Market update and equity raising

October 2019

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Disclaimer

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- eligible institutional shareholders of Costa ("Institutional Entitlement Offer"); and
- eligible retail shareholders of Costa ("Retail Entitlement Offer"),

under section 708AA of the Corporations Act 2001 (Cth) ("Corporations Act") as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 (together, the "Entitlement Offer"). Unless the context otherwise requires, capitalised terms and abbreviations have the meaning given in the glossary at the end of this Presentation.

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Disclaimer

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Contents

Overview

Trading update CY19

- Previously foreshadowed challenges facing the company have continued to crystallise. In addition prolonged extreme dry and hot conditions are now impacting fruit sizing and yield in avocados, blueberries and the late season citrus crop
- As a consequence, CY19 guidance is reduced to EBITDA-SL of approximately $98 million and NPAT-SL of approximately $28 million, recognising the challenges of forecasting in the current environment
- Costa business model and strategy remain robust to deliver strong shareholder returns in the medium to long term

Outlook CY20

- At this point in time based on current information Costa expects CY20 EBITDA-SL to be approximately $150 million and NPAT-SL to be approximately in line with CY18 NPAT-SL (which was $56.6 million) prior to taking into account the impact of the equity raising
- The 2020 forecast contemplates a moderate improvement of dry weather and drought conditions in Australia and more normal season and crop cycles in Australia and Morocco. Should the severity of current drought conditions persist or intensify the company will be required to deal with reduced availability of water in some regions, increased water consumption by crops, high water cost, as well as impacts on yield, fruit size and timing dependent on regional variation in heat and dry conditions and individual crop responses

Overview continued

Costa equity raising

- Costa has invested over $400 million in capex and M&A since IPO in five expansion programs without any equity injection
- Costa today announces that it is raising approximately $176 million through a fully underwritten[1] accelerated renounceable pro-rata entitlement offer with retail rights trading (“PAITREO” or "Entitlement Offer")
- The equity raising will strengthen Costa's balance sheet and ensure that Costa has an appropriate capital structure in place to support the continuation of the company's growth strategy in light of recent trading and market conditions and the prolonged impact of drought conditions

Notes:

1. The underwriting agreement dated 28 October 2019 between Costa and the underwriter provides that the underwriter will not be issued any shares that would either cause it to breach the 20% takeover threshold contained in Chapter 6D of the Corporations Act 2001 (Cth) or Australia’s published Foreign Investment Review Board policy or which would require notification under the Foreign Acquisitions and Takeovers Act 1975 (Cth). The issue size is approximately 80.2 million shares or 20% of Costa’s issued capital post completion of the Entitlement Offer. If the underwriter was required to take up shares on issue which would otherwise cause it to breach or notify under these provisions then, for the purposes of ASIC Report 612 (March 2019), (i) it will still fund the entire underwritten proceeds in accordance with and subject to the terms of the underwriting agreement by the completion date; and (ii) given the total raising size is equal to 20% of Costa's post shares on issue, the number of excess shares above 20% would be equal to any additional interests the underwriter and its affiliates hold at the relevant settlement dates other than through its underwriting commitment, and (iii) it would enter into an arrangement for any excess shortfall shares to be issued to it, or to third party investors, after close of the offer at the same price as the Entitlement Offer price. No material impact on control is expected to arise as a consequence of these arrangements or from any shareholder taking up their entitlement where there is an excess shortfall. The directors of Costa reserve the right to issue any shortfall (including any excess shortfall) under the Entitlement Offer at their discretion. Any excess shortfall will be allocated to the underwriter or to third party investors as directed by the underwriter. The basis of allocation of any other shortfall will be determined by the directors of Costa at their discretion.

Updated Costa business outlook

In the August half year market report we highlighted three challenges facing the company and the difficulty in providing accurate future forecasts with further risks to performance foreshadowed. Unfortunately the downside risk of these challenges continues.

In addition, the prolonged and extreme dry and hot conditions across many of our operations are manifesting in actual and projected deterioration in fruit sizing and yield in citrus, avocados and blueberries exacerbating price declines.

In summary:

- Whilst referencing the difficult mushroom trading conditions in August we expected that these would ease as the year progressed. Unfortunately, trading remains difficult with little relief in demand and pricing. The Monarto project production facility is now being commissioned and the new phase 1 compost unit will be operational from January 2020. Monarto will progressively achieve full production from Q2 2020.
- We have accelerated the closure of aged higher cost mushroom sites in Tasmania and Queensland. Therefore the company expects to take a significant one off restructuring and impairment charge of $60-70 million in its full year financial statements. The charge will have minimal cashflow impact.

Updated Costa business outlook continued

- With raspberries, the financial impact of raspberry crumble continues to build with the season peak still to come. Intensive mitigation work is being done but this is taking longer than expected. Looking forward the impact for 2020 is expected to moderate.

- Industry peak blueberry volumes were anticipated prior to Costa peak volumes. However industry volume remains high resulting in continued price pressure. Full year impact will be material. Our premium Arana offering is providing some offset. Forward strategic initiatives previously outlined, including blueberry shoulder season expansion and raspberry and blackberry long cane programs, should provide positive uplifts in 2020.

- Continued extreme hot and dry conditions are negatively affecting fruit size and yield in avocados, blueberries and the late season citrus crop. In addition, the dry weather is resulting in significantly higher water costs at Guyra and in the Riverland. Extensive work is being conducted to ensure continued operations at the existing Guyra tomato operations, however a decision has been made to pause construction activity for the Guyra tomato expansion until we have sufficient water.

- The early and mid season Citrus harvest provided confidence for a strong full year outcome. However extended dry and hot conditions impaired fruit growth in late season navel orange and mandarins causing significantly lower fruit size and yield with lower pricing outcomes from smaller fruit grades. This has increased demand for water due to lack of rain with spot prices at high levels. Exports continue to achieve a positive result.

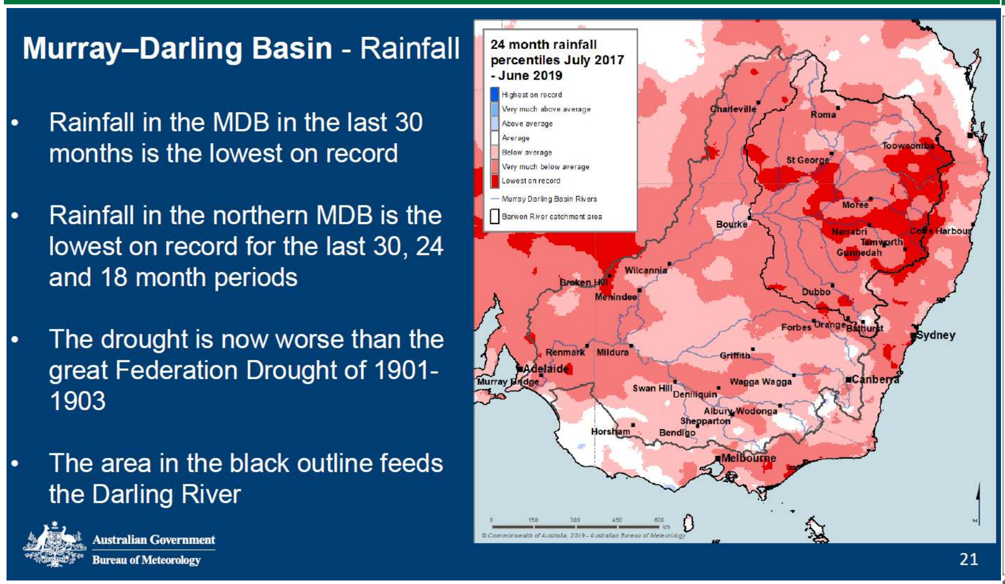
- The Costa portfolio is designed to deliver consistent earnings growth through a balancing of the over and under performance across our categories, as has previously occurred. Unfortunately CY19 forecast is for all produce categories apart from Tomatoes to deliver below expectation. Management is focused on mitigating these unusual impacts and ensuring Costa is well positioned, subject to receiving adequate rainfall in our operating regions, for a return to more balanced portfolio performance from CY20.

Trading update

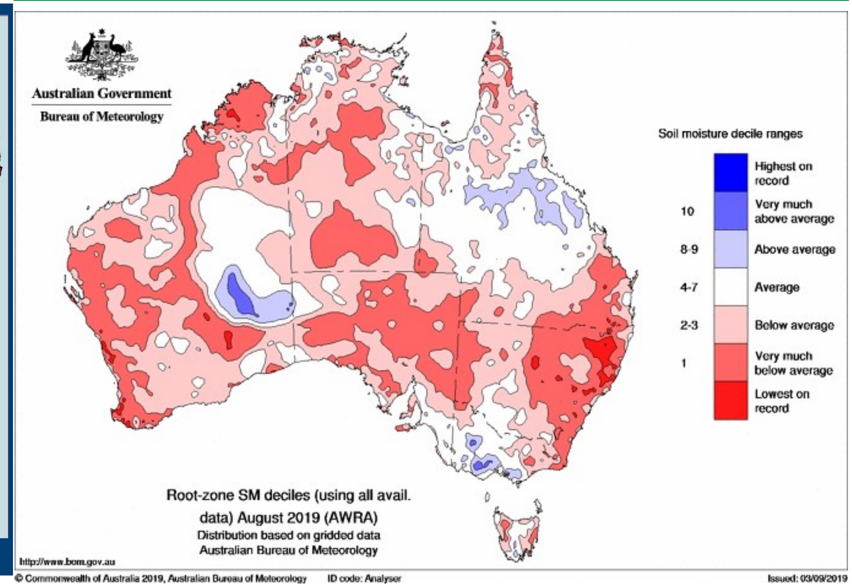
Drought conditions in Australia

Severe weather conditions resulting in extreme and prolonged dry and hot conditions in a number of our regions

Historically low levels of rainfall…



are impacting soil moisture levels throughout Australia



- Continued hot and dry conditions are affecting fruit size and yield in avocados, blueberries and the late season citrus crop
- Increasing water costs at Guyra and in the Riverland
- Significant CY19 earnings impact

Source: Australian Bureau of Meteorology

What has changed since the interim results?

