Costa Group Holdings Limited
ACN 151 363 129

Scheme Booklet

In relation to the proposed acquisition of all of the issued shares in Costa Group Holdings Limited (**"Costa"**) by Paine Schwartz Partners, LLC (**"PSP"**), Driscoll's, Inc (**"Driscoll's"**) and British Columbia Investment Management Corporation (**"BCI"**) (together the **"Consortium"**), other than the Costa Shares the Consortium and its Associates already own, via an entity controlled by the Consortium as at the Implementation Date, Chilli Buyer Pty Ltd (ACN 670 569 678) (**"Bidco"**), by way of a scheme of arrangement between Costa and Costa Shareholders (other than Excluded Shareholders).

VOTE IN FAVOUR

The Costa Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders).

This is an important document and requires your immediate attention. You should read it carefully and in its entirety before deciding whether or not to vote in favour of the Scheme. If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser. If you have recently sold all your Costa Shares, please ignore this Scheme Booklet. Costa has established a Costa Shareholder Information Line which you should call if you have any questions in relation to the Scheme. The telephone number for the Costa Shareholder Information Line is 1800 009 918 (within Australia) and +61 1800 009 918 (outside Australia). The Costa Shareholder Information Line is open between Monday and Friday from 8.30am to 5.30pm (AEDT) (excluding public holidays) until the date of the Scheme Meeting.

Financial adviser

UBS

Legal adviser

KING&WOOD MALLESONS
金杜律师事务所

Important Notices

General

Costa Shareholders should read this Scheme Booklet in its entirety before making a decision as to how to vote on the resolution to be considered at the Scheme Meeting.

Purpose of Scheme Booklet

The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which the Scheme will be considered and implemented (if approved by the Requisite Majority of Costa Shareholders (other than the Excluded Shareholders) and the Court) and to provide such information as is prescribed or otherwise material to the decision of Costa Shareholders whether or not to approve the Scheme. This Scheme Booklet includes the explanatory statement required to be sent to Costa Shareholders under Part 5.1 of the Corporations Act in relation to the Scheme.

This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act.

Responsibility for information

The Costa Information, being all of the information contained in this Scheme Booklet, other than the Bidco Information in Section 5 and the Independent Expert's Report, has been prepared by Costa and is the responsibility of Costa. None of the Consortium Members nor their directors, officers or advisers assumes any responsibility for the accuracy or completeness of the Costa Information.

The Bidco Information, which primarily consists of the information contained in Section 5, has been provided by Bidco and is the responsibility of Bidco. None of Costa, its directors, officers or advisers assumes any responsibility for the accuracy or completeness of the Bidco Information.

The Independent Expert has prepared the Independent Expert's Report in relation to the Scheme that is contained in Annexure A and takes responsibility for that report. None of Costa, the Consortium Members and their respective directors, officers and advisers assumes any responsibility for the accuracy or completeness of the Independent Expert's Report.

ASIC and ASX

A copy of this Scheme Booklet was provided to ASIC under section 411(2) of the Corporations Act and registered by ASIC under section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with section 411(2) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Second Court Hearing. Neither ASIC nor its officers take any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been provided to ASX for its review under the Listing Rules. Neither ASX nor its officers take any responsibility for the contents of this Scheme Booklet.

Important notice associated with Court orders under section 411(1) of the Corporations Act

A copy of this Scheme Booklet was submitted to the Court to obtain orders of the Court under section 411(1) of the Corporations Act directing Costa to convene the Scheme Meeting. Those orders were obtained at the First Court Hearing on 8 December 2023.

The fact that the Court has ordered the Scheme Meeting to be convened is no indication that the Court has (a) formed a view about the merits of the proposed Scheme or about how the Costa Shareholders (other than the Excluded Shareholders) should vote (on this matter the Costa Shareholders must reach their own decisions), (b) prepared, or is responsible for, the content of this Scheme Booklet or (c) approved or will approve the terms of the Scheme.

