



# Alterra

Originate | Develop | Manage

## Alterra (ASX:1AG) Carpenters Development

06 May 2021

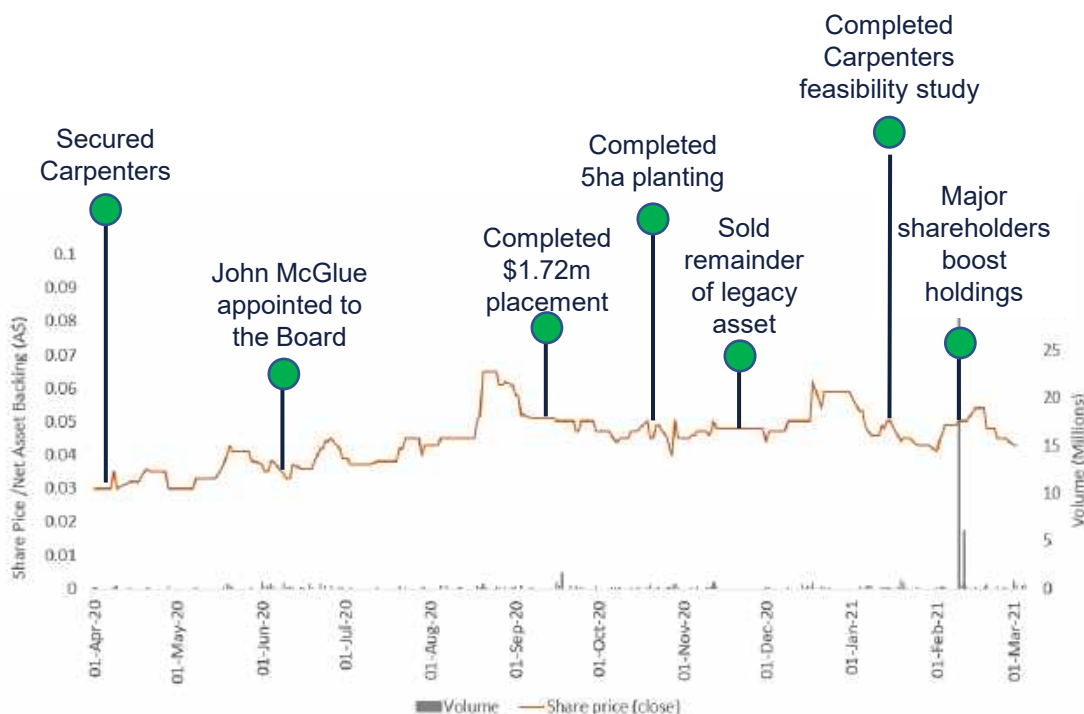




ASX-listed originator and developer of water and land assets in Australia.

Alterra works directly with landowners to develop water assets and reposition land into top tier horticultural assets.

Alterra creates direct investment opportunities for sophisticated investors to gain exposure to the growing value of water.



## KEY METRICS

52W High	AUD	0.065
52W Low	AUD	0.028
Issued Capital	million	185.2
Options on Issue @\$0.04 exp 9 Dec 23	million	18
Market Capitalisation 4.3c/share	AUD \$m	8
Cash on Hand	AUD \$m	2.5
Net Assets	AUD \$m	4.81
30 Day VWAP	AUD	0.043

Note: Metrics as of 31 March 2021.

## KEY SHAREHOLDERS

Sandon Capital	22.21%
Emanuel Exports	19.95%
Directors & Advisory Board	5.30%
Technical Partners	2.23%

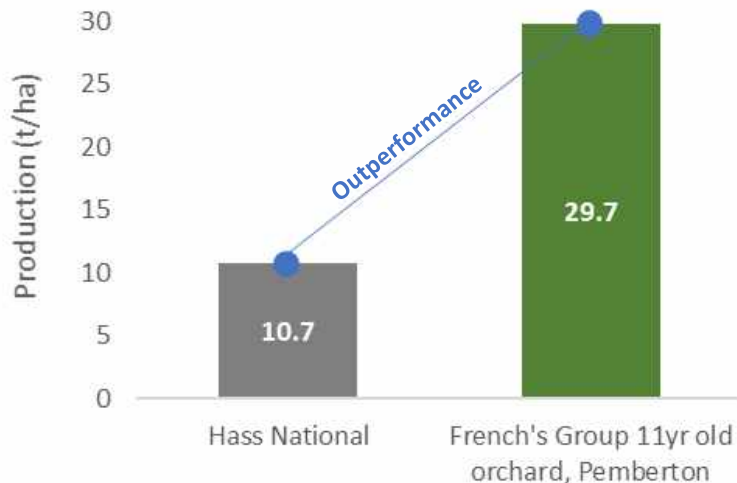
# Why Invest in Alterra?



