

Appendix 4E Preliminary Final Report and Accounts for the Year Ended 30 September 2020

Alterra Ltd (ASX:1AG) (**Alterra** or **Company**) has today released to the market the ASX Appendix 4E Preliminary Final Report for the financial year ended 30 September 2020.

A copy of the report can also be found on the Company's website alterra.com.au.

This announcement is authorised for release by the Board of Directors at Alterra.

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About Alterra Limited

Alterra is an asset manager that provides origination, development and management services for land and water assets in Australia. We work directly with landowners and agricultural producers to unlock and reposition water assets through change in land use, ownership structure, regulatory management and application of technical know-how to create large-scale horticultural assets. This process opens direct investment opportunities structured for sophisticated investors.

Visit alterra.com.au for more information.

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ALTERRA LIMITED

ABN 20 129 035 221

**ASX Preliminary Final Report
Appendix 4E**

30 September 2020

Lodged with the ASX under Listing Rule 4.3A



RESULTS FOR ANNOUNCEMENT TO THE MARKET

Consolidated

		2020 \$'000	2019 \$'000
Revenue from ordinary activities	Down 13.21%	736	848
(Loss) before income tax from continuing operations	Down 6.09%	(1,510)	(1,608)
Profit / (loss) after tax attributable to members	Down 262.19%	(1,510)	931

REVIEW OF OPERATIONS

The financial year ending 30 September 2020 saw the company secure its first significant development in the south-west region of Western Australia, at which operations have commenced with land preparation underway for a planned commercial avocado project. An initial five-hectare planting of avocado trees completed post balance date in October 2020.

Highlights

- (a) Secured a lease for a 300-hectare asset in the premium horticultural region of Pemberton, Western Australia. Under a 50-year lease, the asset is a planned commercial avocado development, Carpenters Project.
- (b) Entered into an agreement with family office advisory firm CapRaise which enables Alterra and its development projects access to an extensive international network of pre-vetted large family offices and sophisticated investors seeking to add horticultural and agricultural land and water assets to their portfolios.
- (c) Entered into two contracts for the sale of "Dambadgee Springs" for \$3.1 million. Contract 1 has been settled for \$1.6 million, with Contract 2 scheduled to settle in January 2021.
- (d) Alterra appointed John McGlue to the position of Non-Executive Director of the Company in June 2020 and subsequently as Chairman in July 2020.
- (e) Completion of a \$1.72 million Placement with Emanuel Exports Pty Ltd and Sandon Capital Investments Limited to support the expansion of the Company's south-west project pipeline and to provide working capital to advance its current development activities.
- (f) In addition to the above, the Company has since completed an initial five-hectare planting at its flagship avocado development, the Carpenters project. Detailed site investigations and optimisation assessments have been underway with the view to completing all feasibility studies by the end of 2020.



**Preliminary Consolidated Statement of Comprehensive Income
For the year ended 30 September 2020**

	Note	2020 \$	2019 \$
Revenue	3	736,087	848,065
Other income		675,762	-
Operating expenses		(149,273)	(237,863)
Administrative expenses		(560,311)	(410,320)
Asset development costs		(218,409)	(105,000)
Marketing expenses		(19,883)	(28,978)
Business development expenses		(319,688)	(154,379)
Corporate expenses		-	(184,728)
Employee benefits expense		(1,368,863)	(887,411)
Occupancy expense		(44,409)	(68,891)
Finance expenses		(72,736)	(79,580)
Depreciation and amortisation expense		(74,383)	(138,025)
Share-based payments		(94,019)	(42,612)
Impairment expense		-	(118,884)
(Loss) before income tax expense		(1,510,125)	(1,608,606)
Income tax expense	4	-	(185,738)
(Loss) from continuing operations		(1,510,125)	(1,794,344)
Profit / (loss) after tax from discontinued operations		(1,510,125)	2,725,768
Profit / (loss) attributable to members of the parent entity		(1,510,125)	931,424
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Gain / (loss) on revaluation of listed investments		-	-
Exchange difference on translating foreign controlled entities		-	-
Other comprehensive income for the period		-	-
Total comprehensive income / (loss) attributable to members of the parent entity		(1,510,125)	931,424

The accompanying notes form part of these financial statements.