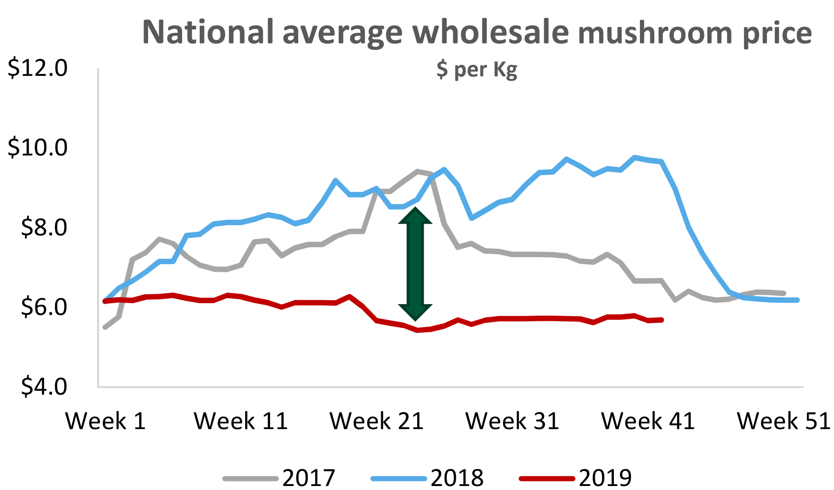
A key driver of Produce earnings volatility has been prolonged extreme dry weather which has impacted crop yields, negatively affected fruit size and resulted in lower pricing

Category	Impact	Comments
Mushrooms	↓	Channel mix, and pricing below forecast expectations
Berries	↓↓	Further price impact due to higher industry blueberry volume Blueberry sizing issue on late crop due to prolonged dry weather Raspberry crumble impost being actively managed but higher than initial estimates
Citrus	↓↓↓	Significant yield reduction on key late season varieties – summer navels, afourer and honey murcott mandarins
Avocado	↓↓	NSW season impacted by hail and fruit sizing Additional investment in crop nutrition programs
Tomato	—	In line with forecast, however some additional cost for water
International	—	Some royalty income deferred to 2020 due to timing of plant sales
Costa Farm & Logistics	—	In line with forecast

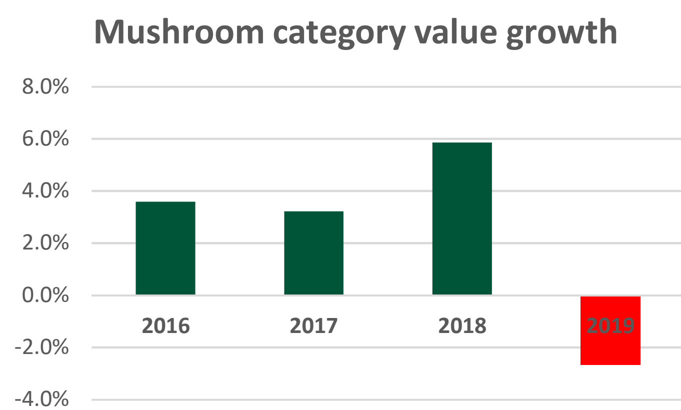
Trading update – Produce: Mushroom

Challenging current demand-supply-pricing dynamic in the industry

- Whilst referencing the difficult mushroom trading conditions in August, we expected that these would ease as the year progressed. Unfortunately, trading remains difficult with little relief in demand and pricing. The Monarto project production facility is now being commissioned and the new phase 1 compost unit will be operational from January. Monarto will progressively achieve full production from Q2 2020
- We have accelerated the closure of aged higher cost mushroom sites in Tasmania and Queensland. Therefore the company expects to take a significant one off restructuring and impairment charge of $60-70 million in its full year financial statements, the charge will have minimal cashflow impact



Source: Freshlogic

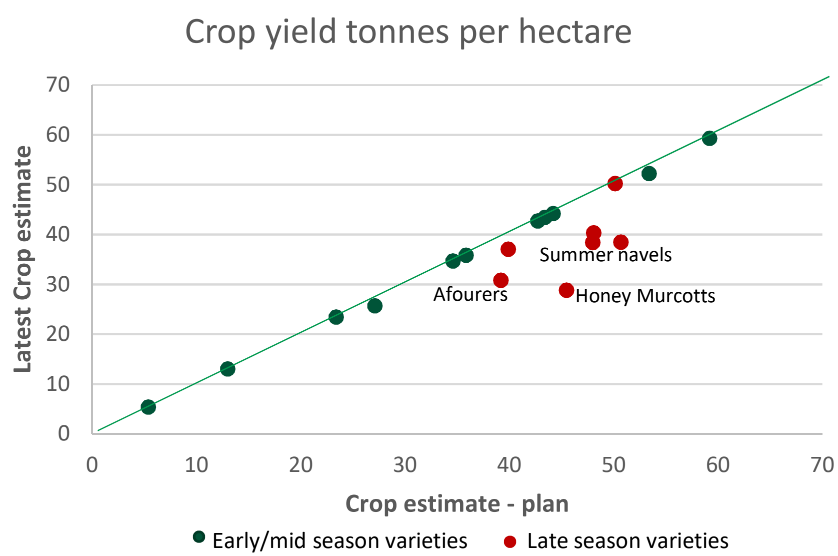


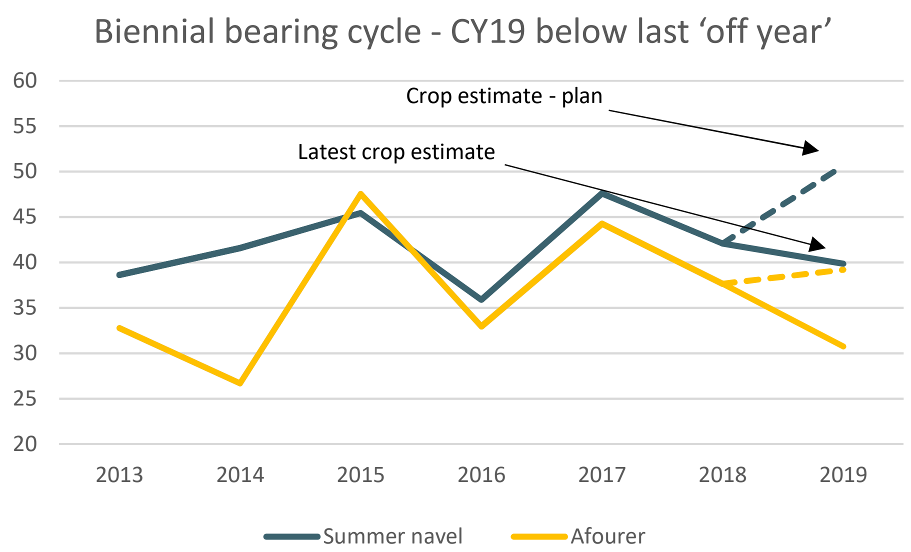
Source: Nielsen Homescan, 52 weeks MAT ending September

Segment update – Produce: Citrus

A poor finish to the season with smaller fruit size and lower yields. Export demand remained strong throughout

- The early and mid season Citrus harvest provided confidence for a strong full year outcome. However extended dry and hot conditions impaired fruit growth in late season navel orange and mandarins causing significantly lower fruit size and yield with lower pricing outcomes from smaller fruit grades. 2019 crop now estimated at ~90,000 tonnes
- The drought has increased demand for water due to lack of rain with spot prices at high levels
- Fruit fly – on site treatment established; no further fruit fly incidents have been detected
- Exports continue to achieve a positive result

