

## ASX ANNOUNCEMENT

5<sup>th</sup> July 2017

### **COSTA ANNOUNCES NEXT STEP IN GROWING ITS AVOCADO BUSINESS TO BE MARKET LEADER**

Costa Group Holdings Limited (Costa; ASX: CGC), Australia's leading horticultural company advises that it has signed an agreement for the acquisition of the Lankester Avocado orchards and packing operations from the Lankester family.

"This strategic acquisition is another step in executing our strategy to build avocados into our fifth vertically integrated core produce pillar. Our production and supply period will now span from February to August, bringing us closer to achieving 52 week supply and our ultimate goal to be the number one grower, packer and marketer of avocados," said Mr Harry Debney, CEO Costa Group.

Lankester Avocados is a grower of high quality avocados with three farms located in the Atherton region of Far North Queensland. The business also undertakes packing and marketing activity for third party growers.

There are total plantings of 130 hectares across the three farms with the season running from February through to June. An additional 60 hectares will be planted over the coming 12 months.

"With the current circa 370 hectares of avocados Costa has in central Queensland and the South Australian Riverland, this acquisition will bring the Company's total plantings to circa 500 hectares and allow us to continue to build our production scale", said Mr Debney

The acquisition agreement has been entered into in conjunction with Macquarie Agricultural Funds Management (MAFM). Under the agreement, MAFM will purchase the farms and enter into a 20-year lease with Costa to operate them. This is the second acquisition under an arrangement between the two parties (announced in December 2016) to jointly consider M&A projects.

The Lankester family will remain with the business to perform key management and operational roles.

"The Lankester family have been in the Atherton region for many years and they have built their business into one that has a strong market presence with opportunity for future growth, which Costa found to be an attractive proposition when considering our next avocado investment", said Mr Debney.

The acquisition is expected be completed by the end of July 2017. The acquisition price will not be publicly disclosed at the request of the parties.

#### **About Costa**

*Costa is Australia's leading horticultural company and operates principally in five core categories: berries, mushrooms, citrus, glasshouse tomatoes and avocados. Operations include more than 3,500 planted hectares of farmland, 30 hectares of glasshouse and seven mushroom growing facilities across Australia. Costa also has international operations, with interests in five blueberry farms in Morocco and two berry farms in China.*

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