**Preliminary Consolidated Statement of Comprehensive Income
For the year ended 30 September 2020**

	Note	2020	2019
		\$	\$
Basic and diluted (loss) / earnings per share (cents per share)	5	(1.00)	0.63
Basic and diluted (loss) per share from continued operations (cents per share)	5	(1.00)	(1.22)
Basic and diluted earnings per share from discontinued operations (cents per share)	5	-	1.85

The accompanying notes form part of these financial statements.



**Preliminary Consolidated Statement of Financial Position
As at 30 September 2020**

	Note	2020 \$	2019 \$
Current Assets			
Cash and cash equivalents	8	3,283,222	1,677,280
Trade and other receivables		291,323	146,032
Other assets		376,043	144,691
Assets held for sale		1,184,967	-
Total Current Assets		5,135,555	1,968,003
Non-Current Assets			
Intangible assets		85,611	-
Property, plant and equipment		429,413	72,894
Capitalised development costs		328,388	-
Investment property		1,975,667	4,441,406
Investment in associate		1,072,421	1,077,172
Right-of-use-assets		5,505,382	-
Other assets		8,083	996,045
Total Non-Current Assets		9,404,965	6,587,517
TOTAL ASSETS		14,540,520	8,555,520
Current Liabilities			
Trade and other payables		666,319	288,913
Interest-bearing liabilities		1,400,000	-
Provisions		50,294	-
Lease liabilities		78,376	-
Total Current Liabilities		2,194,989	288,913
Non-Current Liabilities			
Interest-bearing liabilities		-	1,750,000
Lease liabilities		5,513,551	-
Provisions		-	45,737
Total Non-Current Liabilities		5,513,551	1,795,737
TOTAL LIABILITIES		7,708,540	2,084,650
NET ASSETS		6,831,980	6,470,870
Equity			
Issued capital	9	10,403,651	8,626,435
Reserves		1,456,041	1,362,022
(Accumulated losses)		(5,027,712)	(3,517,587)
TOTAL EQUITY		6,831,980	6,470,870

The accompanying notes form part of these financial statements.



**Preliminary Consolidated Statement of Changes in Equity
For the year ended 30 September 2019**

	Issued Capital	Share- based Payment Reserve	Revaluation Reserve	Foreign Currency Translation Reserve	Retained Earnings / (Accumulated Losses)	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 October 2018	14,254,212	1,319,410	48,875	-	(4,449,011)	11,173,486
Profit attributable to members	-	-	-	-	931,424	931,424
Revaluation	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	931,424	931,424
Share based payments	-	42,612	-	-	-	42,612
Shares issued during the year	187,108	-	-	-	-	187,108
Demerger of subsidiary	(5,814,885)	-	(48,875)	-	-	(5,863,760)
Balance at 30 September 2019	8,626,435	1,362,022	-	-	(3,517,587)	6,470,870

The accompanying notes form part of these financial statements.



**Preliminary Consolidated Statement of Changes in Equity
For the year ended 30 September 2020**

	Issued Capital	Share- based Payment Reserve	Revaluation Reserve	Foreign Currency Translation Reserve	Retained Earnings / (Accumulated Losses)	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 October 2019	8,626,435	1,362,022	-	-	(3,517,587)	6,470,870
Loss attributable to members	-	-	-	-	(1,510,125)	(1,510,125)
Total comprehensive loss for the year	-	-	-	-	(1,510,125)	(1,510,125)
Share based payments	90,000	-	-	-	-	90,000
Shares issued during the year	1,722,216	94,019	-	-	-	1,816,235
Capital raising costs	(35,000)	-	-	-	-	(35,000)
Balance at 30 September 2020	10,403,651	1,456,041	-	-	(5,027,712)	6,831,980

The accompanying notes form part of these financial statements.