An order of the Court under section 411(1) of the Corporations Act is not an endorsement of, or any other expression of opinion on, the Scheme.

Future matters and intentions

Certain statements in this Scheme Booklet relate to the future. These statements may not be based on historical facts, and they involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Costa to be materially different from future results, performance or achievements expressed or implied by those statements. Such risks, uncertainties, assumptions and other important factors include, among other things, general economic conditions, exchange rates, interest rates, commodity prices, competitive pressures, selling price, market demand and changes to the operational and regulatory environment of Costa. These forward-looking statements and information are based on numerous assumptions regarding present and future business strategies, and the environment in which Costa will operate in the future, including anticipated costs and the ability to achieve objectives and strategies.

Forward-looking statements generally may be identified by the use of forward-looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of Costa are or may be forward looking statements. These statements only reflect views held as at the date of this Scheme Booklet.

Other than as required by law neither Costa, the Consortium Members nor any other person gives any representation, assurance or guarantee that the events expressed or implied in any forward-looking statements in this Scheme Booklet will actually occur. You are cautioned about relying on any such forward looking statements in this Scheme Booklet. Additionally, statements of the intentions of the Consortium reflect the Consortium's present intentions as at the date of this Scheme Booklet and may be subject to change.

All subsequent written and oral forward-looking statements attributable to Costa or the Consortium, or any person acting on their behalf, are qualified by this cautionary statement.

Subject to any continuing obligations under law or the Listing Rules, Costa and the Consortium do not give any undertaking to update or revise any forward-looking statements after the date of this Scheme Booklet to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstance on which any such statement is based.

No investment advice

This Scheme Booklet does not constitute financial product advice and has been prepared without reference to the investment objectives, financial situation and particular needs of individual Costa Shareholders. This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to the Scheme or your Costa Shares. Before making an investment decision in relation to the Scheme or your Costa Shares, including any decision to vote for or against the Scheme, you should consider, with or without the assistance of a financial adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances. If you are in any doubt about what you should do, you should consult your legal, financial or other professional adviser before making any investment decision in relation to the Scheme or your Costa Shares.

Costa Shareholders outside Australia

This Scheme Booklet complies with the disclosure requirements applicable in Australia, which may be different to those in other countries.

Financial information

Financial information in this Scheme Booklet has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, and also complies with the International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board. It is presented in an abbreviated form and does not contain all the disclosures usually provided in an annual report prepared in accordance with the Corporations Act.

Australian disclosure requirements may differ from those applicable in other jurisdictions. Accordingly, the release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in those other jurisdictions, and persons outside Australia who come into possession of this Scheme Booklet should seek advice on, and observe, any applicable restrictions. This Scheme Booklet does not in any way constitute any offer to buy securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Taxation implications of the Scheme

Section 6 provides a general outline of the Australian income tax, GST and stamp duty consequences for Costa Shareholders who dispose of their Costa Shares to Bidco in accordance with the Scheme. It does not purport to be a complete analysis or to identify all potential tax consequences nor is it intended to replace the need for specialist tax advice in respect of the particular circumstances of individual Costa Shareholders.

Costa Shareholders who are subject to taxation outside Australia should also consult their tax adviser as to the applicable tax consequences of the Scheme in the relevant jurisdiction.

Privacy

Costa, the Consortium and the Costa Share Registry may collect personal information in the process of implementing the Scheme. The personal information may include the names, addresses, contact details and security holdings of Costa Shareholders and the names of persons appointed by Costa Shareholders as proxies, attorneys or corporate representatives at the Scheme Meeting. The collection of some of this personal information is required or authorised by the Corporations Act.