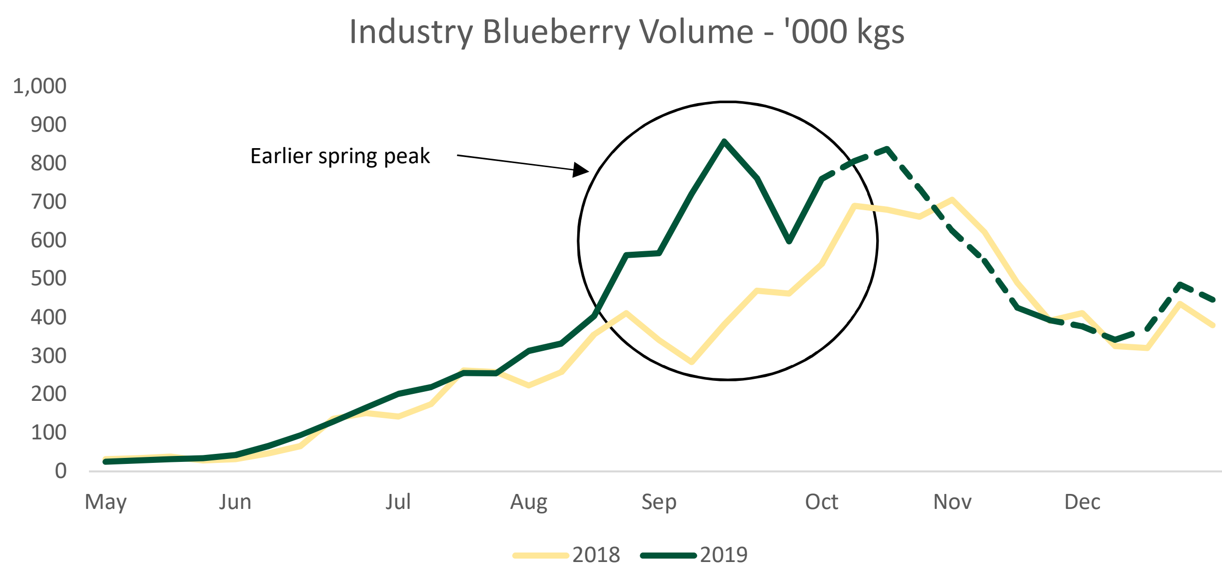




Trading update – Produce: Berry

Headwinds as foreshadowed have continued to impact CY2019 results

- The financial impact of raspberry crumble continues to build with the season peak still to come. Intensive mitigation work is being done but this is taking longer than expected. Looking forward, the impact for 2020 is expected to moderate
- Industry peak blueberry volumes were anticipated prior to Costa peak volumes. However industry volume remains high resulting in continued price pressure. Full year impact will be material. Our premium Arana offering is providing some offset
- Forward strategic initiatives, including blueberry shoulder season expansion and raspberry and blackberry long cane programs, should provide positive uplifts in 2020



Source: Nielsen Homescan

Trading update - Other

Produce	***Avocado: NSW crop impacted by hail at Comboyne farm, and small fruit sizing*** • NSW crop volumes impacted by drought conditions and a significant hail event at Comboyne farm in September; localised event to one farm • NSW regional fruit sizing lower than expectation; impacting farm and marketing earnings • Additional investment in farming inputs & nutritional programs • Overall farm production now ~900k trays this year, but still expected to reach ~2m trays over the next 5 years with on-going tree maturity ***Tomato: Going strong but dry weather impacting*** • Continued solid trading performance • Prolonged dry weather requiring alternative water solutions to be sourced • Decision taken to pause GH4 10ha expansion project due to water security concerns
CF&L	• Continued solid trading performance
International	• Crop development across Morocco and China in line with expectations. Early season volumes will commence harvest in CY19 across both regions with Agadir first contribution • Royalty income lower with timing of plant sales into H1 CY2020

Updated CY19 guidance and outlook for CY20

- CY19 has been a challenging and disappointing year, with performance below expectations, due to a combination of cyclical, one-off and structural issues
- This year our diversified business model has not been as effective as in prior years, however we continue to believe our portfolio of categories and growth strategy will deliver strong shareholder returns over the medium to long term
- CY19 guidance reduced to EBITDA-SL of approximately $98 million NPAT-SL of approximately $28 million, recognising the challenges of forecasting in the current environment
- The financial performance of our produce categories and International are expected to improve in CY20, supported by recent and ongoing investment in the business, operational initiatives and (for some categories) more normalised market conditions
- At this point in time based on current information Costa expects CY20 EBITDA-SL to be approximately $150 million and NPAT-SL to be approximately in line with CY18 NPAT-SL (which was $56.6 million) prior to taking into account the impact of the equity raising [1]
- The 2020 forecast contemplates a moderate improvement of dry weather and drought conditions in Australia and more normal season and crop cycles in Australia and Morocco. Should the severity of current drought conditions persist or intensify the company will be required to deal with reduced availability of water in some regions, increased water consumption by crops, high water cost, as well as impacts on yield, fruit size and timing dependent on regional variation in heat and dry conditions and individual crop responses.

1. *The after-tax interest saving from repaying debt with net equity raising proceeds is expected to contribute an additional approximate $3m to CY20 NPAT-S*

Key themes and assumptions for CY20

Produce: the forecast contemplates a moderate improvement of dry weather and drought conditions and more normal season and crop cycles in Australia and Morocco

	Factors considered in outlook
Mushroom	• New Monarto capacity fully commissioned during Q2 CY20 • Costa production network optimisation with higher cost sites closed • Current market pricing dynamic unsustainable with price pressure easing • Higher straw input cost with drought impact
Berry	• Improvement in FNQ blueberry production with 42ha replanted during CY19 • Raspberry crumble issues are substantially mitigated with modest carry over • Continued expansion of Arana premium program to offset commoditisation • Blackberries achieve 52 week coverage with modest earnings contribution
Avocado	• Continued volume growth from tree maturity at existing farms (~0.9 - 1.1m trays) • No significant fruit sizing issues with impact on pricing
Tomato	• Current strong performance continues from existing footprint • GH4 expansion paused to improve water security for the existing glasshouse • Additional water security addressed through bores and offtake agreements
Citrus	• Citrus yield to return back to average levels of a "off season" crop of at least 90k tonnes for the Riverland farms • Resolution of fruit fly issue • Water pricing remains elevated, with a reasonable outlook for allocations

Key themes and assumptions for CY20

International

	Factors considered in outlook
Morocco	• Morocco returns to a normal year of production, with yield volume and timing consistent with long terms trends • New incremental early season production from Agadir from December 2019
China	• Continued strong demand for blueberries • Production from Manhong farm to commence • Yield improvement with actions undertaken to address CY19 challenges (eg pollination)

Equity raising

Optimising Costa's capital structure

- Costa has been undertaking a major expansion program and has invested over $400 million in capex and M&A since IPO. This investment has:
  - Established a substantial and growing business in China
  - Built scale and 52 week supply across 3 berry types in Australia
  - Enhanced our mushroom capability through expansion in lowest cost production
  - Continued to build a citrus operation of scale with advanced packing automation
  - Established a new 10ha environmentally sustainable snacking tomato glass house facility
  - Established Avocados as the 5th vertically integrated produce pillar
- Costa has funded this expansion predominantly through cash flow and external debt, as well as some off-balance sheet financing, and while the current financial performance has been impacted by a number of challenges, Costa's footprint is well invested to deliver strong shareholder returns over the medium to long term
- Costa today announces that it is raising approximately $176 million through a fully underwritten[1] accelerated renounceable pro-rata entitlement offer with retail rights trading ("Entitlement Offer")
- The equity raising will strengthen Costa's balance sheet and position the company to deliver on current and future growth initiatives
- Although Costa’s strategy is growth oriented, management maintains a prudent and disciplined approach to capital deployment and generally targets a minimum return on capital of 20% on new investments in three to five years (typically measured as EBITDA divided by capital employed)
- Costa targets a long term leverage range of 1.5 to 2.0x Net Debt / EBITDA

Notes:
1. Please refer to note 1 on slide 7 of this presentation

Entitlement Offer overview

costa well grown

Offer structure and size	• Fully underwritten[1] 1 for 4 accelerated renounceable pro rata entitlement offer with retail rights trading to raise approximately $176 million[2] • Approximately 80 million New Shares to be issued under the Offer • Record Date for the Entitlement Offer is 7:00pm (AEDT) on 31 October 2019
Offer pricing	• Entitlement Offer price of $2.20 per New Share • 31.4% discount to the theoretical ex-rights price ("TERP") of $3.21[3]
Institutional Entitlement Offer	• Institutional Entitlement Offer opens today and closes 29 October 2019 • Entitlements not taken up and entitlements of ineligible institutional shareholders will be sold in the institutional shortfall bookbuild opening on 29 October 2019 and closing pre-market on 30 October 2019[4]
Retail Entitlement Offer	• Retail Entitlement Offer opens 6 November 2019 and closes on 18 November 2019 • Retail entitlements trading for certain eligible investors available on ASX from 30 October 2019 to 11 November 2019 • Entitlements not taken up and entitlements of ineligible retail shareholders will be sold in the retail shortfall bookbuild to be conducted on 21 November[4]
Ranking	• New Shares issued will rank pari passu with existing shares
Director participation	• Non Executive Directors have expressed intention to take up their entitlements
Underwriting	• Entitlement Offer is fully underwritten[1] by UBS AG, Australia Branch, the lead manager, book runner and underwriter

Notes:
1. Please refer to note 1 on slide 7 of this Presentation
2. Fractional entitlements to New Shares to be rounded up to the nearest whole number of New Shares
3. TERP is the theoretical price at which shares in Costa should trade immediately after the ex-date of the Entitlement Offer and reflects shares issued under the Entitlement Offer. The actual price at which Costa shares trade will depend on many factors and may not be equal to TERP
4. These entitlements will be offered for sale in the relevant shortfall bookbuild and any premium (being any amount paid in respect of the sale of the entitlements) will be paid to non-participating and ineligible shareholders, net of any applicable withholding tax and expenses