**Preliminary Consolidated Statement of Cash Flows
For the year ended 30 September 2020**

	Note	2020 \$	2019 \$
Cash Flows from Operating Activities			
Receipts from customers		833,236	1,937,049
Payments to suppliers and employees		(2,136,682)	(2,034,962)
Income tax paid		-	(54,064)
Interest received		50,092	93,650
Interest paid		(150,000)	(75,598)
Net cash (used in) operating activities	8	(1,403,354)	(133,925)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(253,684)	(24,425)
Purchase of intangibles		(270,467)	-
Proceeds from sale of land		1,556,338	59,600
Return of capital on investments		44,440	40,485
Payment of bond on lease		-	(7,138)
Dividends received		102,167	37,772
Net cash provided by investing activities		1,178,794	106,294
Cash Flows from Financing Activities			
Proceeds from the issue of shares		1,687,216	-
Receipts of related party loan repayments		706,356	308,741
Bank loan (repayments)		(350,000)	-
Repayment of finance leases		(213,070)	-
Payment of loans to associates		-	(1,000,000)
Net cash provided by / (used in) financing activities		1,830,502	(691,259)
Net increase / (decrease) in cash and cash equivalents		1,605,942	(718,890)
Cash and cash equivalents at beginning of year		1,677,280	2,396,170
Cash and cash equivalents at end of year	8	3,283,222	1,677,280

The accompanying notes form part of these financial statements.



**Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2020**

1. BASIS OF THE PREPARATION OF THE PRELIMINARY FINAL REPORT

The preliminary final report has been prepared in accordance with the ASX Listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The accounting policies have been consistently applied, unless otherwise stated.

2. DIVIDENDS

The directors recommend that no dividend be paid for the year ended 30 September 2020, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

3. REVENUE

	2020	2019
	\$	\$
Asset management fees	415,473	397,028
Interest received	49,860	93,650
Lease income	129,013	210,000
Other income	141,741	147,387
Total revenue	736,087	848,065

4. INCOME TAX

The Company has recognised an income tax expense in 2020 of \$nil (2019: tax expense of \$185,738).



**Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2020**

5. EARNINGS PER SHARE (EPS)

	2020	2019
	¢	¢
Basic and diluted (loss) / earnings per share (cents per share)	(1.00)	0.63
Basic and diluted (loss) per share from continued operations (cents per share)	(1.00)	(1.22)
Basic and diluted earnings per share from discontinued operations (cents per share)	-	1.85
	\$	\$
Profit / (loss) for the year	(1,510,125)	931,424
(Loss) for the year (continued operations)	(1,510,125)	(1,794,344)
Profit for the year after income tax from discontinued operations	-	2,725,768
	No	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	151,534,456	147,364,963
Shares deemed to be issued for no consideration in respect of:		
Options	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	151,534,456	147,364,963

Diluted Earnings Per Share

The Company has options outstanding that are potential Ordinary Shares. They are not considered to be dilutive in nature as options only have a dilutive effect when the average market price of Ordinary Shares during the period exceeds the exercise price of the options.



**Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2020**

6. SEGMENT REPORTING

During the year ended 30 September 2019 Alterra demerged its Carbon Business via an in-specie distribution of shares to Alterra shareholders in a new entity (Carbon Conscious Investments Ltd). Alterra's core business of developing land use change opportunities in agriculture continued, with a focus on horticultural land and water development. As such the segment reporting has been updated to better reflect the current operations as follows:

- Carbon Business – relates to the pre-demerger carbon operations for clients;
- Asset Management – relates to the management of operating assets including the contract to manage the demerged Carbon Business;
- Asset Development – relates to assets owned, leased or being developed by the Company;
- Business Development – relates to the development of potential assets
- Corporate – remains the same.

Information regarding the results of each reportable segment is included below. Performance is measured on net profit / loss before taxation as detailed in the management reports presented to the Board of Directors.