The primary purpose of collecting this personal information is to assist Costa in the conduct of the Scheme Meeting and to enable the Scheme to be implemented by Costa in the manner described in this Scheme Booklet. The personal information may be disclosed to the Costa Share Registry, print and mail service providers, authorised securities brokers and any other service provider to the extent necessary to effect the Scheme. Some of these recipients are likely to be located in overseas countries, including New Zealand, Hong Kong, Germany, United Kingdom and Singapore.

If the information outlined above is not collected, Costa may be hindered in, or prevented from, conducting the Scheme Meeting and implementing the Scheme.

Costa Shareholders who are individuals, and the other individuals in respect of whom personal information is collected as outlined above, have certain rights to access the personal information collected in relation to them. Such individuals should contact the Costa Share Registry on 1800 009 918 (within Australia) or +61 1800 009 918 (outside Australia) if they wish to exercise these rights.

Costa Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of the matters outlined above.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure D.

As at the date of this Scheme Booklet, the Consortium Members, together with their respective Associates, have a Relevant Interest in 91,181,133 Costa Shares[1], being 19.62% of Costa Shares on issue. Excluded Shareholders will not vote at the Scheme Meeting.

Notice of Second Court Hearing and if any Costa Shareholder wishes to oppose the Scheme

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting. Any Costa Shareholder may appear at the Second Court Hearing, expected to be held at 9.30am on 7 February 2024.

Any Costa Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Costa a notice of appearance in the prescribed form together with any affidavit that the Costa Shareholder proposes to rely on. The notice of appearance and affidavit must be served on Costa at the address for service at least one day before the date fixed for the Second Court Hearing.

The address for service is: c/o King & Wood Mallesons, Level 27, Collins Arch, 447 Collins Street, Melbourne, VIC 3000, Attention: Mikkeli Godfree. The notice of appearance and affidavit must also be sent by email to mikkeli.godfree@au.kwm.com.

Costa and the Consortium websites

The content of Costa and each Consortium Member's respective websites do not form part of this Scheme Booklet and Costa Shareholders should not rely on their content.

Any references in this Scheme Booklet to a website is a textual reference for information only and no information in any website forms part of this Scheme Booklet.

Questions

Costa has established a Costa Shareholder Information Line which you should call if you have any questions or require further information. The telephone number is 1800 009 918 (within Australia) and +61 1800 009 918 (outside Australia). The Costa Shareholder Information Line is open between Monday and Friday from 8.30am to 5.30pm (AEDT) (excluding public holidays).

Costa Shareholders should consult their legal, financial or other professional advisers before making any decision regarding the Scheme.

Supplementary Information

In certain circumstances, Costa may provide additional disclosure to Costa Shareholders in relation to the Scheme after the date of this Scheme Booklet. To the extent applicable, Costa Shareholders should have regard to any such supplemental information in determining how to vote in relation to the Scheme.

Interpretation

Capitalised terms and certain abbreviations used in this Scheme Booklet have the meanings set out in the Glossary in Section 8. The documents reproduced in the Annexures to this Scheme Booklet may have their own defined terms, which are sometimes different from those in the Glossary.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Scheme Booklet. A number of figures, amounts, percentages, estimates, calculations and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

Unless otherwise specified, all references to $, A$, AUD and cents are references to Australian currency.

All information set out in this Scheme Booklet (including financial and operational information) is current as at the date of this Scheme Booklet, unless otherwise indicated.

All references to times in this Scheme Booklet are references to time in Melbourne, Australia, unless otherwise stated.

All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet are subject to change.

Date

This Scheme Booklet is dated 11 December 2023.

