manager of Finance & Systems

Chartered Accountant with 21 years experience in financial management, systems, business improvement and auditing.
Previously worked for management services organisation Sodexo



ANTHONY FITZGERALD

Commercial Manager

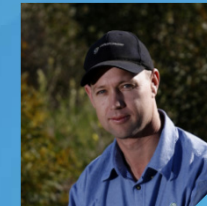
Bachelor of Agribusiness Marketing
Carbon farming & governance specialist



GRANT SANDERSON

Analyst

Corporate finance professional with 6 years corporate advisory experience
Formerly worked at Ernst & Young



DAN HASTIE

Operations & Projects Manager

8 years working for Alterra covering land & forestry operations
Former Royal Australian Air Force technician

Alterra's Purpose



TO DRIVE VALUE FOR OUR INVESTORS BY UNLOCKING VALUE FROM LAND AND WATER ASSETS

WE SEEK TO DO SO AS AN ORIGINATOR, DEVELOPER, MANAGER AND INVESTOR OF ASSETS IN FAST GROWING, IN-DEMAND AGRICULTURAL SECTORS

TARGETING DELIVERY OF INVESTMENT-GRADE ASSETS WITH GROWING INSTITUTIONAL INVESTOR APPEAL

FOCUSED ON SUSTAINABLE INTENSIFICATION, ROBUST PROJECTS RESILIENT TO ADVERSE CLIMATE EVENTS

+ EXPERIENCED TEAM

+ FOCUSED SCALABLE STRATEGY

+ AGILE & DISCIPLINED APPROACH

+ CAPITAL-LEAN STRUCTURE

+ DEEP INDUSTRY NETWORKS

+ STRONG GOVERNANCE FRAMEWORK

Alterra's Past 12 Months

COMPLETION OF A NUMBER OF STRATEGIC & TRANSFORMATIONAL INITIATIVES TO ADDRESS OPPORTUNITY



- ✓ **LAUNCHED NEW GROWTH STRATEGY:** shifted company focus to high-value permanent cropping sector
- ✓ **BOARD RENEWAL:** appointment of John Palermo as Non-executive Director
- ✓ **ADVISORY BOARD:** appointment of John Poynton AO as inaugural chairman & John McGlue
- ✓ **ASSESSED 5 WA HORTICULTURAL REGIONS:** land, water, production climate, land use activities, infrastructure & growers
- ✓ **AVOCADO SECTOR SELECTED FOR INVESTMENT FOCUS:** avocados selected having conducted assessment of 12 WA high-value permanent cropping sectors: avocados, citrus, mangoes, table grapes, almonds, cherries, blueberries, kiwi, apples, pomegranates, stone fruit & olives (oil)
- ✓ **BUILT HORTICULTURAL EXECUTION CAPABILITIES:** team in place (staff, execution partners, contractors) according to highest value opportunities
- ✓ **DEVELOPED INVESTMENT PIPELINE:** identified suitable land/water assets exceeding 1,000 hectares, advancing negotiations on 3 transactions
- ✓ **SECURED EXECUTION PARTNERS IN AVOCADO SECTOR:** provided critical input in filtering opportunities, data used for pricing transactions, supporting feasibility activity & showcasing technical capabilities to landowners, capital providers & other key stakeholders
- ✓ **SECURED EXCLUSIVE AVOCADO GENETICS & DATA RIGHTS:** key drivers of optimising yield potential & value of underlying land/water assets
- ✓ **ADDITIONAL INCOME FOR DAMBADGEE SPRINGS:** wind farm \$2.5m income over 25-year period, testing market appetite for property

