

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Costa Group Holdings Ltd

ABN

68 151 363 129

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | <ul style="list-style-type: none">Fully paid ordinary shares issued under the Company's Employee Share PlanOptions issued under the Company's FY19 Long Term Incentive Plan. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <ul style="list-style-type: none">67,316 shares587,763 options |

+ See chapter 19 for defined terms.

- 3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

- **Shares**

Shares are issued under the Company's Employee Share Plan, under which shares are issued to eligible full time and part time permanent employees (other than executive employees and other members of senior management), in order to create a link between employment and share ownership through financial participation by eligible employees.

All shares issued under the Company's Employee Share Plan are fully paid ordinary shares, that will rank equally with all other ordinary shares on issue.

- **FY19 LTI Options**

Options issued under the FY19 Long Term Incentive Plan are subject to vesting conditions based on performance against defined criteria for the 3 year performance period from 1 January 2018 to the end of the 2020 financial year ("Performance Period").

75% of the options ("EPS Options") will be subject to a performance hurdle based on the Company's Earnings Per Share (basic) compound annual growth rate ("CAGR") over the Performance Period, with performance and vesting outcomes as follows:

Company's EPS CAGR over Performance Period	Percentage of EPS Options that will vest
Less than 10%	0%
10%	50%
Between 10% and 13%	50%-100%, on a straight line sliding scale
At or above 13%	100%

The Board retains discretion to adjust the calculation of EPS (for example, to exclude the impact of significant events that may occur during the performance period).

25% of the options ("Growth Target Options") will be subject to a performance hurdle based on geographic and category diversification and growth designed to support sustainable long term value creation linked to return on capital. Growth includes the scaling up of the avocado category pillar and continuing the growth trajectory of the Company's international joint ventures.

		The number of Growth Target Options that vest will be determined by the Board based on an assessment of the Company's performance during the Performance Period against the growth and diversification targets set by the Board Each vested LTI option entitles the holder to acquire one fully paid ordinary share in Costa Group Holdings Ltd, at any time from the vesting date until 1 March 2023, for an exercise price of \$6.58.
4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	• Shares rank equally with other ordinary shares in all respects. • Not applicable for options.
5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	• Shares issued under the Company's Employee Share Plan, to create a link between employment and share ownership through financial participation by eligible employees. • Options issued under the Company's FY19 Long Term Incentive Plan as long term incentive for executive employees (excluding the Company's CEO).

+ See chapter 19 for defined terms.

6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	No
6b	The date the security holder resolution under rule 7.1A was passed	
6c	Number of +securities issued without security holder approval under rule 7.1	
6d	Number of +securities issued with security holder approval under rule 7.1A	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	
6f	Number of +securities issued under an exception in rule 7.2	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	

7 ⁺Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

- Shares – 31 October 2018
- Options – 8 September 2018

8 Number and ⁺class of all ⁺securities quoted on ASX (*including* the ⁺securities in section 2 if applicable)

Number	⁺ Class
319,937,318	Fully paid ordinary shares

+ See chapter 19 for defined terms.

	Number	+Class
9		Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)
	361,904	Vested but unexercised options issued to senior executives (excluding the CEO) under the Company's FY16 Long Term Incentive Plan.
	50,000	Vested but unexercised options issued under legacy arrangements prior to the Company's listing.
	616,944	Vested but unexercised options issued to the CEO under the Company's prospectus lodged on 25 June 2015, prior to the Company's listing on the ASX.
	2,063,469	Unvested options issued to senior executives (including the CEO) under the Company's FY17 Long Term Incentive Plan.
	1,706,229	Unvested options issued to senior executives (including the CEO) under the Company's FY18 Long Term Incentive Plan.
	587,763	Unvested options issued to senior executives (including the CEO) under the Company's FY19 Long Term Incentive Plan (being the options referred to in section 2)
	75,498	Performance rights issued to participants in the Company's FY18 Short Term Incentive Plan.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The ordinary shares described in section 2 will rank equally with all other ordinary shares, including in relation to any dividends with a record date after the issue date.
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Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
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12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

+ See chapter 19 for defined terms.

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

- 32 How do security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 ⁺Issue date N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1 (ordinary shares only)

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
- 1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: - the date from which they do - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr style="height: 100px;"> <td></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



(~~Director~~/Company secretary)

Date: 1 November 2018

Print name: David Thomas

+ See chapter 19 for defined terms.

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+ See chapter 19 for defined terms.