- Direct exposure to water and land development
- Once developed, Carpenters will produce about 1 in 10 avocados eaten in Australia between October and February
- Pemberton – internationally recognised premium avocado region with a unique climate and marketing window
- Planting commenced CY20 – multiple value steps over next 12 months

## LOCAL EXPERTISE

Alterra's local partner French's Group has consistently outperformed the national production average



*\*French's Group is Alterra's local avocado partner for South-West of Western Australia. Alterra's production system has been informed by French's Group's proven production model.*

Source: Avocados Australia. "2019 Orchard Info Report". November 2019.  
/ French's Group proprietary production data 2019-20 season

## TOP TIER WATER & LAND ASSET

Carpenters has the ideal water, soil, climate and market window for large-scale avocado production



Development land



Avocado orchard

### Long Term Input Assumptions

**Yield:** 22.5 – 32.5 tonnes per ha per annum

**Forecast Price:** \$6,000 per tonne

**Project Life:** 50 years, modelled 30 years

**300ha Production over 30 years:** 185,000 tonnes

## Carpenters Project is Alterra's 100% owned flagship 300ha water and land development project

- Large-scale horticultural development located in Pemberton, Western Australia
- \$33.8m development cost
- Estimated \$1.1bn project life revenue<sup>1</sup>
- 5ha planting completed October 2020
- 52ha planting starting October 2021
- 4,100ML dam construction underway
- Balance of 300ha orchard set for development over the next three years
- Carpenters targeting to be 10% of WA's avocado planted area<sup>2</sup>



<sup>1</sup> Source: Carpenters Feasibility Study December 2020, based on developing 300-hectares producing 185,000 tonnes over the next 30-years at a long-term forecast price of \$6,000 per tonne

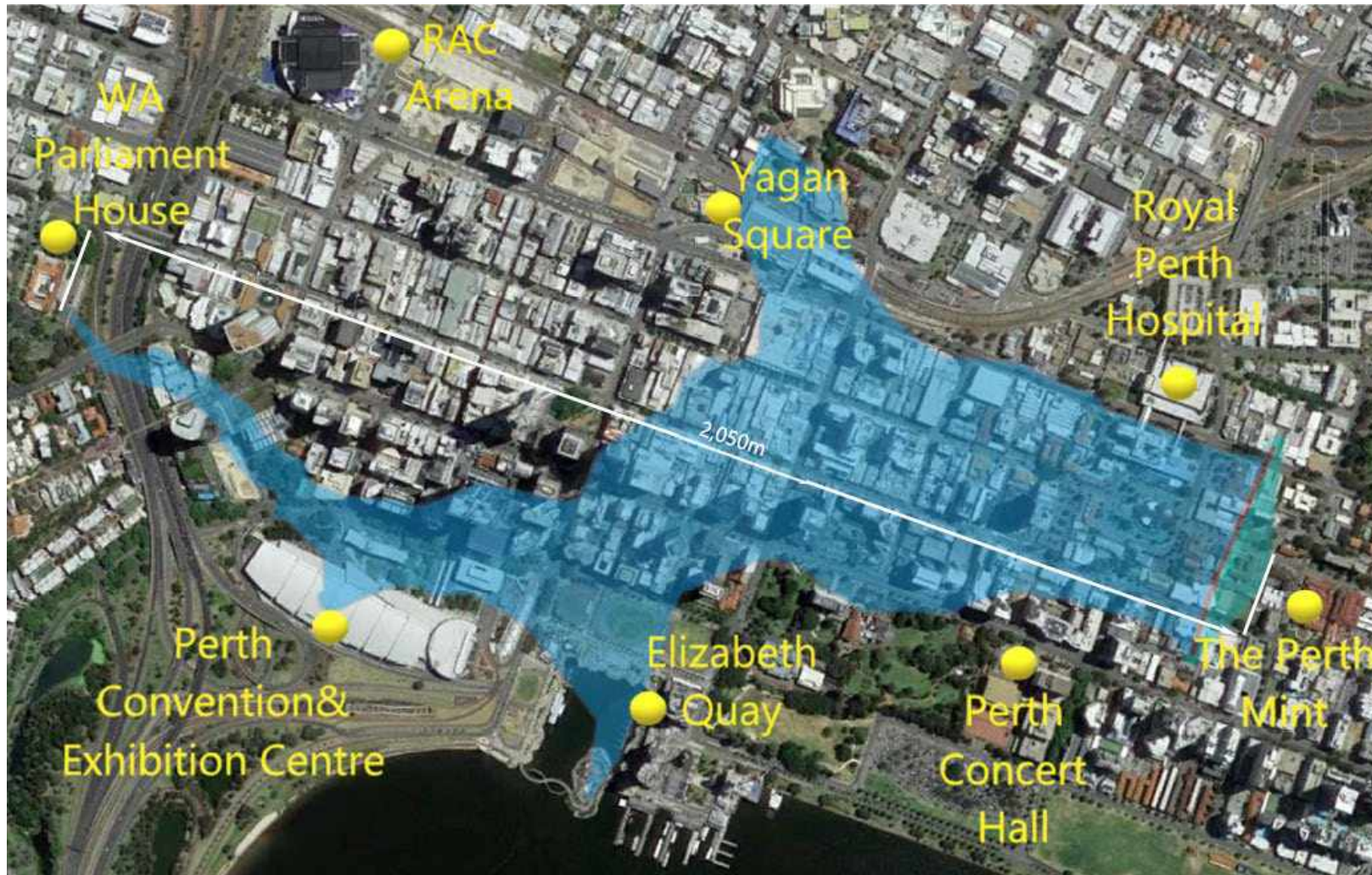
<sup>2</sup> Source: Avocados Australia. "Avocados Australia's 2019 OrchardInfo Report". This report has been produced by project *Avocado industry and market data capture and analysis*.



