

Alterra Secures New \$2.5 Million Income Stream for Investment Property

Summary

- Alterra has entered into a Property Rights Agreement for its investment property Dambadgee Springs
- The Property Rights Agreement provides Alterra with annual payments which over a 25-year period have an absolute aggregate value of \$2.5 million
- The additional contracted income complements agricultural land use activities and potentially enhances the realisable value of this investment
- Alterra to make a decision as to the sale of the investment property in Q1 2020

Alterra Ltd (**Alterra** or **Company**) is pleased to inform the market that it has executed a Property Rights Agreement with Yandin Wind Farm project proponent Yandin WF Pty Ltd (**Yandin**) for its investment property Dambadgee Springs. Yandin wind Farm is a RATCH and Alinta Energy investment managed by Alinta Energy.

The Property Rights Agreement secures Yandin's rights to construct and efficiently operate wind turbines at the Yandin Wind Farm in Dandaragan Western Australia and in return will deliver Alterra annual payments that will have an absolute aggregate value of \$2.5 million over 25 years. The additional contracted income stream complements the asset's agricultural incomes and potentially enhances its realisable value.

Annual payments under the Property Rights Agreement are anticipated to commence in December 2019 and are otherwise subject to the terms and conditions of the Property Rights Agreement, set out in this announcement.



Dambadgee Springs, Dandaragan WA

Dambadgee Springs Property

The Company purchased the 1,600 hectare property for \$4.2 million in March 2017 as an investment property with land use change potential including the development of an intensive new-generation System-5 style dairy.

While feasibility studies were indicative of potentially attractive returns from conversion to dairy, risks including the market conditions and WA processors' reluctance to commit to long term off-take agreements resulted in a decision not to proceed.



In December 2018, Alterra demerged its existing carbon business and under the leadership of new Managing Director Oliver Barnes is focused on working with landowners to develop underutilised agricultural land and water assets into investment-grade agricultural assets suitable for institutional ownership.

In addition to its historic use for dryland cropping and grazing, the property has characteristics that could support a number of enterprises including horticulture, permanent tree crops, intensive livestock enterprises and carbon farming.

No wind turbines will be located on Dambadgee Springs, only on neighbouring properties and the wind turbines will not affect the ongoing operations of current and prospective agricultural enterprises.

Alterra intends to decide as to whether it retains Dambadgee Springs for development or seeks to sell the property, along with its new revenue stream in Q1 2020. The property is currently leased for dryland cropping and grazing for \$210,000 p.a. generating a passive yield of 5% excluding the additional income stream generated from the Property Rights Agreement.

Yandin Wind Farm

Yandin WF Pty Ltd (owned by Alinta Energy and RATCH Group) is investing \$400M to build the Yandin Wind Farm which with fifty-one 4.2MW turbines is set to become Western Australia's largest wind farm. It is understood that 150 jobs representing almost 1 million hours of labour and 50,000 tonnes of turbines and machinery will be required to achieve a scheduled completion in mid-2020.

The high-quality wind resource in the region means the wind farm's long-term capacity factor is projected to be around 50% and result in the potential to power up to 200,000 WA homes.

Dambadgee Springs is situated immediately south and east of the Yandin Wind Farm and, while the details of the Property Rights Agreement are commercial and in confidence, the entities have agreed to terms that will provide the Yandin Wind Farm with surety of the right to construct and operate its wind turbines efficiently and deliver Alterra a commercially sound consideration.



Wind turbines digitally imposed onto photograph of neighbouring properties to Dambadgee Springs

Material Terms

The Property Rights Agreement is in effect and is subject to confidentiality. Its material terms include the following:

1. The landowner (Alterra) will not build, or allow others to build, a noise-sensitive dwelling on an agreed section of the property.
2. The landowner or any leasee will not construct or grow a structure or tree greater than 5m within 200m of a wind turbine.
3. Yandin will pay the landowner (Alterra) an annual payment (expected to commence in December 2019) each year for the term.
4. The annual payment will be indexed to CPI.
5. The term is expected to be for 25 years or until the wind turbines are decommissioned.
6. The agreement remains in effect until wind turbines creating a prescribed noise effect on Dambadgee are decommissioned.



Managing Director Comment

Managing Director Oliver Barnes said, “We are pleased to have reached an agreement that addresses the commercial imperatives for both the Yandin Wind Farm and Alterra, and in so doing will deliver value to both parties and the wider community.

This agreement concludes Alterra’s initial phase of property improvements. The Company will, in light its new business model, consider the asset’s strategic fit moving forward which includes potentially selling the asset in order to redeploy capital into near-term growth opportunities”.

Oliver Barnes
Managing Director

About Alterra

Alterra is a developer & manager of investment-grade agricultural assets focused on unlocking transformational investments that drive sustainable growth and leave a positive social, environmental and economic legacy. The Company is focused on ‘land use change’ opportunities in Australia for the development of land and economic water resources into high value tree crops that meet the investment criteria of institutional investors.

Forward Looking Statements

This document contains forward looking statements concerning the Company. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company’s actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of the Company. Such factors include, among other things, risks relating to counterparty funding requirements, energy prices, environmental regulation policies, zoning, operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential disputes. Forward looking statements in this document are based on the Company’s beliefs, opinions and estimates of the Company as of the date the forward-looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments. Although management believes that the assumptions made by the Company and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws. No representation, warranty or undertaking, express or implied, is given or made by the Company that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur.

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