

Update on Carbon Conscious investment, management rights

~15% shareholder return in CY 2019

Alterra Ltd (Alterra or Company) is pleased to provide an update on its investment in Carbon Conscious Investments Limited (CCIL), the carbon projects business in which Alterra holds a 15 per cent equity stake and management rights through to 2027.

CCIL was de-merged from Alterra on 31 December 2018 through an *in specie* distribution to shareholders as part of move to allow Alterra to focus on its core business of originating and managing large-scale agricultural projects targeting the institutional investor market.

As part of the de-merger arrangements, Alterra also agreed to provide working capital to CCIL in the form of a \$1 million loan.

Since the de-merger, Alterra has received from CCIL:

- \$502,200 in asset management and associated fees
- \$156,000 from shareholder distributions in the form of a return of capital and fully franked dividends
- \$56,607 interest from the working capital loan
- Early repayment of \$400,000 from the \$1 million working capital loan, which is repayable on or before 31st December 2020.

In total, CCIL has paid shareholder distributions of \$1,042,000 (plus franking credits) in the first twelve months following the de-merger. The CCIL board announced last month that it proposes to pay a further \$521,000 fully franked shareholder distribution in May 2020, subject to no change in business conditions.

Alterra estimates that the 2019 shareholder distributions represent an approximate 15% return on equity for CCIL shareholders in CY19.

Alterra expects CCIL's contracted income streams – from customers BP and Origin Energy – to remain stable over the course of the contracts through to 2027. In those circumstances, Alterra expects shareholder distributions also to remain stable.

Alterra Managing Director Oliver Barnes said CCIL continued to provide strong revenue to the Company and should continue to do so over the lifetime of the BP and Origin contracts.

“Alterra continues to reap financial benefit from CCIL, but the new arm's length relationship allows us to fully focus on our emerging core business,” he said.

“Revenue from CCIL importantly provides Alterra with material cash resources to allow us to implement our strategy and build our agricultural management business, with the ultimate objective of driving returns for our investors.

“CCIL is now a standalone business delivering strong returns and Alterra stands to generate substantial annuity income over coming years.”



As part of CCIL's development as an independent entity, Non-Executive Chairman Andrew McBain will retire at the CCIL AGM next month to focus fully on his role as an Executive Director of Alterra.

Mr McBain successfully lead the restructure of the carbon business which resulted in turning around a loss making enterprise, repaying significant debt, building a robust balance sheet and culimated with the de-merger. The de-merger has preserved shareholder value, enabled an attractive distribution flow and simplified the Alterra business structure.

Oliver Barnes

Managing Director

For further enquiries, please contact:

Oliver Barnes, Managing Director

P: (+61) 08 9204 8400 **E:** obarnes@alterra.com.au