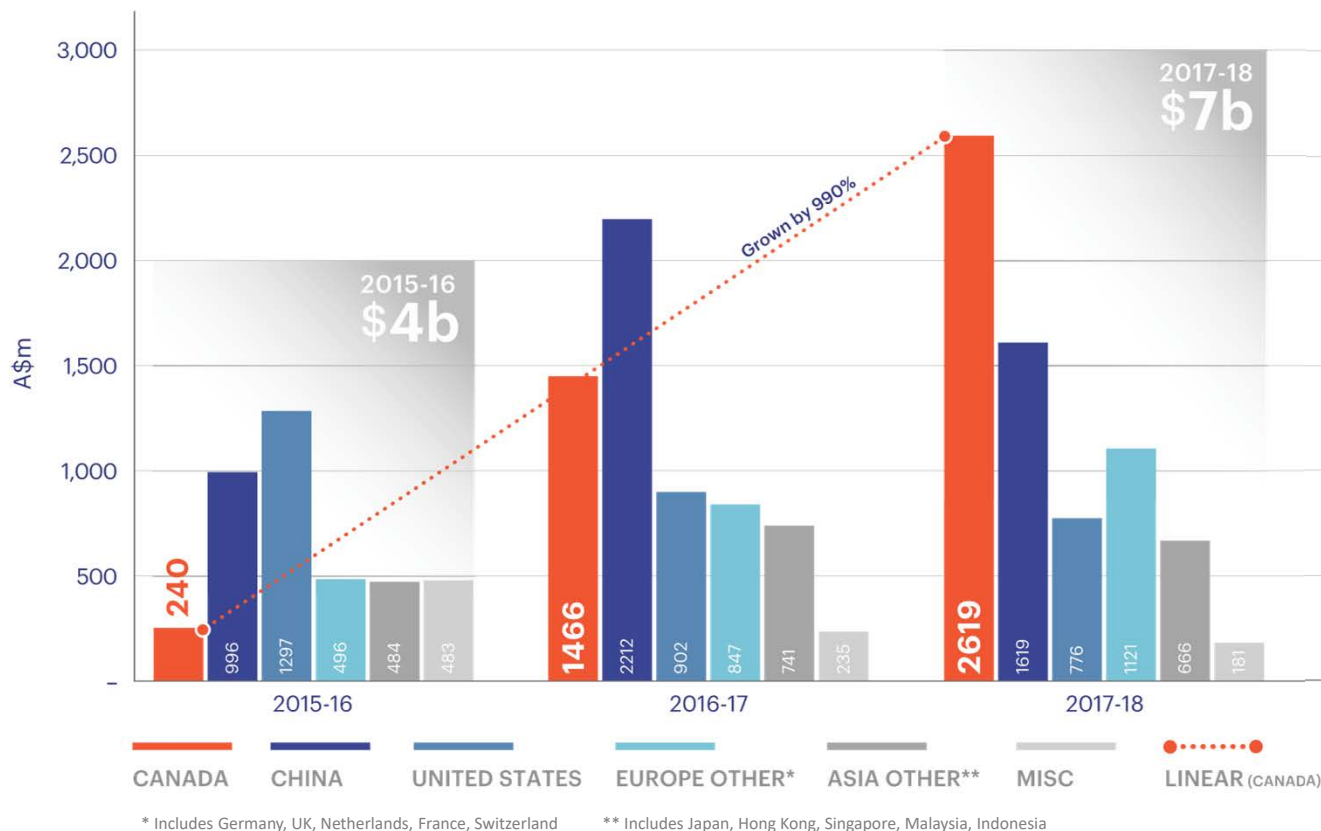
The Time & Place Opportunity: Burgeoning Institutional Demand

UNPRECEDENTED DEMAND FOR INVESTMENT GRADE LAND & WATER ASSETS



FOREIGN DIRECT INVESTMENT GROWTH IN AGRICULTURE

Agriculture, Forestry & Fishing \$m



AVOCADO SECTOR IN HOT DEMAND

Recent Reports on Institutional Investments

"Avocados are the new coal for hedge funds"

Bloomberg

February 2020

"Canadian-based Ontario Teachers' Pension Plan has emerged as the buyer of avocado producer, Jasper Farms, in a deal worth about \$180m"

The West Australian

October 2017

"Avocados smashing it with the most expensive farmland in Australia"

FINANCIAL REVIEW

November 2017

"Foreign investment in Australia's Agricultural land hits \$7.9b"