Impact of equity raising on balance sheet and net debt

A$m	Jun-19	Pro forma adjustment	PF Jun-19
Cash & cash equivalents	50.4		50.4
Receivables	127.7		127.7
Inventories	25.5		25.5
Biological assets	62.3		62.3
Equity accounted investments	17.0		17.0
Intangibles	253.7		253.7
Property, plant & equipment	459.4		459.4
Right of use asset	296.8		296.8
Other assets[1]	36.2	1.6	37.8
Total Assets	**1,329.0**	**1.6**	**1,330.6**
Payables	124.2		124.2
Borrowings	354.8	(171.0)	183.8
Provisions	25.9		25.9
Lease liabilities	300.6		300.6
Other liabilities	29.8		29.8
Total Liabilities	**835.2**	**(171.0)**	**664.2**
Net Assets	**493.8**	**172.6**	**666.4**
Share capital	408.1	172.6	580.7
Profit reserve	68.2		68.2
Other reserves and NCI	17.5		17.5
Equity	**493.8**	**172.6**	**666.4**

- $176 million equity raising with proceeds used to repay debt ($171 million net of transaction costs)
- Jun-19 leverage on a pro forma basis of 1.14x
- All bank covenants expected to be met in CY19 and CY20
- The equity raising will strengthen Costa's balance sheet and position the company to deliver on current and future growth initiatives

	Jun-19	Adj	PF Jun-19
Net debt	**304.9**	**(171.0)**	**133.9**
Net debt / LTM EBITDA-SL	**2.59x**		**1.14x**

1. Pro forma adjustment relates to a deferred tax asset being recognised as a result of Costa incurring equity raise transaction costs.

Equity raising timetable

Event	All dates 2019[1]
Announcement of Entitlement Offer	28 October
Institutional Entitlement Offer opens	28 October
Institutional Entitlement Offer closes	29 October
Institutional bookbuild closes (pre-market)	30 October
Costa shares recommence trading	30 October
Retail rights commence trading (on deferred settlement basis)	30 October
Entitlement Offer record date (7:00pm AEDT)	31 October
Retail Offer Booklet and Entitlement and Acceptance Forms dispatched to Eligible Retail Shareholders	6 November
Retail Entitlement Offer opens	6 November
Settlement of New Shares issued under Institutional Entitlement Offer	8 November
Allotment and commencement of trading of New Shares issued under the Institutional Entitlement Offer	11 November
Close of retail rights trading	11 November
Retail Entitlement Offer closes (5:00pm AEDT)	18 November
Retail Entitlement Offer shortfall bookbuild	21 November
Settlement of New Shares issued under the Retail Entitlement Offer	26 November
Allotment of New Shares issued under the Retail Entitlement Offer	27 November

Notes:
1 All dates and times are indicative and subject to change without notice; AEDT refers to Australian Eastern Daylight Time

Costa strategy and portfolio

Costa strategy remains robust

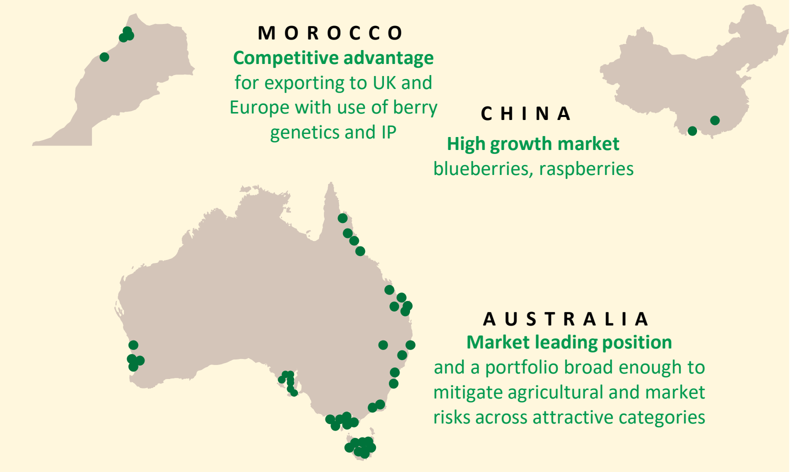
- ✓ Australia's leading grower, packer and marketer of premium quality fresh fruit and vegetables
- ✓ Capitalising on multiple domestic growth platforms in categories with year-round production capability
- ✓ Established international farming portfolio in Morocco and China supplying premium blueberries and raspberries to high growth markets
- ✓ Adoption of protected cropping to reduce environmental risk and enhance our ability to optimise yield and quality
- ✓ Continually investing in our people and capabilities
- ✓ Developing product varieties that deliver competitive advantage and extend our production and supply period
- ✓ Establishing premium brands that provide quality and consistency and create loyal consumers
- ✓ Driving sustainability through our Sustainable Commercial Farming initiative

Portfolio overview

Leading grower, packer and marketer of fresh produce

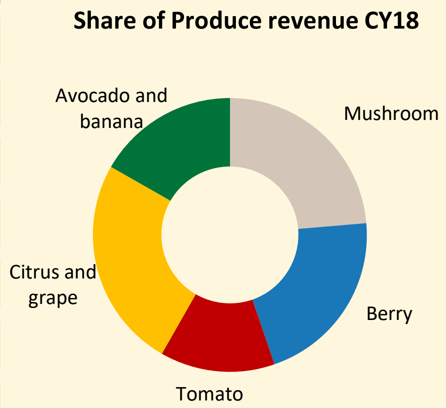
- 4,500ha of farmed land across Australia
- 6 blueberry farms in Morocco and 3 berry farms in China
- 30ha of glasshouse production
- 40+ farming, wholesale market and distribution operations
- Three divisions: Produce, International, Costa Farms & Logistics
- Proprietary IP portfolio with leading growing technologies and techniques

Strategically positioned in high growth international markets



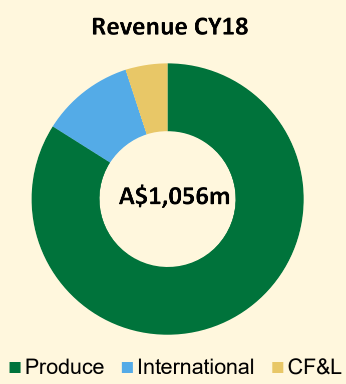
Costa's diverse, market-leading product portfolio

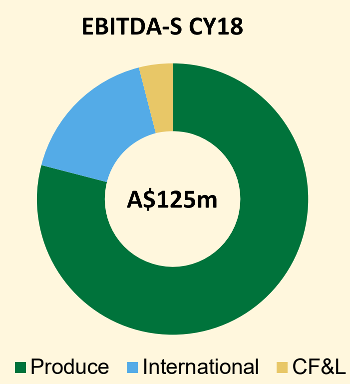
Category	Retail market share
Berry (blue)	66% / 25% *
Tomato	23%
Avocado	21%
Banana	n.m
Mushroom	44%
Citrus	Export focused
Grape	Export focused



* 66% marketing, 25% farming

Costa's attractive business profile





Favourable industry dynamics driving continued growth

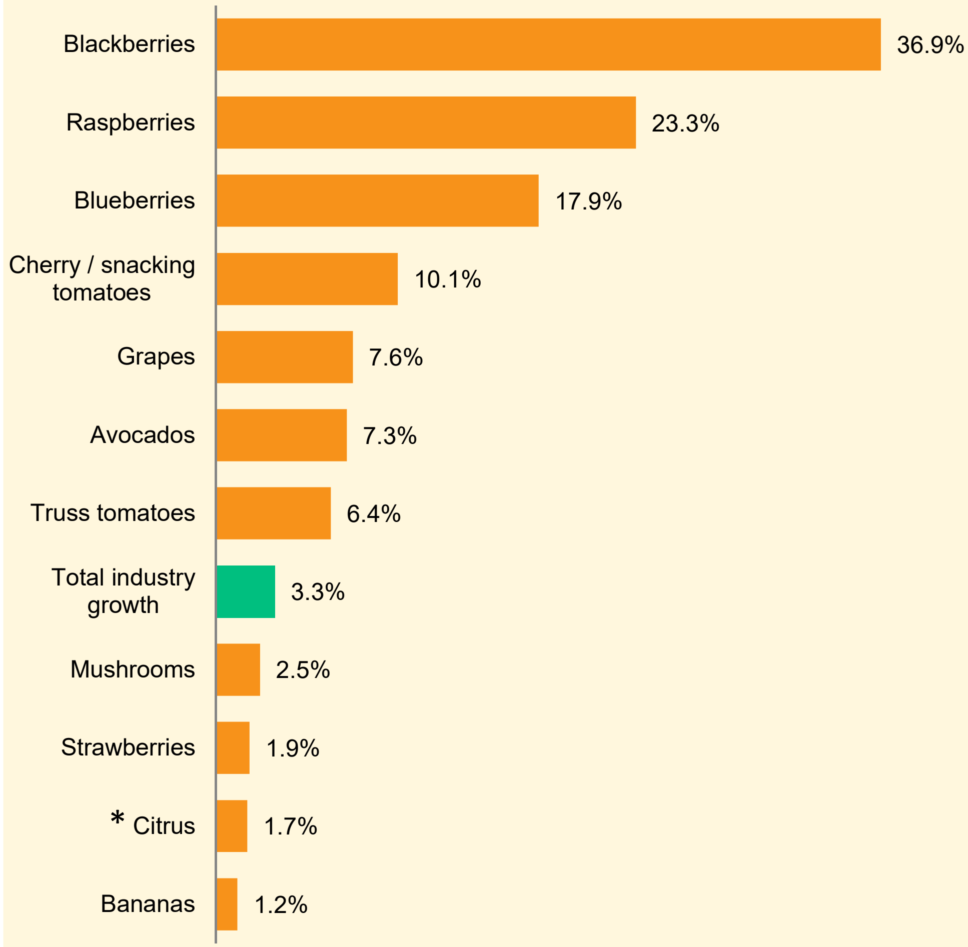
Favourable industry dynamics

- The Australian fruit and vegetable industry is an attractive sector for growth driven by favourable industry dynamics:

  - **Population growth:** Australian population expected to grow at a CAGR of c.1.8% from 2017 – 2027
  - **Dietary habits:** Australian dietary trends within Costa's core categories provide tailwinds for continued growth
  - **Convenience:** Demand for convenience remains a strong preference for Australian consumers
  - **Favourable perceptions of Australian-grown produce:** Costa believes that Australian-grown produce is perceived favourably by Australian and international consumers for freshness, quality and safety

Source: Nielsen Homescan, Australian Bureau of Statistics

Retail category growth by sales value (2015A-2019F CAGR)



* Citrus is primarily an export crop, domestic growth rates not relevant

Portfolio footprint

costa
well grown

Significant investment in our current portfolio footprint with further benefits to be realised over the short to medium term

Category	2019 current portfolio	Current maturity %	Future volume uplift
Berries - Aus	734 hectares	~80%	Increase in blackberry, blueberry and raspberry volumes
Mushrooms	530 tonnes per week	~90%	Monarto ramp up to full production from Q2 2020
Citrus	2,996 hectares	~95%	Citrus volume growth from young tree maturity
Tomatoes	30 hectares	~75%	Guyra GH4 expansion
Avocado	721 hectares	~45%	Avocado volumes increases with tree age
Berries - China	174 hectares	Less than 50%	Volume growth from new berry plantings
Berries - Morocco	314 hectares	~70%	Volume growth from new berry plantings

Costa’s vertically integrated business model is strategically designed to achieve competitive advantage and manage agricultural risk

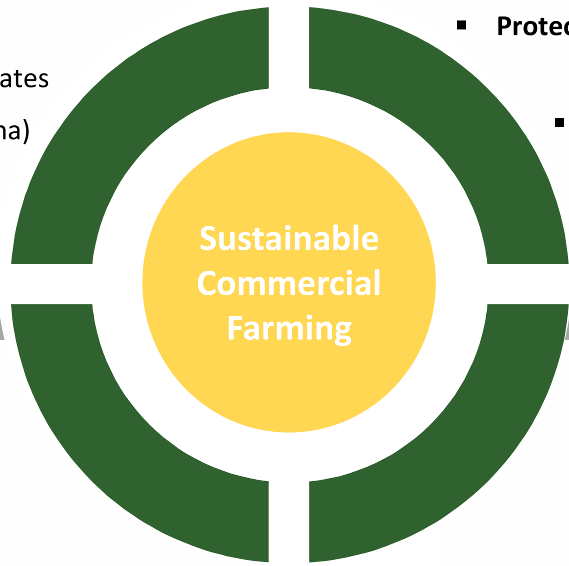
costa well grown

Diversification

- Diversified category **portfolio** with scale and market share
- **Vertically integrated** produce operations
- **Geographic spread** of production
  - National Australian footprint across the 6 states
  - International berry footprint (Morocco, China)
- Royalty income streams
- Multiple sales channels (domestic & export)

Protected cropping

- Costa’s core produce categories have the potential for protected cropping to mitigate environmental risk
- **Protected cropping** techniques across a number of key categories (~65% of produce related earnings)
- Growing indoors, in glasshouses, under tunnels & permanent netting, and in substrate manages risk and **improves yield & quality**



IP, technology and people

- **Superior product genetics,** both developed internally and through external partnering arrangements
- Costa adopts a ‘lowest cost’ mindset
- Efficient production techniques
  - Modern farming, harvesting and irrigation
- Post- harvest and product quality discipline
- Product innovation and branding

Year-round production

- Costa has invested in produce categories that are **large scale** and have the potential for year-round supply
- **52-week supply** removes seasonality, maintains consumer reach and smooths cash flow
- Achieved by production methods, varietal selection and geographic spread
- Marketing programs aligned to supply patterns

Key risks and selling jurisdictions

Key risks

The future performance of Costa and the future investment performance of shares in Costa ("**Shares**") may be influenced by a range of risk factors, many of which are outside the control of Costa and its directors. A non-exhaustive list of key risks, including those specific to Costa and those of a more general nature, is set out below. Costa's business, financial condition, or results of operations (and the market price of its Shares) could be materially and adversely affected by any of these risks, either individually or in combination.

Before investing in Costa, you should consider whether this investment is suitable for you having regard to publicly available information (including this Presentation), and your own investment objectives and financial circumstances. You should also consider seeking professional guidance from your stockbroker, solicitor, accountant or other professional adviser before deciding whether to invest.

Risks associated with Costa's operations

Weather and climate variability

Costa's financial results may be negatively impacted by variable weather conditions and severe weather events, which can cause price and yield volume volatility in the fresh produce sector. The nature of the potential impact on Costa's results may vary by produce category and the weather condition or event. Drought conditions have persisted in some parts of Australia throughout CY19, including in areas where Costa has operations, and there is no certainty of what weather conditions will be in CY20 and beyond. Continued drought conditions in areas where Costa has significant operations may materially and adversely impact on Costa's profitability in those areas.

Weather and climate variability can negatively impact both Costa and its competitors, however there is a risk that Costa is more negatively impacted by weather that its competitors in a given period for a number of reasons including but not limited to the location of Costa's farming assets, operational processes and decisions, and its supply chain. Costa can underperform competitors during both weak and strong industry conditions for its categories.

Approximately two-thirds of Costa's produce related EBITDA before SGARA in FY2018 was derived from crops grown under cover indoors or under permanent tunnels. Although Costa uses protected cropping techniques across most of its crops (i.e. mushrooms, berries and tomatoes) with the goal of limiting variability in yields, these techniques may not achieve that goal. For example, Costa's tomato glasshouses and the unprotected crops such as avocado farms are vulnerable to hail. While Costa maintains insurance cover for hail damage to its glasshouses, it may not be able to recover fully under those policies in all circumstances. Any amounts that Costa does recover may not be sufficient to offset damage to the financial performance or prospects of Costa.

Industry supply

Excess supply can cause price competition in the fresh fruit and vegetable industry. For example, pricing across the berry category has softened over the past two years as a result of significant industry volumes. If overall industry production in categories in which Costa competes are higher than expected, Costa's operating results can be negatively impacted. Industry production depends on season harvest results (including yield and timing) and industry capacity which changes over time.

Water rights

Costa relies on access to its allocated water rights for half of its citrus and grape crop in the Riverland and surrounding Southern regions. Costa has access to permanent water licences and their allocated water rights in respect of approximately 50% of its needs from the Murray River. The balance is purchased by Costa under forward supply agreements, temporary water purchases and carry over. With respect to CY20, under a full allocation scenario, Costa has secured approximately 30% of the balance required with fixed pricing under contractual commitments. Water rights are contingent on there being sufficient water in the Murray River. If there was insufficient water in the Murray River, then some or all of Costa's allocated water rights may not be available. If the Southern Murray Darling Basin remains affected by drought for a prolonged period, then this could further increase the costs of temporary water rights and ultimately could have a material adverse impact on the ability of Costa to obtain sufficient water to maintain healthy citrus trees, grape vines or viable fruit and consequently impact Costa's citrus and grape crop yield and the financial performance and prospects of Costa. Prolonged drought conditions and changes in government can increase the risk of regulatory changes, which may result in adverse modifications to Costa's allocated water rights.

Forecasting risk

There are inherent challenges in forecasting agricultural businesses such as Costa due to the potential financial impact of factors outside of Costa's control. As has been demonstrated in prior years, Costa has had periods of upgrading previous guidance and periods of downgrading guidance. Actual results may differ from forecast results due to a range of both external and internal factors.

Key risks continued

Reliance on a number of large customers

Costa sells its produce to a number of large customers, including several large supermarket chains and other retailers. Costa's top three customers comprised approximately 70% of FY2018 produce sales. Most of Costa's customer contracts are short term, with supply periods typically for one season or one to two years depending on the product's seasonality, and generally do not contain a fixed cost price and accordingly are supplied at market prices which are subject to fluctuation and depend on the level of supply and demand at the time that the produce is sold. Some of these large customers currently, or could in the future, wield significant market power due to their size, putting them in a strong negotiating position with their fresh produce suppliers.