# “Lake Carpenter”



Largest private dam to be constructed in the last 20 years. At 4.1 billion litres, Alterra's dam will hold the equivalent of 1,640 Olympic-sized swimming pools.





# Dam Fully Funded & Under Construction









# Stage 1 – Accelerated Crop Establishment



**5-Hectare Planting – October 2020**



**5-Hectare Planting – March 2021**



**28 April 2021**



# Stage 2 - 52 Hectares Commenced







## CARPENTERS

BEEDELUP



### Land Secured

- ✓ 50-year lease
- ✓ 300ha plantable area



### Water Secured

- ✓ 4,100ML dam funded & under development
- ✓ 3,000ML water licence



### 300ha Feasibility Completed

- ✓ Feasibility accepted by Board
- ✓ Development blueprint adopted
- ✓ Initial 5ha established



### Project Development Underway

- ✓ Infrastructure established
- ✓ Stage 2: 52ha site preparation commenced
- ✓ 52ha planting October 2021



### Market Access

- ✓ Packing and export centre 30km from site
- ✓ Premium marketing window
- ✓ Access to domestic and international markets

**Carpenters has all the components required for a top tier horticulture asset**

Not all images are representative of the Carpenters site and are for illustration purposes only



In 2019, global avocado production hit 7.2 million tonnes with 2.6 million tonnes of fruit traded internationally (AU\$10.4 bn<sup>2</sup>) with domestic and export markets forecast to increase over the long term