WEEKLY TIMES

February 2019

Strategic Focus: Avocados

HIGHEST VALUE LAND & WATER DEVELOPMENT OPPORTUNITY IN WESTERN AUSTRALIA

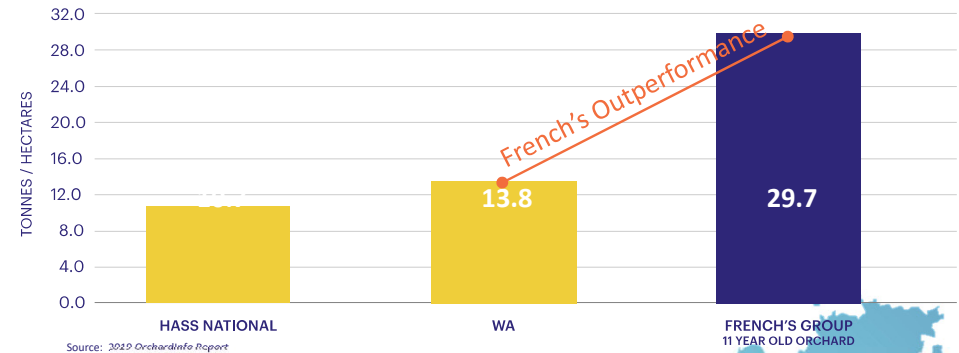


WHY AVOCADOS?

- ✓ **ULTRA HIGH VALUE CROP:** return per hectare 5X higher than other institutional owned tree crops (e.g. almonds)¹
- ✓ **STRONG INSTITUTIONAL DEMAND FOR ASSET CLASS:** major Australian producers already acquired by Canadian pension funds OTTP & PSP
- ✓ **CHINA DEMAND ROCKETS:** Chinese have discovered health benefits of avocados, imports of avocados grew X1,000 between 2011 and 2017²
- ✓ **LIMITED DIRECT INVESTMENT OPPORTUNITIES:** lack of investment-grade assets available
- ✓ **GROWING CONSUMPTION:** a global shift towards plant-based diets, Australia yet to access Chinese market
- ✓ **SUPPLY DISRUPTION POTENTIAL:** international producers experiencing supply shocks due to climate change
- ✓ **CAPITAL INTENSIVE:** incumbent producers require significant capital to modernise, scale & future proof assets
- ✓ **ALTERRA HAS ACCESSED WORLD LEADING KNOW-HOW:** targeting production upside from management, technology & IP

ALTERRA HAS THE TEAM & SYSTEMS TO DRIVE OUTPERFORMANCE IN THE SECTOR

2018-19 REGIONAL AVOCADO ORCHARD PRODUCTIVITY VS. ALTERRA EXECUTION PARTNER
French's Group are Alterra's local avocado partner for South-West of Western Australia with Alterra's production system built on the French's proven production model



WESTERN AUSTRALIA EMERGING AVOCADO EXPORT HUB

Only 3.7% of Australian avocado production currently exported compared to 50% for New Zealand³

AVOCADO PRICES REMAINED HIGH FOR 2019/20 SEASON

Wholesale price for premium fruit ranged from A\$5.8 to A\$9 per kg during the Pemberton picking season (Sept 19 to Feb 20)¹

