

Optimising Water a Key Value Driver for Carpenters Project

10-Week Highlights

- Planting to commence September 2020 with an initial 5 hectares
- Global irrigation leader Netafim appointed
- Onsite field trial for precision irrigation system design completed
- Galt Engineering appointed for dam geotechnical studies and design optimisation
- Desktop studies highlight potential for 3x water storage required to support 300-hectare avocado orchard
- South West avocado nursery completes production of trees using Alterra's budwood

Alterra Ltd (ASX:1AG) (**Alterra** or **Company**) is pleased to provide the following update on the 300-hectare avocado development located in Pemberton, Western Australia. Land preparation has begun for 100 hectares, with the Company proceeding with an initial 5-hectare planting of avocado trees in September 2020.

The development is housed in a special purpose vehicle, Carpenters Beedelup Pty Ltd (**CBPL**). Project financing activities are underway for the larger development. Once Phase 1 planting has been completed, Alterra will seek to capitalise the remainder of the SPV through development capital partners.

In the 10 weeks since gaining access to the property, Alterra has advanced the asset and cost optimisation study, completed site investigations, mobilised contractors and started preparation for the Phase 1 planting schedule as outlined in the Carpenters Project Update presentation.

Dam engineering and cost optimisation is underway, with WA-based Galt Engineering appointed to conduct geotechnical studies for the property's dam sites. Galt's initial site investigations have shown the potential, subject to approval, for significantly larger water capture and storage capacity via two dam sites with further potential to secure irrigation scheme water from the Southern Forests Irrigation Scheme.

Dam site 1 has construction approval for a 3.0 gegalitre dam, holding enough water to fill 1,200 Olympic sized swimming pools. Land preparation has been completed for Dam 2, a second 1.8 gegalitre dam site. Three-phase power has been installed at both dam sites.

The Department of Primary Industries and Regional Development estimates that 7.5 megalitres of water per hectare is required for avocados production in the Pemberton region¹. The estimated water required to support a 300-hectare avocado crop at the Carpenters Project is c.2.25 gegalitres per annum. Alterra will continue to explore opportunities to conserve water and improve regional water security.

"Alterra offers investors an ethical way to capitalise on the rising value of water by developing agricultural land with water entitlements and identifying land activities that generate a higher value use for this water," said Alterra Managing Director Oliver Barnes

"The Carpenters Project possesses significant water development potential within the heart of a premium horticultural region. By developing infrastructure to capture and store this water Alterra is able to repurpose the blue gum plantation at Carpenters into an asset producing high-value crops such as avocados."

¹ <https://www.agric.wa.gov.au/water-management/growing-avocados-%E2%80%93-annual-water-requirements>).



Alterra has engaged global irrigation leader Netafim to assist Alterra in implementing an intelligent precision irrigation and fertigation system capable of increasing yields and shortening the period for return on investment.

Alterra, in collaboration with Netafim, recently ran a series of irrigation trials on the soils at Carpenters in order to optimise water delivery and nutrient efficiency within a targeted root zone.

Results from these trials indicate that Alterra could reduce both the water and power requirements at the Carpenters Project by up to 20 per cent, which is in line with Netafim's previous results achieved with avocado producers in Israel and on the East Coast of Australia.

"By using the knowledge and data provided by our local execution partners coupled with a simulated onsite irrigation trial, Alterra is using the feasibility period to fine tune the irrigation and fertigation design. This level of detail in the planning and preparation phase of the development is already benefiting the Company in optimising the future efficiency and productivity of this top-tier asset," said Mr Barnes.

Alterra has secured tree production capacity at South West avocado nursery Wildwood and has successfully grafted its own budwood genetics onto rootstock at commercial scale. Having recently expanded the nursery to accommodate the Carpenters Project, Wildwood now has capacity to produce 30,000 young avocado trees per annum which equates to c.100 hectares of plantings per annum.

"Renowned around Australia for its optimal production environment, mineral rich soils and high-quality water, Pemberton consistently produces a premium avocado recognised globally in the market. The region is able to achieve higher than average yields compared to other key growing regions around the country which is why Alterra has started its avocado investment program in Pemberton," said Mr Barnes.

The total land area leased at Carpenters is 500 hectares, and as such the Company has received interest from industry peers and local partners to consider additional high value horticultural activities for any surplus land and water at the property.

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About Alterra Limited

Alterra is a developer, manager and investor in fast growing, in-demand agricultural assets with a focus on 'land use change' opportunities in Australia, developing underutilised land and water into the next generation of agricultural assets capable of supplying premium whole foods. Alterra drives sustainable growth to leave a positive social, environmental, and economic legacy to unlock investment-grade returns. Visit alterra.com.au for more information.

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