1 *These Costa Shares are held either directly or pursuant to various arrangements including the Conditional Transfer Agreements, a transaction co-operation agreement and an agency arrangement.*

Contents

Important Dates

10.00am on 28 January 2024	Latest time and date for receipt of proxy and voting forms for the Scheme Meeting
7.00pm on 28 January 2024	Time and date for determining eligibility to vote at the Scheme Meeting
10.00am on 30 January 2024	Scheme Meeting for Costa Shareholders to vote on the Scheme Further details relating to the Scheme Meeting are set out in the Notice of Scheme Meeting at Annexure D

If the Scheme is approved by Costa Shareholders

9.30am on 7 February 2024	Second Court Hearing for approval of the Scheme
8 February 2024	Court order is lodged with ASIC and Scheme takes effect Last day of trading in Costa Shares
Close of trading on 8 February 2024	Suspension of Costa Shares from trading on the ASX
7.00pm on 12 February 2024	Scheme Record Date for determining entitlement to receive Scheme Consideration
26 February 2024	Implementation of the Scheme ("**Implementation Date**") Payment of the Scheme Consideration

All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court and other Regulatory Authorities. Any changes to the above timetable (which may include an earlier Second Court Hearing) will be announced through the ASX and notified on https://investors.costagroup.com.au/Investor-Centre/?page=asx-announcements. All references to time in this Scheme Booklet are references to Melbourne, Australia time.

Chairman's Letter

Dear fellow Costa Shareholder

On behalf of the Costa Board, I am pleased to present you with this Scheme Booklet for your information and consideration.

This Scheme Booklet contains important information in relation to the proposed acquisition of all of the issued shares in Costa Group Holdings Limited ("**Costa**") by Paine Schwartz Partners, LLC ("**PSP**"), Driscoll's, Inc ("**Driscoll's**") and British Columbia Investment Management Corporation ("**BCI**") (together, referred to as the "**Consortium**"), that the Consortium and its Associates do not already own, via Chilli Buyer Pty Ltd (ACN 670 569 678) ("**Bidco**"), an entity to be controlled by the Consortium as at the Implementation Date, by way of a scheme of arrangement ("**Scheme**").

This Scheme Booklet seeks to assist you in making an informed decision about how to vote on the Scheme at the Scheme Meeting and contains important information relating to the Scheme, including:

- the reasons why the Costa Directors have unanimously recommended that Costa Shareholders (other than Excluded Shareholders), including Costa Directors, vote in favour of the Scheme; and
- the Independent Expert's Report, which has concluded that the Scheme is fair and reasonable and in the best interests of Costa Shareholders (other than Excluded Shareholders).

This Scheme Booklet also sets out some of the reasons why you may wish to vote against the Scheme.

Background

On 22 September 2023, Costa announced it had entered into a Scheme Implementation Agreement with Bidco, an entity controlled by the Consortium as at the Implementation Date, under which Bidco has agreed to acquire all of the issued shares in Costa, that the Consortium and its Associates do not already own, at a price of $3.20 per Costa Share[2] by way of a scheme of arrangement under Part 5.1 of the Corporations Act.

The announcement of the proposed Scheme followed PSP acquiring a 13.78% Relevant Interest in Costa on 25 October 2022 at a price of $2.60 per Costa Share. As at the date of this Scheme Booklet, the Consortium Members (together with their respective Associates), have a Relevant Interest in 91,181,133 Costa Shares, being 19.62% of the total number of Costa Shares on issue. These Costa Shares are held by the Excluded Shareholders.

The Scheme is subject to a number of customary conditions and regulatory approvals including approval from the Foreign Investment Review Board ("**FIRB**") for the acquisition of all of the Costa Shares by the Consortium (via Bidco), noting that PSP has already received FIRB approval to acquire up to 100% of the Costa Shares. Additionally, due to Costa's joint venture operations in China (and sales of the parties into the EU), the Scheme is subject to approval from the Chinese State Administration for Market Regulation and the European Commission.[3]

Details of the Scheme Consideration

If the Scheme proceeds, each Costa Shareholder (other than the Excluded Shareholders, as defined in Section 8 but primarily comprising Consortium Members or their Associates who currently hold Costa Shares) is entitled to the Scheme Consideration of $3.20 per Costa Share, less the cash amount per Costa Share of any dividend declared or determined by the Costa Board, whether fully franked or otherwise and paid by Costa to Costa Shareholders after 22 September 2023 and prior to the implementation of the Scheme ("**Scheme Consideration**"). The Costa Board has determined that Costa will not pay a dividend to Costa Shareholders in respect of the financial half year which ended on 2 July 2023.