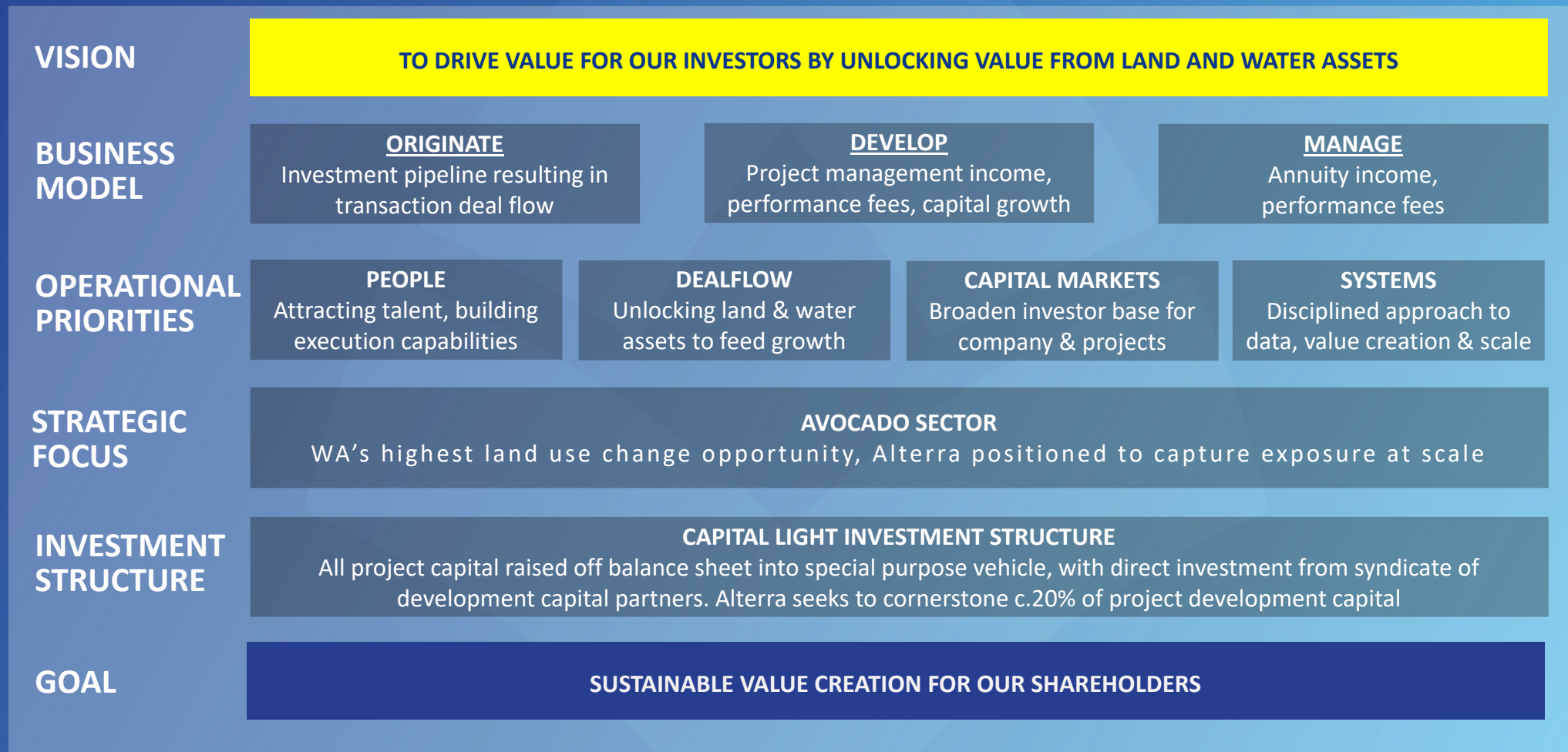
¹ Alterra Research

² "China increases avocado imports by more than a thousand times", Fresh Plaza, 7th August 2019

³ Avocados Australia

Clear Pathway For Growth

ALTERRA IS FOCUSED ON EXECUTING ITS BUSINESS MODEL IN THE AVOCADO SECTOR



Project Selection Filters

FEASIBILITY CONDUCTED ON A NUMBER OF OPPORTUNITIES THAT FIT ALTERRA'S STRINGENT INVESTMENT CRITERIA:

INVESTMENT HURDLE: targeting projects capable of generating a return above an IRR hurdle of 15%

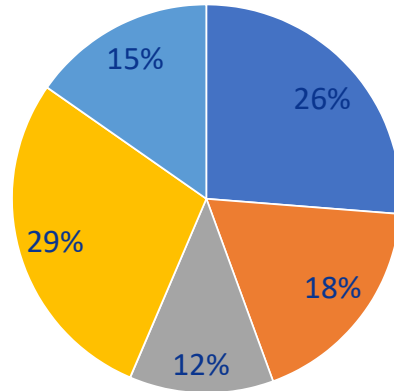
MINIMUM PROJECT SCALE: A\$5 million plus developments (plantable area 50 hectares plus)

COST CURVE: targeting lowest quartile

STATUS: minimum 0.5 gigalitres of licensed water with suitable climate, soils, land aspect, power, clean title

