

ASX ANNOUNCEMENT

5 March 2021

COSTA ANNOUNCES AGREEMENT FOR ACQUISITION OF SUNRAYSIA REGION KW ORCHARDS CITRUS FARM

Costa Group Holdings Limited (Costa; ASX: CGC), Australia's leading grower, packer and marketer of fresh fruits and vegetables, advises that it has signed conditional agreements for the acquisition of the farming operations of KW Orchards citrus farm and an associated packing operation, EJT citrus packing facility. Both of these assets are located in south west New South Wales and are within the Sunraysia region. The acquisition will increase Costa's citrus plantings in the Sunraysia region to circa 700 hectares.

KW Orchards has circa 600 hectares of land, with current citrus plantings of 312 hectares, 45 hectares of wine grapes and water assets including 1,076ML of permanent water licences, and a 100ML dam. The tree age profile has a majority of plantings less than 4 years old, and circa one quarter of plantings 10+ years.

"This quality acquisition will bring Costa's total citrus hectares in the Sunraysia region to circa 700 hectares, with further acquisitions in this region planned over CY21. KW Orchards has an attractive varietal mix well suited to the export market, and it will play an important role in our capacity to take further advantage of strong citrus export demand", said Costa Group CEO Harry Debney.

The EJT packing facility is a medium scale citrus packing operation located 30 minutes from the KW farm and will provide a suitable interim packing solution. As noted at the company's recent full year CY20 results announcement, the company has commenced preliminary planning for development of a large-scale, state of the art citrus packing facility to be sited in Mildura, Victoria which is also located in the Sunraysia region. The facility will have the capacity to pack both Costa and third-party volumes from the Sunraysia region.

Given the maturing tree age profile, the acquisition is forecast to be marginally earnings accretive in 2021, with the year on year yield growth providing forecast growth in earnings contribution in subsequent years.

This acquisition will bring the company's total to circa 3,435 hectares in the South Australian Riverland and Sunraysia. Total hectares in Sunraysia will now be circa 1,100 hectares – circa 700 hectares of citrus, 250 hectares of table grapes and 130 hectares of wine grapes.

The acquisition will be funded from existing debt facilities and is expected to be completed in late March 2021.

Release authorised by David Thomas, Company Secretary, Costa Group Holdings Limited.



About Costa (ASX:CGC)

Costa is Australia's leading grower, packer and marketer of fresh fruit & vegetables and operates principally in five core categories: berries, mushrooms, glasshouse tomatoes, citrus and avocados. Operations include approximately 5,000 planted hectares of farmland, 30 hectares of glasshouse facilities and three mushroom growing facilities across Australia. Costa also has strategic foreign interests, with majority owned joint ventures covering six blueberry farms in Morocco and four berry farms in China, covering approximately 600 planted hectares.

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