

Chairman's Address to Annual General Meeting

Alterra Ltd (ASX:1AG) (**Alterra** or **Company**) held its Annual General Meeting for the year ended 30 September 2019 on 27 February 2020.

Trevor Stoney the Non Executive Chair of the Board of Directors made the following address.

"Firstly, I would like to thank my fellow directors for their dedication and commitment in a year of great activity and development for Alterra as we have pursued our strategy of taking our Company to the next level, as a manager of high-end, large scale horticultural assets.

Shortly, you will hear from Oliver Barnes about just how far Alterra has come in the past year in priming our asset management model, but first I would like to give you some insights into why your Board has adopted this strategy, and why we believe it will deliver great results for Alterra and strong returns for our shareholders.

The great time and place opportunity for Alterra is the burgeoning demand for high quality horticulture products in Australia and the Asian region.

An even bigger opportunity is to source investment deal flow for an institutional investment market with growing demand for this emerging asset class - especially where the assets are underpinned by sustainable, economic water resources.

That is precisely what we have in the South-West corner of Western Australia where water is available, sustainable and affordable - and world's best expertise is already achieving outstanding economic outcomes.

Alterra is working to become a major force in the region bringing together land, water, capital and world-leading grower and markets expertise.

Our role is to manage every stage of the development - from identification to funding, from development to project management.

Alterra will co-invest with our project investors and have total alignment of interests. And although we believe there will be high demand from institutional investors for these projects as they mature, every investment will be based on strong fundamentals, with targeted internal rates of return in the mid-teens.

Our vision is to develop profitable, sustainable, high impact projects that will generate attractive returns in their own right. And where a major investor makes a suitable purchase offer for our projects, we will take it and return the profits to our investors.

Over time, we will look to do this many times over.

The proposition is compelling when you consider the macro forces at work.

The growing demand for products such as avocados is in almost reverse proportion to production capability in climate change-resistant locations.

Water is now a scarce and high-cost commodity in many traditional fruit-growing locations around the world.

And as all of you will know from visiting the local supermarket, the price of many fruits have gone up significantly and none more so than avocados.

And it is avocados where we are focusing in the initial term.



We believe the opportunity sits among the blend of rising demand, upwards price movements, climate impacts, rising input costs - especially water - and the demonstrated appetite of institutional investors for sustainable, well-managed assets.

To give you a sense of scale here, in 2017 Ontario Teachers' Pension Fund paid an estimated \$170m for a 360 hectare avocado farm in WA's South-West, beating major Australian corporations in a bidding war.

While Canadian, British and European pension funds have been the dominant investors in recent years, we believe the Australian industry pension funds are showing a growing appetite for this class of asset.

This is an opportunity worth pursuing.

In doing so, your Board has worked to put in place a robust platform from which to maximise our participation and returns.

Central to this is a team with experience and track record in managing large scale projects successfully and profitably. I'm pleased to say we now have that team in place.

In addition, we have secured collaboration partnerships with industry leaders with the expert knowledge vital to project success.

Key among these is our partnership with French's Group in Pemberton which has decades of track record and success in the region, now with 32,000 trees producing 5.8 million avocados per annum.

Our task now is to identify projects that will fit into Alterra's stringent model. The right land, sufficient scale, the right soils and growing conditions, affordable and sustainable water resources, resilient to climate impacts, and the market opportunity.

I am happy to report our pipeline of potential projects is extremely healthy, with several projects now subject to due diligence and engineering studies.

As Alterra pursues the asset management strategy, we will also take advantage of market conditions to realise value from some of our other agricultural assets.

Principal among these is our Dambadgee Springs farming property north of Perth.

Recent sales of land of this scale and quality have been very strong and Alterra will seek to take advantage of this should an opportunity present.

Our investment in Carbon Conscious continues to generate excellent returns in addition to asset management fees and we expect it will continue to do so in the short and medium terms.

Among our priorities as a Board is to ensure that the intrinsic value of our Company is reflected in market valuation.

Throughout 2020, Alterra will make considerable effort to broaden the Company's investor base through deeper engagement with capital markets and taking the Alterra story to a broader audience.

We are sensitive to the fact Alterra currently trades at a discount to its net tangible asset backing and we will work assiduously for our investors to see value properly reflected.

On behalf of the Alterra Board, thank you for your support of our Company, which we value and appreciate.

Your Board is optimistic about the year ahead and energised to deliver success and value for our shareholders".

For further enquiries, please contact:

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