## Burgeoning Demand

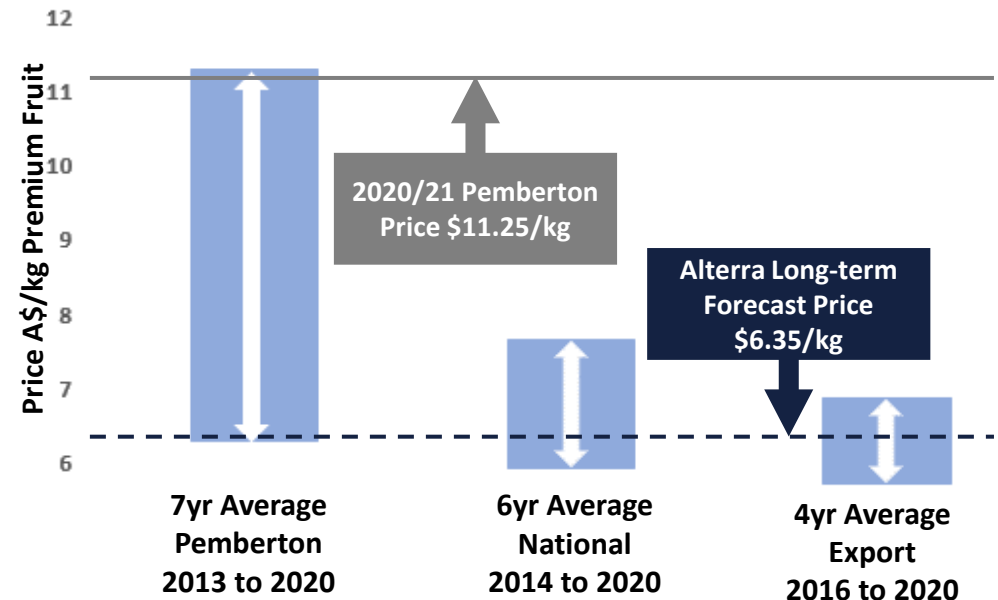
- Domestic: per capita consumption of 3.8kg per person, which is expected to increase to 7.1kg per person by 2035<sup>1</sup>
- Pemberton marketing window (September to February) aligns with period of peak prices and supply shortages
- Global avocado 2019 trade 2.6 million tonne @ 5-year CAGR of 11.5%<sup>2</sup>
- South & East Asia (excl. China) imports of c.116,000t in 2019 @ 5-year CAGR of 11.5%, with only c.4,000t supplied by Australia<sup>2</sup>



The APMS packing & exporting facility located 30 kms from Carpenters

Image: Advanced Packing & Marketing Services (APMS) <https://www.advancepackingandmarketing.com.au/>

**Alterra adopted conservative forward-looking prices in its feasibility study, to deliver a robust development capable of weathering a substantial reduction in avocado prices**



Source: French's Group / Avocados Australia, "Facts at a Glance 2019-20", November 2020

1 Source: Fresh Market Intelligence, "Market Analysis for Australian Grown Avocados", December 2020  
2 Source: ITC Trademap

# Key Project Financial Metrics



Benchmarking (Maturity)	\$/ha average	\$/tray equiv (5.5kg) average
Revenue	\$161,200 per ha	\$33.06/tray
<b>NPV</b>		
Project NPV at 8.0% WACC	\$m post tax	\$99.3m
Project IRR	% pre/post tax	22.4% pre-tax 20.1% post-tax
<b>Project Assumptions</b>		
Planting Stages	Stage	Stage 1: 5ha completed <b>Stage 2: 52ha commenced</b> Stage 3: 160ha Stage 4: 83ha
Development Funding Required	AUD	Stage 1: Complete <b>Stage 2: \$3.0m</b> Stage 3: \$10.9m Stage 4: \$19.9m
First Revenue		2023
Yield	Avg t/ha at maturity	27.5 tonnes
Life of orchard	# harvests	30
Avocado Price (WAV)	\$/kg (\$/tray equiv.)	\$6.01 (\$33.06)

Figures are based on Alterra's feasibility study, as accepted by the Alterra Board in December 2020. The amounts reported are net of management fees and presented on the basis that the project is and continues to be 100% owned by Alterra



French's Group Avocados

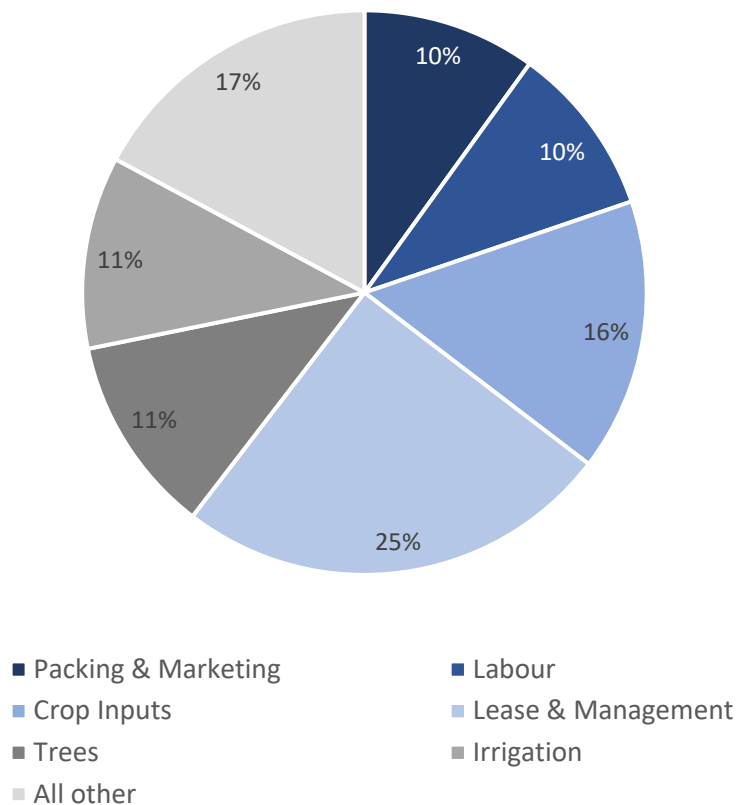
Source: Carpenters Feasibility Study December 2020