---

2 *Less the cash amount per Costa Share of any dividend declared or determined by the Costa Board, whether fully franked or otherwise and paid by Costa to Costa Shareholders after 22 September 2023 and prior to the implementation of the Scheme. The Costa Board has determined that Costa will not pay a dividend to Costa Shareholders in respect of the financial half year which ended on 2 July 2023.*

3 *The Scheme Implementation Agreement also includes a Moroccan regulatory approval Condition Precedent. However, as at the date of this Scheme Booklet, neither Costa nor the Consortium Members (either separately or cumulatively, as applicable) meet the Moroccan local revenue or market share thresholds applicable to trigger the filing requirement and it is anticipated that they will remain under the relevant threshold, as the analysis relates to the revenues in the last financial year. In these circumstances, the relevant Condition Precedent in the Scheme Implementation Agreement will not apply.*

The Scheme Consideration values Costa's equity at approximately $1,496 million[4], and an enterprise value of approximately $2,459 million[5], and based on the offer of $3.20 per Costa Share, represents a price for each Costa Share that is:

- 43% higher than the closing share price on 25 October 2022 of $2.23 per Costa Share, which represents the last closing share price prior to PSP acquiring a 13.78% Relevant Interest in Costa;
- 23% higher than the price of $2.60 per Costa Share, the price at which PSP acquired a 13.78% Relevant Interest in Costa on 25 October 2022;
- 18% higher than the closing share price on 30 June 2023[6] of $2.72 per Costa Share; and
- 25% higher than the 3-month VWAP[7] to the closing share price on 30 June 2023 of $2.57 per Costa Share.

Costa Directors' recommendation

Your Directors consider that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders) and unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders).

The key reasons for your Directors' recommendation of the Scheme are set out in Section 1.1. In particular:

- The all cash consideration provides Costa Shareholders certainty in an uncertain operating environment at an attractive premium by delivering cash proceeds to Costa Shareholders.
- Implementation of the Scheme would mean that Costa Shareholders would no longer be exposed to the current and future risks relating to the ongoing execution of Costa's business growth plan.
- The Independent Expert has concluded that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.
- No Superior Proposal has emerged as at the date of this Scheme Booklet.
- If the Scheme is voted down and does not proceed, in response the Costa Share price may fall, perhaps materially.
- Brokerage charges and stamp duty will not be imposed on Costa Shareholders in respect of the transfer of Costa Shares under the Scheme.

Given the above, each of your Directors who holds or controls Costa Shares intends to vote in favour of the Scheme in relation to all Costa Shares held or controlled by them, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders) and in the absence of a Superior Proposal.[8]

A summary of the key risks associated with the Scheme is set out in Section 1.2.

Independent Expert's opinion

Costa appointed Kroll as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the scheme is fair and reasonable and in the best interests of Costa Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal. The Independent Expert has assessed the value of a Costa Share on a 100% controlling interest basis to be in the range of $2.62 to $3.28, and the Scheme Consideration price falls within the Independent Expert's range.

A complete copy of the full report of the Independent Expert is set out in Annexure A.