Indicative Production Costs for Pemberton Avocados

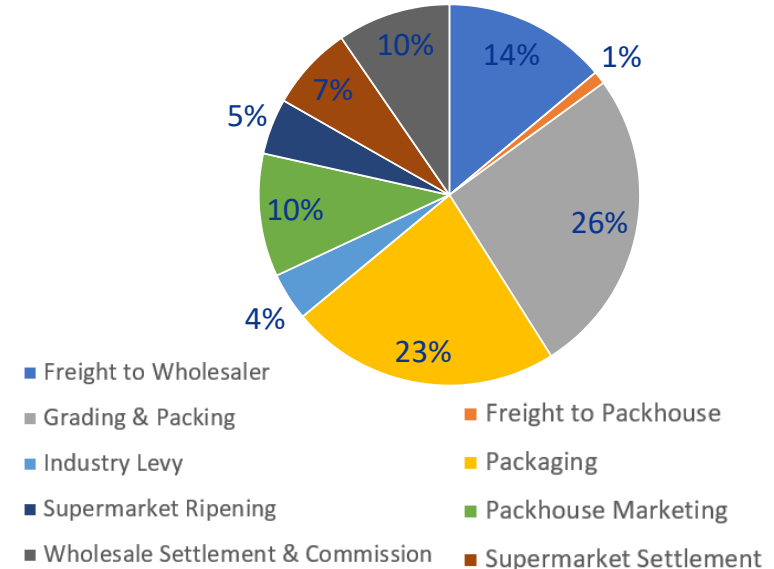
Range c.\$0.80 to \$1.10 per kg¹



- Staff, Contractors, Consultants
- Direct Crop Inputs
- Machinery
- Management
- Other

Indicative Post-Harvest Costs for Pemberton Avocados

Range c.\$1.45 to \$1.80 per kg



- Freight to Wholesaler
- Grading & Packing
- Industry Levy
- Supermarket Ripening
- Wholesale Settlement & Commission
- Supermarket Settlement
- Freight to Packhouse
- Packaging
- Packhouse Marketing

* Based on average 27,5 tonnes per hectare for mature crop

* Based on 70% retail & 30% wholesale market split

Origination Phase - Avocado Development Example

FRENCH'S GROUP – YEAGARUP PROJECT, PEMBERTON, WESTERN AUSTRALIA
80 HECTARES – LAND ACQUIRED 2016



SEPTEMBER 2016: PROJECT ORIGINATION & ACQUISITION

Degraded farm with low land use value. French's Group acquired project in 2016

This is a typical example of the types of avocado projects in Alterra's development pipeline

Land originally cleared in c. 1940 and previously used to graze cattle and farm potatoes

Development Phase - Avocado Development Example

FRENCH'S GROUP – YEAGARUP PROJECT, PEMBERTON, WESTERN AUSTRALIA
80 HECTARES – PROPERTY CONVERSION COMPLETED 2019



OCTOBER 2017: CROP ESTABLISHMENT

Water infrastructure upgraded, dam filled, irrigation installed & avocado trees planted

Management Phase - Avocado Development Example

FRENCH'S GROUP – YEAGARUP PROJECT, PEMBERTON, WESTERN AUSTRALIA
80 HECTARES – PROPERTY CONVERSION COMPLETED 2019



OCTOBER 2019: FIRST HARVEST

Crop established with uniform canopy.

Management systems to optimise yield and production economics

Asset at stage where it could be marketed to institutional investors

Income Bearing Legacy Investments

FOCUS ON MAXIMISING VALUE OF INVESTMENTS IN CARBON CONSCIOUS & DAMBADGEE SPRINGS



- A\$100m of assets developed between 2009 & 2012
- Alterra demerged Carbon Conscious (CCIL) in December 2018
- Alterra has retained a 15% equity holding in CCIL
- >\$1m distributed to CCIL shareholders in 2019
- Alterra retains the asset management agreement
- CCIL board 2020 focus on maintaining distribution streams but also exploring how to unlock greater value through potential liquidity event



- 4,000 acres located 150km north of Perth acquired March 2017 for A\$4.2m
- Dryland property acquired for development potential
- Property had run livestock for 170 years and converted to higher value broadacre cropping
- Reliable rainfall zone with surface water and groundwater potential
- Leased on a 5% yield plus capital growth (10-year average of 6%)
- Recently signed contract with adjacent 214MW Yandin Wind Farm which generates \$2.5m of additional revenue over 25 years
- Alterra testing market appetite for asset sale during H1 2020

2020 Top Priorities



CONVERT INVESTMENT PIPELINE: complete and execute terms on three transaction

BROADEN INVESTOR BASE: build and support a network of investors for Alterra and its projects

CREATE VALUE FOR SHAREHOLDERS IN ALTERRA: through proper reflection of underlying value

DISCIPLINED CAPITAL MANAGEMENT: redeploy capital into near-term growth opportunities

BUILD ALTERRA'S BRAND: build awareness and position the company as an asset manager of in-demand investment grade agricultural assets

POSITION ALTERRA FOR ESG INVESTORS: optimise and promote Alterra as an investment target with long-term environmental sustainability and social impacts



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