Revenue by reportable segment	2020	2019
	\$	\$
Carbon Business	-	-
Asset Management	774,052	370,140
Asset Development	129,013	210,000
Business Development	-	-
Corporate	508,784	267,925
	<u>1,411,849</u>	<u>848,065</u>
Assets by reportable segment		
Carbon Business	-	57,500
Asset Management	3,172,958	100,000
Asset Development	6,089,954	4,462,475
Business Development	-	-
Corporate	5,277,608	3,935,545
	<u>14,540,520</u>	<u>8,555,520</u>
Net Assets by reportable segment		
Carbon Business	-	57,500
Asset Management	1,733,838	100,000
Asset Development	645,408	2,712,475
Business Development	-	-
Corporate	4,452,734	3,600,895
	<u>6,831,980</u>	<u>6,470,870</u>



**Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2020**

7. NTA BACKING

	2020	2019
	¢	¢
Net tangible asset backing per ordinary share	3.69	4.35

8. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash flow from operations with profit after income tax:	2020	2019
	\$	\$
Net loss / (profit) after income tax	(1,510,125)	931,424
Non-cash-flows in loss		
Profit on demerger	-	(2,211,648)
Share in profit of associates	(141,857)	(129,273)
Loss on sale of fixed assets	3,055	-
Employee leave benefits	15,727	-
Depreciation and amortisation expense	211,741	279,522
Share-based payments	94,019	42,612
Impairment of assets	-	118,884
Taxation expense	-	185,738
Decrease in investments	-	1,358
(Gain) on sale of investment property	(275,565)	-
(Increase) / decrease in receivables	(155,780)	502,044
Decrease / (increase) in prepayments	24,882	(24,496)
Decrease / (increase) in other assets	20,094	(6,956)
Increase in trade and other payables	305,899	166,279
Increase in provisions	4,556	10,586
Net cash (used) in operating activities	(1,403,354)	(133,926)
Reconciliation of Cash		
Cash at bank and on hand	3,383,222	1,677,280
	3,383,222	1,677,280



Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2020

9. ISSUED & PAID UP CAPITAL

	2020	2020	2019	2019
	No.	\$	No.	\$
Ordinary shares fully paid				
At beginning of the financial period	148,777,688	8,626,435	143,599,988	14,254,212
Shares issued during the year	36,444,321	1,812,216	5,177,700	187,108
Demerger of subsidiary	-	-	-	(5,814,885)
Less capital raising costs	-	(35,000)	-	-
At 30 September	185,222,009	10,403,651	148,777,688	8,626,435

10. EVENTS SUBSEQUENT TO REPORTING DATE

- (a) **6 October 2020** – Oliver Barnes and Andrew McBain each stepped down from the Board of Directors.
- (b) **22 October 2020** – Completion of an initial five-hectare planting of avocado trees at Alterra’s flagship Carpenters Project near Pemberton, Western Australia.
- (c) **19 November 2020** – Alterra entered into a contract to sell the third and final tranche of its non-core legacy asset, Dambadgee Springs.

11. CONTROLLED ENTITIES

	Country of	Class of	Percentage Owned %	
	Origin	Share	2020	2019
Broadacre Land Holdings Pty Ltd	Australia	Ord	100	100
Carbon Fund Australia Pty Ltd	Australia	Ord	100	100
Carpenters Beedelup Pty Ltd	Australia	Ord	100	-
Food Fibre Carbon Pty Ltd	Australia	Ord	100	100
WA2 Milk Pty Ltd	Australia	Ord	100	100
Yathroo Dairy Assets Pty Ltd	Australia	Ord	100	100



Notes to the Preliminary Consolidated Financial Statements
For the year ended 30 September 2020

12. COMPLIANCE STATEMENT

This report is based on financial statements to which the following applies:

- | | | | |
|-------------------------------------|--|--------------------------|---|
| <input type="checkbox"/> | The financial statements have been audited. | <input type="checkbox"/> | The financial statements have been supplied to review. |
| <input checked="" type="checkbox"/> | The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> | The financial statements have not yet been audited or reviewed. |

Oliver Barnes
Chief Executive Officer

Date: 30 November 2020