4 *Calculated based on 464,709,793 fully paid ordinary shares and 2,635,206 options or rights to subscribe for Costa Shares currently on issue (50,000 of which are options to subscribe for C Class shares in the capital of Costa under the IPO Share Option Plan. Once issued, these C Class shares immediately convert to Costa Shares).*

5 *Calculated based on 2 July 2023 net debt of $350.1 million, lease liabilities of $582.9 million, equity accounted investments of $34.8 million and non-controlling interests of $65.5 million.*

6 *Being the closing price on the day immediately prior to market speculation around a possible change of control proposal.*

7 *Volume weighted average price.*

8 *As at the date of this Scheme Booklet, the Costa Directors hold or control the following marketable securities of Costa: Harry Debney - 379,900 Costa Shares; Neil Chatfield - 464,242 Costa Shares; Tim Goldsmith - 73,425 Costa Shares; Janette Kendall - 42,612 Costa Shares; Dr Jane Wilson AO - 43,425 Costa Shares; and Peter Margin - 94,721 Costa Shares. Refer to Section 7.2 for further information.*

How to vote

As required by the Corporations Act, for the Scheme to proceed, it must be approved by the Requisite Majority of Costa Shareholders (other than Excluded Shareholders) (the requirements of which are set out later in this Scheme Booklet) and by the Federal Court of Australia.

At the Scheme Meeting, Costa Shareholders, other than the Excluded Shareholders, will be asked to approve the Scheme. Excluded Shareholders will not vote at the Scheme Meeting. A confirmatory statement to that effect is made by the Consortium in Section 5.8(a).

Your vote is important. I strongly encourage you to vote either by attending the Scheme Meeting in person or online or by completing and returning the proxy and voting form accompanying this Scheme Booklet (the form of which is contained at Annexure F) so that it is received at the address shown on the proxy and voting form by 10.00am on 28 January 2024. The Scheme Meeting will be held at Level 27, Collins Arch, 447 Collins Street, Melbourne, VIC 3000, on 30 January 2024 commencing at 10.00am and can be attended in person or through the Online Scheme Meeting Platform by using a web browser at https://meetings.linkgroup.com/CGCSM24 on your smartphone, tablet or computer.

The Online Scheme Meeting Platform will allow Costa Shareholders and their duly appointed proxies, attorneys and corporate representatives to listen to the Scheme Meeting, cast an online vote and ask questions online or by phone.

If you wish the Scheme to be approved and proceed, it is important that you vote in favour of the Scheme.

Further information

I encourage you to read this Scheme Booklet (including the report of the Independent Expert) carefully in full and, if required, to seek your own legal, financial or other professional advice.

Costa Shareholders who have any questions relating to the Scheme should contact the Costa Shareholder Information Line on 1800 009 918 (for callers within Australia) or +61 1800 009 918 (for callers outside Australia) between 8.30am and 5.30pm (AEDT) Monday to Friday (excluding public holidays), or visit https://events.miraqle.com/cgc-scheme.

On behalf of the Costa Board, I would like to take this opportunity to sincerely thank you for your investment in, and support of Costa, and taking the time to consider the information in this Scheme Booklet before registering your vote.

Yours sincerely

Neil Chatfield

Chairman
Costa Group

Key information about the Scheme

What is the Scheme?

The Scheme is a scheme of arrangement between Costa and Costa Shareholders (other than Excluded Shareholders). If the Scheme becomes Effective and completion occurs under the Conditional Transfer Agreements, the Consortium will, via Bidco (an entity controlled by the Consortium as at the Implementation Date), acquire all of the Costa Shares on issue that it and its Associates do not already own, and Costa will become a wholly-owned Subsidiary of Bidco.

A "scheme of arrangement" is a statutory procedure that can be used to enable one company to acquire another company. It requires a vote in favour of the Scheme by a Requisite Majority of Costa Shareholders, other than Excluded Shareholders, at a meeting of Costa Shareholders, as well as Court approval. As at the date of this Scheme Booklet, the Consortium Members, together with their respective Associates, have a Relevant Interest in 91,181,133 Costa Shares[9], being 19.62% of Costa Shares on issue. Excluded Shareholders will not vote at the Scheme Meeting.