Costa's market shares and/or profit margins may be materially and adversely impacted by a large customer taking actions harmful to Costa's interests, including by such customers:

- materially changing its trading terms with Costa;
- vertically diversifying its operations to include the growing or wholesale marketing of fresh produce;
- sponsoring the expansion of one or more of Costa's competitors or new entrants into the fresh fruit and vegetables market;
- procuring produce directly from Costa's third party growers, i.e. without the intermediation of Costa;
- promoting the products of one or more of Costa's competitors; or
- refusing to promote or stock Costa's produce or significantly reducing orders for Costa's produce.

Supermarket chains may also lower prices in Costa's fresh produce categories as part of competition between supermarket chains and other retailers for consumers and their shopping basket. This may impact Costa's market shares, sales volumes and/or profit margins by increasing price pressure applied to Costa produce offerings or as a result of some consumers switching from Costa's produce offerings to lower priced alternative produce when that produce is available.

Portfolio of categories

In its Produce division, Costa operates in five major categories including tomato, avocado, berries, citrus and mushroom. Costa also has an International division and Costa Farm & Logistics. Costa's business model provides earnings diversification however there is no certainty that diversification will insulate Costa's overall operating and financial returns in a given year. For example, in CY19 Costa has experienced weaker than forecast results from each of its Produce categories except for tomato.

Joint venture and partnership agreements

Costa has entered into a number of joint venture and partnership agreements.If any of these joint venture or partnership relationships break down, and/or the joint venture or partnership agreements are terminated or amended in a manner unfavourable to Costa, this may impact Costa's ability to grow any proprietary and branded varieties that are licensed through these agreements and impact the dividends and/or royalties received by Costa as a result of its participation in the joint venture or partnership agreements. The continued success of these joint ventures and partnerships depends, in part, on Costa's ability to continue to have a harmonious relationship with its partnership and joint venture partners.

While the joint venture and partnership agreements contain typical provisions which require approval from a partnership or joint venture partner for key decisions, they also provide each partnership or joint venture partner with a significant amount of discretion in relation to activities undertaken by each party as part of the joint venture or partnership. Accordingly, a partnership or joint venture partner's conduct can have a significant impact on the success of the joint venture or partnership and, in turn, could have a material impact on Costa's results and cash flow.

Intellectual Property

Costa relies on a combination of plant breeder's rights (or equivalent), trade marks and non-disclosure agreements and other methods to protect its intellectual property rights. Additionally, Costa has in place a number of licensing agreements for intellectual property owned by third parties used by Costa and intellectual property owned by Costa and licensed to third parties. The failure to obtain or maintain Costa's intellectual property rights or to defend against claims of infringement of intellectual property rights may diminish Costa's competitiveness and materially harm Costa's business. A number of Costa's products are grown from proprietary plant varieties. It is possible for problems to arise with the varietial genetics (such as the recent "crumbly fruit" that has resulted in high waste and labour costs) in which case it may take considerable time to be able to source available substitutes. If Costa's processes are insufficient to identify these genetic issues at an early stage, the impacts will be heightened and longer lasting.

Key risks continued

Urban and residential encroachment

A number of Costa's farming operations such as Costa's mushroom facilities in Mernda, Victoria and Casuarina, Western Australia, are located on the outskirts of urban areas which are expanding. As these urban areas expand, there is a high likelihood that residential or commercial premises will be built in closer proximity to some of Costa's growing and packing facilities. Where residential or commercial premises are built close to Costa's facilities, there is an increased risk of complaints made by neighbours in relation to odour and noise generated from Costa's facilities.

Complaint could result in residents lobbying for changes to local council zoning laws and/or legal action from neighbours, community interest groups or local councils seeking compensation from Costa and/or court orders that impact the manner in which Costa conducts its business. Changes to zoning laws or specific court orders may impact the way that Costa operates its business and/or increase Costa's costs. These factors, together with any court orders for compensation, could have a material impact on Costa's operations, financial performance and prospects.

Leased Property

Costa leases a significant amount of the land that Costa uses to grow and distribute its produce. Costa's leases have a range of terms and option periods, although they are generally long term leases which Costa or the property owner cannot terminate prior to expiry of the applicable term in the absence of default. However, some of these leases have termination provisions which are triggered not only by a default under that lease, but the default of Costa under one of the other leases (also known as "cross-default" clause), with the consequence that one default could have a significant effect beyond just the relevant property to which the default relates. Any material default under a lease by Costa, or failure to renew an existing lease on acceptable terms or an inability to negotiate alternative arrangements, could materially adversely impact the operations and financial performance and prospects of Costa. In addition, there is a risk that Costa may become subject to lease terms which are relatively unfavourable due to unanticipated changes in the property market.

Costa uses a number of its leased distribution centres to provide distribution services to third parties as part of its CF&L business division. In some cases, the length of Costa's distribution services contracts are shorter than the length of Costa's leases of the distribution centres. Costa's leases for its distribution centres are typically long term leases. If a distribution services contract is renewed on less favourable terms, or is terminated or cannot be renewed by Costa on expiry, and Costa is unable to find an alternative use for the distribution centre in a timely manner (for example subleasing unused space in the distribution centre on favourable terms), this could have a material adverse impact on the financial results and performance of Costa.

Disease and insect infestation

As a fresh produce grower, Costa, like the horticultural industry as a whole, is susceptible to disease risk, including insect infestation. If one or more of the sites at which Costa grows or stores its produce becomes exposed to disease, or insect infestation, or if a disease or insect infestation emerges that affects a particular produce category, Costa may lose its investment in such produce and the revenue stream generated by such investment. This loss could have a material impact on the operations and financial performance and prospects of Costa. For example, in 1H19, a female fruit fly was found at Costa's Impi farm at Lindsay Point and a 15-kilometre exclusion zone was implemented by the authorities, resulting in significant additional costs for Costa's citrus operations. Although the government expended significant resources to minimise the risk of additional female fruit flies in the Riverland region and no additional fruit flies have been detected in the region since that time, Costa's citrus operations may be impacted by further fruit fly outbreaks.

Potential risk of litigation and disputes

Costa may, from time to time, be involved in legal proceedings arising from the conduct of its businesses, including from customers, past and present employees, regulators, competitors, suppliers or neighbouring properties, for example, in relation to property damage or contamination, personal injury, potential class actions (both securities class actions, in respect of which there is a heightened risk in light of updates to Costa's earnings guidance in recent months, and consumer class actions) and environmental matters. The loss arising from such litigation may not be covered by insurance or the aggregate potential liability in respect of possible legal proceedings may exceed any insurance coverage. Any material legal proceedings could have a material adverse impact on Costa's financial performance and position. Even if Costa was to ultimately prevail in the litigation, it could divert management's attention and resources from Costa's operations and business, and Costa could also suffer significant reputational damage which could have an adverse effect on Costa's business.

Brand and reputation

Costa's produce is sold under a number of brands which are owned or licensed by Costa or joint ventures to which Costa is a party. Those brands and their image, as well as Costa's reputation as a grower, are key assets of Costa. The reputation and value associated with Costa's brands could be impacted by a number of factors, including quality issues associated with Costa's produce (or the market categories of produce in which Costa's brands are prominent), produce recall, produce contamination or other public health issues, disputes or litigation with third parties such as partnership or joint venture partners, distributors, employees or third party growers, or adverse media coverage, whether as a result of Costa's conduct or by the conduct of third parties (including partnership or joint venture parties). Should Costa's brands or their image be damaged in any way or lose their market appeal (or in the case of licensed brands, a licence terminated), this may have a material adverse impact on the financial performance, reputation or prospects of Costa.

Key risks continued

Regulatory risks

Costa is required to comply with a range of laws and regulations. Regulatory areas which are of particular significance to Costa include food standards, labelling and packaging, ethical sourcing, fair trading and consumer protection, employment, property and the environment (including water), quarantine, customs and tariffs, foreign investment, taxation and climate change. The introduction of any new laws or changes to existing laws, codes (or government policies), such as changes to food standards, food labelling or climate change regulations and increasing ethical sourcing requirements, could result in increased costs being incurred by Costa and therefore have a material adverse impact on the financial performance and prospects of Costa. In particular:

- In many fresh produce categories in which Costa operates, its produce is protected from significant competition from imported produce by quarantine requirements. Any changes to these import restrictions could have an adverse impact on margins and volumes.
- Changes in relevant taxes, including any change in tax arrangements between Australia and other jurisdictions relevant to Costa's businesses, could have an adverse impact on the financial performance of Costa, for example, if GST was widened to include fresh produce.
- Costa has been granted environment protection licences in respect of composting from the Environmental Protection Authority (**EPA**) in several States. These licences are subject to periodic review, including, on occasion, changes to the term of the licences. If Costa was unable to renew its licences, or the relevant EPA imposed onerous conditions in respect of its licences, this would impact Costa's ability to operate and/or costs associated with operating Costa's mushroom farms, which could have a material impact on the financial performance of Costa.
- Costa must comply with the Australia and New Zealand Food Standards Code (Code), as applied by regulators in each state and territory of Australia. If Costa failed to comply with the Code in its current form or the Code was amended in a manner that resulted in Costa needing to incur substantial cost in order to comply with the changes, then this could have a material impact on Costa's reputation and/or the financial performance of Costa.

