

Optimisation of Stage 2 Planting at Carpenters

Alterra Limited (ASX: 1AG) (**Alterra** or **the Company**) is pleased to announce an update on progress at the Company's flagship Carpenters avocado project in Western's Australia premium avocado region between Manjimup and Pemberton.

As announced on 29 July 2021, the Company engaged Pendulum Capital Pty Limited (**Pendulum**) to project manage the coming planting program for Stage 2. The Pendulum team has decades of experience in developing and managing large-scale, highly profitable agriculture projects, including greenfield rehabilitation and planting programs.

Field preparations for Stage 2 have progressed to the extent possible. However, the unseasonably heavy rain in WA's South West has meant that a substantial portion of the site preparation has been affected and the wet ground makes it impossible to mobilise heavy equipment for final soil preparation and additional sub-surface drainage.

The Board and the Alterra technical team have worked alongside Pendulum to develop a strategy to optimise development plans with a strict focus on costs whilst managing site conditions to ensure the long-term performance and sustainability of the project.

The revised development strategy for Stage 2 includes:

- Higher density plantings
- Overall reduction in capex per tree
- High performance micro-sprinklers in line with industry standards in the district
- Extra water storage capacity to capture off-stream water on site to provide additional water security and open up further expansion potential beyond planned 300ha
- Reduced spring 2021 planting to approximately 7ha (circa 5,000 trees) due to heavy rain on site over winter, bringing the total planted area to approximately 12ha
- Balance of Stage 2 planting in spring 2022
- Enhanced drainage and infrastructure on site to service growth in 2022 and beyond
- Commencing preparations to plant up to 60,000 trees across 85ha in spring 2022.

The Company is now proceeding to order the necessary machinery and equipment long lead time items for Stage 2 and future plantings on the Carpenters project.

At full planting, the Carpenters project will be serviced by a major dam currently under construction. Construction of the fully funded dam continues to advance, albeit the unseasonably heavy rain has interrupted the construction schedule.

Alterra has also decided to explore a cost-efficient plan to expand the existing off-stream dam which currently services the 5ha Stage 1 trial planting completed in 2020, mitigating inherent risk from a single water source and adding valuable water security.

Alterra Chairman John McGlue said the recent work on Carpenters, carried out in conjunction with advisers Pendulum, had identified numerous avenues to lower costs and build efficiencies into the project.

"Key for Alterra is to ensure the long-term performance and sustainability of this large scale, world class asset, a principle that underpins our decision to approach the Stage 2 planting according to the current weather conditions," he said.

"We don't expect any material delay to overall project cashflows, but we do anticipate higher yields and scale benefits from the re-configured blocks. Importantly, the changes reduce overall capex per tree and fortify the project economics."

In keeping with previous practice, a final investment decision on Stage 3 of the project development will be made at a date closer to scheduled planting and subject to routine commercial considerations.

Mr McGlue said the advice from Pendulum had been invaluable through the project optimisation process.

"We are pleased with the comprehensive advice received from Pendulum Capital and overwhelmingly support the recommendations made on developing and optimising Carpenters," he said.



As announced on 29 July 2021, Alterra is progressing with the identification of a new CEO to oversee the corporate entity and to assess other opportunities across the horticulture and agriculture sectors, as well as a new General Manager – Carpenters to execute the Carpenters project development.

This announcement has been authorised by the Board of Directors of Alterra.

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About Alterra Limited

Alterra is an originator, developer and manager of land and water assets in Australia. Our strategy is 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 and agricultural assets.

Following completion of the 300 hectare Feasibility Study for our flagship Carpenters avocado project in WA's South-West, Alterra focused on managing a 5 hectare trial site and preparing for Stage 2 of the development, which is now underway.

Alterra continues to assess growth opportunities fitting within strategy.

Visit alterra.com.au for more information.

Forward Looking Statements

This announcement contains forward-looking statements that involve risk and uncertainties. Indications of, and guidelines or outlook on, financial position and returns, performance, targets, timelines, estimates and assumptions in respect of production, prices, operating and other costs, capital expenditures and development timelines are forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.