If you are a Costa Shareholder on the Scheme Record Date (other than an Excluded Shareholder) you will receive the Scheme Consideration, being $3.20 per Costa Share in cash less any dividend declared or determined by the Costa Board, whether fully franked or otherwise and paid by Costa to Costa Shareholders after 22 September 2023 and prior to implementation of the Scheme. The Costa Board has determined that Costa will not pay a dividend to Costa Shareholders in respect of the financial half year which ended on 2 July 2023.

The resolution to approve the Scheme must be passed by Costa Shareholders, other than the Excluded Shareholders, by the Requisite Majority being:

- a majority in number (more than 50%) of Costa Shareholders who are present and voting either in person or online or by proxy, attorney or, in the case of corporate shareholders, by corporate representative ("**Headcount Test**")[10]; and
- at least 75% of the total number of total votes cast on the resolution to approve the Scheme by Costa Shareholders who are present and voting either in person or online or by proxy, attorney or, in the case of corporate shareholders, by corporate representative.

The Scheme is also subject to the satisfaction or waiver of the Conditions Precedent summarised in Section 3.4 and set out in full in clause 3.1 of the Scheme Implementation Agreement, and approval by the Court.

The terms of the Scheme are set out in full in Annexure B.

What should I do?

You should read this Scheme Booklet carefully in its entirety and then vote by attending the Scheme Meeting (either in person or online) or by appointing a proxy to vote on your behalf. Full details of who is eligible to vote and how to vote are set out on the following page.

Answers to various frequently asked questions are set out on pages 15 to 23. If you have any additional questions in relation to this Scheme Booklet or the Scheme please consult your legal, financial or other professional adviser or call the Costa Shareholder Information Line on 1800 009 918 within Australia and +61 1800 009 918 outside Australia between Monday and Friday from 8.30am to 5.30pm (AEDT) (excluding public holidays).

What are the conditions to the Scheme?

The implementation of the Scheme is subject to a number of Conditions Precedent as set out in the Scheme Implementation Agreement. As at the date of this Scheme Booklet, implementation of the Scheme remains conditional on each of the Conditions Precedent set out in Section 7.11(b).

As at the date of this Scheme Booklet, Costa is not aware of any circumstances which would cause the Conditions Precedent not to be satisfied. An update as to the status of the Conditions Precedent will be provided at the Scheme Meeting.

---

9 These Costa Shares are held either directly or pursuant to various arrangements including the Conditional Transfer Agreements, a transaction co-operation agreement and an agency arrangement.

10 The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting. Costa reserves the right to apply to the Court at the Second Court Hearing to approve the Scheme even if the Headcount Test is not satisfied.

How do I vote?

Am I entitled to vote?

Unless you are an Excluded Shareholder, if you are registered on the Costa Share Register at 7.00pm on 28 January 2024 as a Costa Shareholder, you will be entitled to vote on the resolution to approve the Scheme at the Scheme Meeting. Registrable transmission applications or transfers registered after this time will not be recognised in determining entitlements to vote at the Scheme Meeting.

If Costa Shares are jointly held, only one of the joint Costa Shareholders is entitled to vote. If more than one joint Costa Shareholder votes, only the vote of the Costa Shareholder whose name appears first on the Costa Share Register will be counted.

How to vote in person

To vote in person at the Scheme Meeting, Costa Shareholders must attend the Scheme Meeting to be held at Level 27, Collins Arch, 447 Collins Street, Melbourne, VIC 3000 on 30 January 2023 commencing at 10.00am or through the Online Scheme Meeting Platform by using a web browser at https://meetings.linkgroup.com/CGCSM24 on their smartphone, tablet or computer.

A Costa Shareholder who wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting and given a voting card upon disclosure of their name and address at the point of entry.

Persons who are attending as an attorney should bring the original or a certified copy of the power of attorney under which they were appointed to the Scheme Meeting, unless it has already been noted by Costa.

Persons who are attending as a corporate representative for a corporation must bring evidence of their appointment. The appointment must comply with section 250D of the Corporations Act. An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card upon providing written evidence of their appointment (including any authority under which it is signed), their name and address and the identity of their appointer, at the point of entry to the Scheme Meeting.