Produce safety

Any contamination, spoilage, or the presence of foreign objects or substances in Costa's products may injure Costa's customers. The risk of injury can result from activities throughout the life cycle of Costa's products, including growing, harvesting, packaging, processing or sale phases. Costa may have limited ability to mitigate these risks, for example where title to produce has passed to a retailer or where the risk arises from product tampering. Costa has from time to time, issued recalls. The risk of injury from Costa's products exposes Costa to loss of product, damage to relationships with wholesalers and retailers, liability (including monetary judgements, fines, injunctions, and criminal sanctions) and publicity risks. Adverse publicity may arise from rumours or unsubstantiated claims of customer injury. Further, even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that Costa's product has caused injury could adversely affect Costa's reputation and brands. In addition, Costa's financial performance and prospects may be adversely impacted by negative publicity related to the products of other producers.

While Costa maintains insurance cover for some of these risks, it may not be able to recover fully under those policies in all circumstances, and any amounts that it does recover may not be sufficient to offset any damage to the financial performance, reputation or prospects of Costa caused by any produce contamination, recall or produce liability claim or the negative publicity surrounding such event or claim.

Increased competition

While Costa's operations currently benefit from scale and access to superior genetics, this competitive landscape may change over time. If one or more competitors or new market entrants obtained access to favourable genetic varieties which compete in the same categories as those of Costa, or if they achieve greater scale, this could have a material adverse impact on the financial performance and prospects of Costa. This risk is also relevant in relation to the international markets in which Costa operates, where existing or new players at either a global or regional level could gain market share to Costa's detriment.

Changes in market trends

Costa's success depends, in part, on its ability to respond to current market trends, which can be impacted by a variety of factors, including changing tastes and dietary habits of consumers, entry of new market participants and changes in the purchasing patterns of Costa's customers. Responding to new market trends can require significant investment. If Costa fails to anticipate, identify, or react to changes in market trends on a timely basis, Costa could experience reduced demand and/or profit margins for Costa's products, which could in turn cause Costa's operating results to suffer.

Key risks continued

Loss of Key Personnel

Costa's performance is dependent to a large extent on the efforts and abilities of the Chief Executive Officer and other members of the senior management team. The loss of the Chief Executive Officer or one or more other members of Costa's senior management team may have a material adverse impact on the operating and financial performance of Costa. Costa's financial success is also dependent upon its ability to hire additional key personnel as necessary to meet its management, administration and other needs. While every effort is made to retain key employees and to recruit new personnel as the need arises, the loss of a number of key personnel or inability to attract additional personnel may have an adverse impact on the operating and financial performance of Costa.

Distribution

As Costa supplies a very wide geographic area, its distribution costs are significant. Any rise in the price inputs related to Costa's distribution of its products, such as of oil, packaging materials, raw production costs or transport costs and changes in the rates in the charter vessel market (with respect to the export of citrus product), could lead to higher distribution costs. If such costs cannot be passed on to Costa's customers through increased prices, they could have a material adverse impact on the operating and financial performance of Costa.

Changes to importation trade barriers

Costa currently exports approximately 70% of the citrus crop packed, to various countries including Japan, the United States, China and South Korea. Changes to trade tariffs or duties or the subsidisation of local producers or other exporters by a foreign government or the introduction of other import barriers, could make Costa's products less competitive in those markets, which could have a material adverse impact on the financial performance and prospects of Costa.

Foreign exchange risk

Costa is exposed to foreign exchange risk from a number of sources, namely from the export of produce to various countries including Japan and the United States, and through the earnings it generates from its international operations, including the Morocco and China joint ventures. Unfavourable movements in the foreign exchange rates between the Australian dollar and other currencies such as the US dollar, Japanese yen, Moroccan dirham and Chinese Yuan can have a material adverse impact on the overall financial performance of Costa.

Risks associated with foreign operations

Costa has significant interests in the African Blue JV in Morocco and its joint venture with Driscoll's Inc in China. Costa's operations may be adversely affected by the risks associated with operation in such jurisdictions, which may impact on its ability to grow the business by expansion into other overseas markets. As with its domestic operations, Costa has instituted certain internal controls to regulate the operations of its activities outside Australia, and constantly reviews and monitors these controls for effectiveness. Failure to adequately and consistently monitor these internal controls may have an adverse impact on Costa's financial performance. Jurisdictions in which Costa operates may in the future experience sudden civil unrest or major change to their government or political or legal systems and the nature of the legal and regulatory systems in those jurisdictions can result in a lack of certainty regarding the interpretation and enforcement of local laws and regulations.

Liabilities under anti-corruption laws

Costa operates in an international environment including with joint venture partners in Morocco and China (as described above). Furthermore, some of Costa's and Costa's joint venture partners' activities take place in parts of the world that have a risk of corruption to varying degrees, and Costa's operations and joint ventures in those jurisdictions are subject to various anti-corruption laws, including Australian and other foreign anti-corruption laws. While Costa has an Anti-Bribery and Anti-Corruption policy, violations of such laws, including by its joint venture partners or joint venture personnel, can lead to criminal and civil penalties or sanctions under anti-corruption laws in relevant jurisdictions, which, in turn, could adversely affect Costa's reputation or financial position.

Key risks continued

Industrial instruments, disputes and wage increases

Costa uses multiple employment models to meet the needs of growing and harvesting a product that is perishable. This includes using labour hire firms to meet production peaks including harvest periods. Costa has less direct control over employment arrangements for persons employed by labour hire firms than it does over its direct employees and the manner in which such third party labour hire companies provide contracted services. Should the third party labour vendors violate any relevant laws, regulations and industrial instruments in the employment or compensation of seasonal workers, or should there be any mistreatment of labour by the third party labour vendors, Costa's reputation may be adversely affected or damaged.

In addition, the majority of Costa's employees are covered by enterprise bargaining agreements and other workplace agreements, which periodically require renegotiation and renewal. Disputes may arise in the course of renegotiations which have the potential to lead to strikes and other industrial action, which may disrupt Costa's operations. Any renegotiations could also result in increased labour costs.

Work, Health and Safety

Given the nature of the industry in which Costa operates, Costa's employees are at risk of workplace accidents and incidents. In addition to the potential for harm to any employee, the occurrence of workplace accidents has the potential to harm both the reputation and financial performance of Costa.

Expansion project construction

Costa's current and future expansion projects depend, in part, on the development and construction of farming sites. Any significant delay in the development and construction of farming sites may place Costa at risk of not meeting its forecasts. A reduction in Costa's yield and/or production volumes in one or more produce categories may have an adverse impact on the financial performance and prospects of Costa.

Costa may not be able to execute its growth strategy as planned

Costa has developed a growth strategy that includes expansion projects in Australia and through expansion of the farming footprints for the Morocco and China joint ventures. There is a risk that Costa may not be able to effectively execute its growth strategy and may encounter delays in construction or execution, or operational difficulties, which may lead to increased costs and/or strain management resources or have a negative impact on Costa's brand and reputation. As a result, Costa's growth strategies may generate lower than, or later than, expected revenue or incur unforeseen costs.

Key risks continued

Costa may not be able to access capital markets or refinance debt on attractive terms

Costa relies on debt and equity funding to help fund its operations, and its banking facilities will periodically need to be refinanced. Costa may also seek to raise additional debt finance or new equity in the future to grow the business. If there is a deterioration in the level of debt and equity market liquidity, or the terms (including pricing) on which debt or equity is available, this may prevent Costa from being able to refinance some or all of its debt on current terms or at all, or raise new equity respectively.

Costa's debt obligations are also subject to compliance with certain financial covenants. If Costa fails to meet those covenants, Costa may be forced to repay those debt obligations on demand. Costa may also not be able to put in place new debt facilities on acceptable terms by the time existing debt facilities expire.

Environmental risk

Costa's operations are subject to various federal, state and local environmental laws and regulations, in particular with respect to environmental pollution, contaminated lands, the use of environmentally hazardous chemicals, wastes and pesticides and water treatment and management, and a range of licences and permits are required for Costa to operate its farming operations. If Costa is responsible for any environmental pollution or contamination, or found to be in breach of a term and condition of one of its licences or permits, Costa may incur substantial costs, including fines, damages, sanctions and remediation costs, experience interruptions in its operations or delays in obtaining or renewing subsequent licence permits, or suffer reputational damage for violations arising under these laws or permit requirements.

In particular, certain of Costa's farming operations generate by-products including, for example spent compost (in its mushroom operations). Failure to properly dispose of this spent compost could result in Costa incurring a financial penalty and/or impact Costa's brands and reputation which could have a materially adverse effect on the sales of Costa produce and the financial performance and position of Costa.

Costa must also manage waste water by-products in its farming operations. In particular, some of Costa's farming sites do not currently have a municipal sewer or stormwater connection to the site's drainage system. This can place significant pressure on those site's stormwater and wastewater practices, particularly where Costa's farming operations are located in areas with high levels of rainfall. This could result in Costa being liable for the damage caused and/or impact Costa's brands and reputation which could have a materially adverse effect on the sales of Costa's produce and the financial performance and position of Costa.