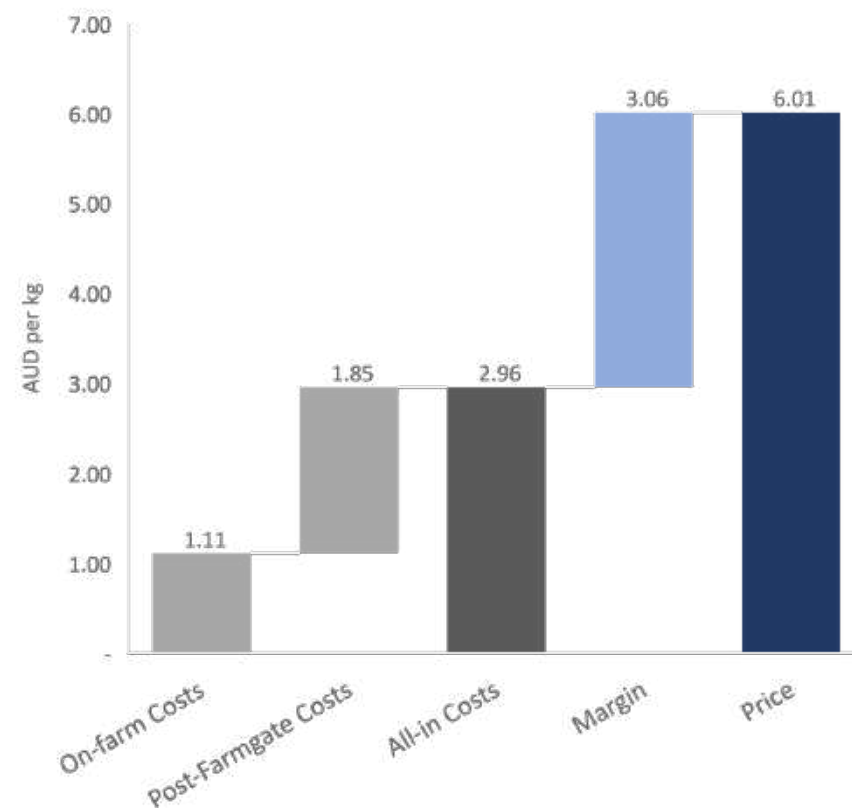
## Development Funding Use of Funds

Capital expenditure represents 27% with the remaining funds used to cover operational expenditure as the orchard matures



## Indicative Margin Analysis

Carpenters is targeting a production cost delivered to market of \$2.96 per kg which equates to 65c per avocado<sup>1</sup>



