

## **ASX ANNOUNCEMENT**

**16 November 2018**

### **COSTA ANNOUNCES AGREEMENT FOR ACQUISITION OF NANGILOC COLIGNAN FARM**

Costa Group Holdings Limited (Costa; ASX: CGC), Australia's leading horticultural company, advises that it has signed a conditional agreement for the acquisition of the farming operations of Nangiloc Colignan Farm (NCF) located in the greater Sunraysia district of North West Victoria.

NCF is a grower of high quality citrus and grapes across 567 hectares, which includes 240 hectares of citrus, including 103 hectares of Afourer mandarins and 105 hectares of oranges, 204 hectares of table grapes and 123 hectares of wine grapes.

The transaction agreements for the purchase of NCF's farming operations have been entered into in conjunction with a subsidiary of CK Life Sciences Int'l (Holdings) Inc. (CK Life Sciences). Under the agreement, the CK Life Sciences group will acquire the farm (subject to satisfaction of various conditions) and subsequently enter into a 20 year lease of the farm to Costa.

The principal activities of CK Life Sciences are investment holding and the activities of its subsidiaries include investment in nutraceuticals, pharmaceuticals and agriculture-related products and assets.

Costa CEO Harry Debney said the acquisition and its focus on the Sunraysia growing region opens up growth opportunities which are not available in the South Australian Riverland, an area where Costa produces approximately half of the citrus crop.

"This acquisition and location in the Sunraysia region will reduce reliance on any one region in our portfolio and will also open up additional growth opportunities. In particular, with respect to Afourer mandarins and navel oranges this will allow us to further take advantage of export market demand", said Mr Debney.

With circa 3,800ML of water under permanent licence the NCF farm also has over 100ML of irrigation dam capacity. Up to a third of the NCF citrus plantings are less than five years old, while the majority of table grape sales from the farm will be sold into export markets. NCF also has attractive plantings of proprietary table grape varieties, while it is intended over time to convert the wine grape plantings to primarily citrus plantings. On farm infrastructure presently includes a main operating shed, cool rooms, machinery sheds and workshops.

"Over recent years Costa has embarked upon both greenfield growth and M&A activity in the citrus category. This has been fuelled by expanded favourable export markets and free trade agreements with countries including Japan, South Korea and China. In order to further capitalise on this, Costa is trialling several new mandarin, orange and lemon varieties on commercial sized blocks that have market potential with improved attributes including, seedless, high brix (sugar), red flesh and different maturity timing", said Mr Debney.



With the current 2,429 hectares of citrus category plantings Costa has in the South Australian Riverland, the NCF acquisition will bring the Company's total plantings in the Riverland and Sunraysia regions to 2,996 hectares.

The acquisition is expected be completed in late 2018.

**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 4,500 planted hectares of farmland, 30 hectares of glasshouse facilities and seven mushroom growing facilities across Australia. Costa also has strategic foreign interests, with majority owned joint ventures covering six blueberry farms in Morocco and three berry farms in China.*

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