Key risks continued

General risks

Underwriting risk

The underwriting agreement relating to the Entitlement Offer sets out various events, the occurrence of which will entitle the underwriter to terminate the underwriting agreement. Accordingly, there is a risk that the underwriter may terminate its obligations under the underwriting agreement if any such events occur. These events include (but are not limited to the following):

- Costa is removed from the official list of the ASX or its shares are delisted or suspended from quotation;
- Costa alters its capital structure without the consent of the underwriter, other than by issuing New Shares under the Entitlement Offer;
- Costa or any of its related bodies corporate becomes insolvent;
- a material statement contained in the Entitlement Offer materials is or becomes misleading or deceptive (including by omission);
- * there is a material adverse change, or an event occurs which is likely to give rise to a material adverse change, in the assets, liabilities, financial position, results, condition, operations or prospects of the Costa group from the position fairly disclosed by Costa to ASX before the date of the underwriting agreement or in the Entitlement Offer announcement;
- ASIC issues proceedings, or commences a formal investigation into the Entitlement Offer, or *an application for an order is made to a government agency in connection with the Entitlement Offer (which in the underwriter’s opinion, is a serious action with reasonable prospects of success);
- Costa or any of its directors engage in any fraudulent conduct or activity;
- a director of Costa is charged with certain indictable offences;
- a change in the CEO, the CFO or the board of directors occurs; or
- *a change in other senior management occurs.

The ability of the underwriter to terminate the underwriting agreement in respect of some events (denoted with an asterisk (*) above) will depend on whether the event has (or is likely to have) a material adverse effect on the success, marketing or settlement of the Entitlement Offer, the value of Costa shares, or the willingness of investors to subscribe for New Shares, or where they may give rise to liability of the underwriter.

Renouncement risk

If you are an eligible shareholder, and you do not take up or sell your entitlements under the Entitlement Offer, then your entitlements will be treated as renounced and will be sold on your behalf in the institutional or retail bookbuild (as applicable) and any proceeds of sale of your entitlements will be paid to you. However, there is no guarantee that any value will be received for your renounced entitlement through the bookbuild process.

The ability to sell Entitlement under the bookbuild and the ability to obtain any premium will be dependent upon various factors, including market conditions. Further, the bookbuild price may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the underwriter, will, if accepted, result in acceptable allocations to clear the entire book. To the maximum extent permitted by law, Costa, the underwriter and its respective related bodies corporate, affiliates or the directors, officers, employees or advisors of it, will not be liable, including for negligence, for any failure to procure applications under the book build at a price in excess of the offer price.

If there is a premium achieved on the retail bookbuild, it may be less than, more than, or equal to any premium achieved on the institutional bookbuild. Accordingly, it is possible that retail holders who do not take up their entitlements will receive less value than their institutional counterparts, or no value at all.

You should also note that if you do not take up all of your entitlement, then your percentage security holding in Costa will be diluted by not participating to the full extent in the Entitlement Offer.

Key risks continued

Reconciliation risk for institutional shareholders

Eligible institutional shareholders who participate in the Institutional Entitlement Offer or whose rights are renounced and therefore sold in the institutional shortfall bookbuild will do so based on a reference shareholding at the relevant time of the accelerated component of the Entitlement Offer. That reference shareholding will be derived from all register and other data available to Costa and its share registry analytics firm. Similarly, ineligible institutional shareholders whose entitlement equivalent is accelerated and renounced in the institutional bookbuild will be calculated on the basis of a reference shareholding similarly derived.

To the extent that a shareholder's declared shareholding differs from the share registry analytics firm's estimate of that shareholder's shareholding, an estimate or assumption may be made for the purposes of determining the reference shareholding. Any shareholding as at the record date in excess of the assumed holding may be included as part of the Retail Entitlement Offer.

To the maximum extent permitted by law, Costa, the underwriter and their respective related bodies corporate, affiliates, directors, officers, employees or advisors will not be liable, including for negligence, for any failure to reconcile shareholdings in this or any related context.

Risk of selling or transferring entitlements

If you are an eligible retail security holder and do not wish to take up your entitlements, you can sell them on the ASX or transfer them to another person or entity other than on the ASX during the entitlement trading period. Prices obtainable for retail entitlements may rise and fall over the entitlement trading period and liquidity may vary. If you sell or transfer your entitlements at one stage in the retail entitlement trading period you may receive a higher or lower price than a security holder who sells or transfers their entitlements at a different stage in the retail entitlement trading period or through the retail shortfall bookbuild.

Investment in capital markets

The price of Costa shares on the ASX may rise or fall due to numerous factors, including:

I. Australian and international general economic conditions, including inflation rates, the level of economic activity, interest rates and currency exchange rates;

II. tensions and acts of terrorism in Australia and around the world; and

III. investor perceptions in the local and global markets for listed securities.

Costa shares may trade below the offer price and no assurances can be given that Costa's market performance will not be materially adversely affected by any such market fluctuations or factors. Neither Costa, nor any of its directors or any other person, guarantees Costa's market performance.

Changes to accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB). Changes to accounting standards issued by the AASB could materially adversely affect Costa's reported results in any given period or Costa's financial condition from time to time.

Tax changes

Any change to the taxation of shares (including the taxation of dividends) and the taxation of companies (including the existing rate of company income tax) may adversely impact on Costa shareholder returns, as may a change to the tax payable by Costa shareholders in general. Any other changes to Australian tax law and practice that impact Costa, or the agriculture industry generally, could also have an adverse effect on Costa shareholder returns.

General economic risks

The operating and financial performance of Costa is influenced by a variety of general economic and business conditions, including inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions could adversely impact the operating and financial performance of Costa.

International Offer Restrictions

This document does not constitute an offer of Entitlements or New Shares of Costa in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of Entitlements and New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces and only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Entitlements or the New Shares or the offering of such securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Entitlements or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Entitlements or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

Costa as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon Costa or its directors or officers. All or a substantial portion of the assets of Costa and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against Costa or such persons in Canada or to enforce a judgment obtained in Canadian courts against Costa or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Entitlements or the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against Costa if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Costa. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the *Securities Act* (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the Entitlements and the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Costa, provided that (a) Costa will not be liable if it proves that the purchaser purchased such securities with knowledge of the misrepresentation; (b) in an action for damages, Costa is not liable for all or any portion of the damages that Costa proves does not represent the depreciation in value of such securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which such securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

International Offer Restrictions (continued)

Certain Canadian income tax considerations.

Prospective purchasers of the Entitlements and the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of such securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada.

Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

European Union (France, Germany, Ireland, Italy, Netherlands)

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the Entitlements or the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Entitlements and New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong SAR

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong SAR, nor has it been authorised by the Securities and Futures Commission in Hong Kong SAR pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong SAR (the "SFO"). No action has been taken in Hong Kong SAR to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong SAR other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong SAR or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong SAR (except if permitted to do so under the securities laws of Hong Kong SAR) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong SAR or only to professional investors. No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong SAR within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong SAR regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Japan

The Entitlements and the New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Entitlements or New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Entitlements or New Shares is conditional upon the execution of an agreement to that effect.

International Offer Restrictions (continued)

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The Entitlements and the New Shares in the entitlement offer are not being offered to the public within New Zealand other than to existing shareholders of Costa with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to the Entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Costa's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

International Offer Restrictions (continued)

Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the Entitlements and New Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of Entitlement and New Shares in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Switzerland

The Entitlements and the New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the New Shares (i) constitutes a prospectus or a similar notice as such terms are understood under art. 652a, art. 752 or art. 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of art. 27 *et seqq*. of the SIX Listing Rules or (ii) has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of the Entitlements and the New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The Entitlements and the New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. This document is personal to the recipient and not for general circulation in Switzerland.

United Arab Emirates

Neither this document nor the Entitlements or the New Shares have been approved or passed on in any way by the Emirates Securities and Commodities Authority ("ESCA") or any other governmental authority in the United Arab Emirates. Costa has not received authorisation from the ESCA or any other governmental authority to market or sell the Entitlements or the New Shares within the United Arab Emirates. This document does not constitute, and may not be used for the purpose of, an offer of securities in the United Arab Emirates. No services relating to the Entitlements or the New Shares, including the receipt of applications, may be rendered within the United Arab Emirates.

No offer or invitation to subscribe for Entitlements or New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Entitlements or the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Costa.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Appendix

Appendix - Explanation of certain non-IFRS operating measures

Term	Definition
Transacted Sales	Transacted Sales is used by management as a key measure to assess Costa's sales and marketing performance and market share. Transacted Sales represent the aggregate volume of sales in which Costa is involved in various capacities (including sales of third party-grown produce marketed by Costa under agency arrangements), as well as royalty income. Transacted Sales are not considered by Costa to be a revenue measure. There are material differences between the calculation of Transacted Sales and the way in which revenue is determined under AAS. Transacted Sales comprise: • statutory revenue; • gross invoiced value of agency sales of third party produce; • Costa's proportionate share of joint venture sales relating to the African Blue (prior to Costa's majority share acquisition); and • 100% of Driscoll's Australia Partnership sales after eliminating Costa produce sales to the Driscoll's Australia Partnership. Prior to the formation of Driscoll's Australia in 2010, all of Costa's domestic sales and marketing activities for the berry category were managed by Costa.
EBITDA before SGARA (EBITDA-SL)	Earnings before interest, tax, depreciation, material items & amortisation and fair value movements in biological assets (SGARA) and adoption of AASB16
NPAT-SL	Net profit after tax attributable to shareholders, but excluding material items, amortisation, SGARA and adoption of AASB16