# Carpenters Development Roadmap



Project origination, feasibility & priming for development stage

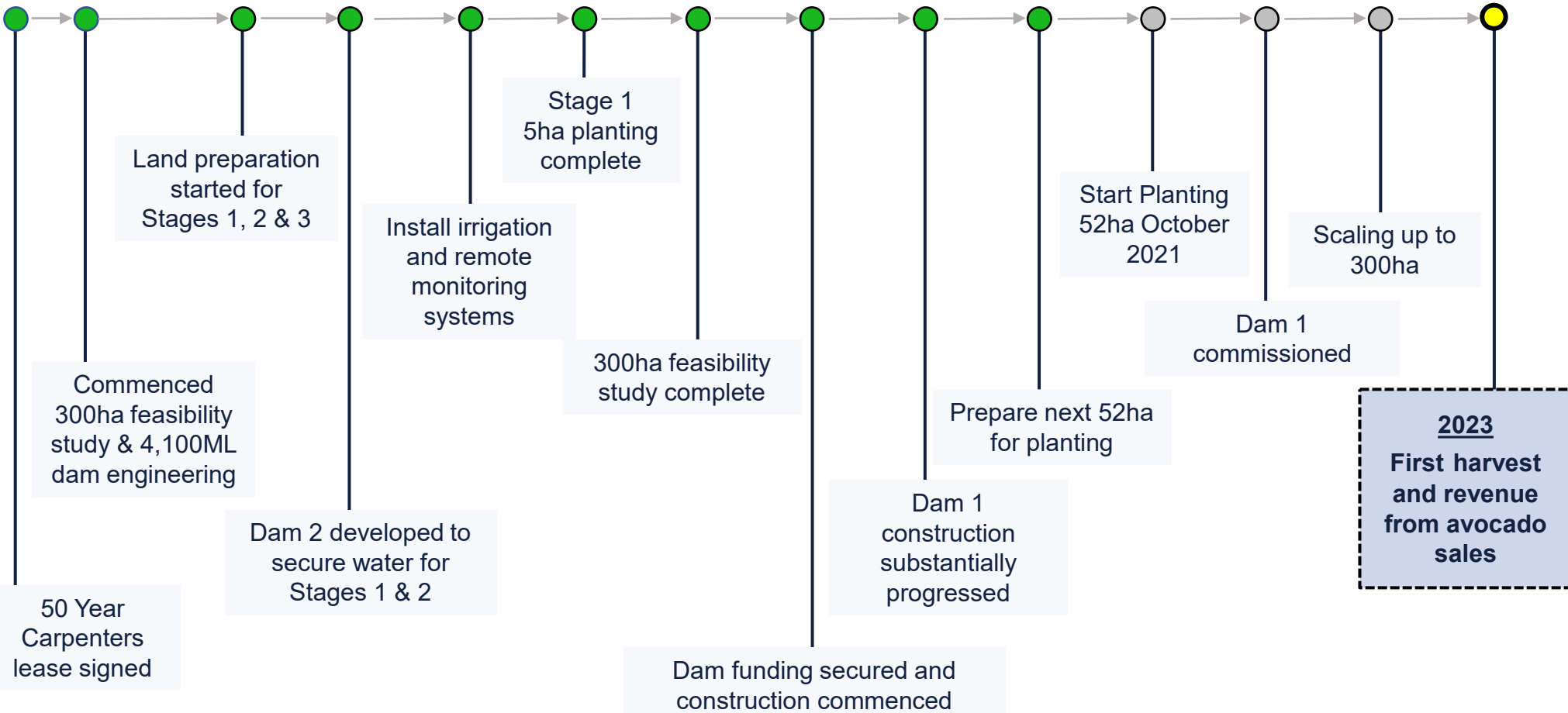
Stage 2 development & value add

Revenue growth to realise value

2020

2021

2022 onwards





# Sustainable Development Goals - Creating Positive Change



The Company's developments are supported by local execution partners and landowners with extensive horticultural and generational farming experience. Alterra promotes sustainable agriculture, enhances economic livelihood, generates productive employment in rural communities and embraces the United Nations Sustainable Development Goals in all aspects of our operations





**JOHN MCGLUE**

*Chairman*

30 years of corporate communications and financial markets experience.

Corporate transactions, complex disputes and shareholder activism specialist.



**JOHN PALERMO**

*Non-Executive Director*

Chartered Accountant with 22 years of experience in corporate accounting.

Chair of Chartered Accountants Australia and New Zealand.



**OLIVER BARNES**

*Chief Executive Officer*

BSc Agricultural Business Management

14 years of asset development experience covering agricultural, horticultural, and forestry assets in Australia, Sub-Saharan Africa and Eastern Europe.



**HENK LUDIK**

*Chief Operating Officer*

B.Eng, MSc Eng, MBA

16 years of infrastructure and large-scale project development across Africa, Europe, North America and Australia.



**JOHN POYNTON AO**

*Chair of Advisory Board*

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

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



**MARK CLEMENTS**

*Non-Executive Director and Company Secretary*

25 years of experience in corporate finance, ASX compliance and corporate governance.

Fellow of the Governance Institute of Australia, and a Member of the Australia Institute of Company Directors.



**FRENCH FAMILY / FRENCH'S GROUP**

*Local Partner: Great Southern Region*

33 years developing high performance avocado orchards in Pemberton Region, WA.

Significant downstream avocado packing and exporting experience through packing business.



**STEVE LEDGER**

*Chief Financial Officer*

Masters of Applied Finance

Steve is experienced in commercial advisory and compliance services across Australia, the UK and the USA for large listed companies in areas including finance, property, mining and resources.





# Forward-looking Statements

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