How to vote online

To vote online at the Scheme Meeting, you must attend the Scheme Meeting through the Online Scheme Meeting Platform by using a web browser at https://meetings.linkgroup.com/CGCSM24, on your smartphone, tablet or computer.

To access the Online Scheme Meeting Platform, Costa Shareholders will need their Securityholder Reference Number ("**SRN**") or Holder Identification Number ("**HIN**") (which is shown on the front of their holding statement or Scheme Meeting proxy and voting form), and their postcode (or country code, if outside Australia). The Costa Share Registry will email proxyholders their login details 24 hours before the Scheme Meeting. Attorneys and corporate representatives can log on to the Online Scheme Meeting Platform using the SRN/HIN of the Costa Shareholder who appointed them.

The Scheme Meeting Online Guide (a copy of which is attached to this Scheme Booklet at Annexure E) contains further details about the Online Scheme Meeting Platform and how Costa Shareholders (other than Excluded Shareholders) can ask questions at the Scheme Meeting if they are attending remotely. The Scheme Meeting Online Guide provides details about how to ensure that your browser is compatible with the Online Scheme Meeting Platform, as well as a step-by-step guide to successfully log in and navigate the Online Scheme Meeting Platform.

The Online Scheme Meeting Platform will allow Costa Shareholders and their duly appointed proxies, attorneys and corporate representatives to listen to the Scheme Meeting, cast an online vote and ask questions online.

Online voting will be open between the start of the Scheme Meeting and voting will be closed 5 minutes after the closing of the Scheme Meeting.

If you attend the Scheme Meeting through the Online Scheme Meeting Platform and vote in your capacity as a Costa Shareholder, any votes cast by your proxy or attorney (if any) will not be counted.

How to cast a direct vote

To cast a direct vote prior to the Scheme Meeting, you can either do so online at https://events.miraqle.com/cgc-scheme, or submit a proxy and voting form in the manner stated on the form and described in further detail below.

How to vote by proxy

Your personalised proxy and voting form for the Scheme Meeting accompanies this Scheme Booklet (the form of which is contained at Annexure F). Information setting out how you may vote by proxy is contained in the Notice of Scheme Meeting at Annexure D. If your proxy and voting form is signed by an attorney or corporate representative, please also enclose the authority under which the proxy and voting form is signed (or a certified copy of the authority). Details of the requirements for these authorities are contained in the Notice of Scheme Meeting at Annexure D.

Proxy and voting forms (and any authority appointing an attorney or corporate representative) must be lodged as follows:

- **Sent by post** to the Costa Share Registry at:
  Costa Group Holdings Limited
  C/ - Link Market Services Limited
  Locked Bag A14 Sydney South NSW 1235 Australia
- **By hand** delivery during business hours (Monday to Friday (excluding public holidays), 9.00am to 5.00pm) to the Costa Share Registry at either:
  - Parramatta Square, Level 22, Tower 6, 10 Darcy Street, Parramatta NSW 2150; or
  - Level 12, 680 George Street, Sydney NSW 2000
- **Faxed** to the Costa Share Registry on +61 2 9287 0309; or
- **Lodged online** by visiting www.linkmarketservices.com.au.

Completed proxy and voting forms, together with any power of attorney or corporate representative appointment, or a certified copy of it, under which the proxy and voting form is signed, must be received no later than 10.00am on 28 January 2024 (at least 48 hours prior to commencement of the Scheme Meeting). Proxy and voting forms received after this time will be invalid.

A proxy will be admitted to the Scheme Meeting and given a voting card upon providing written evidence of their name and address at the point of entry to the Scheme Meeting. The sending of a proxy and voting form will not preclude a Costa Shareholder from attending in person and voting at the Scheme Meeting. However, if that Costa Shareholder attends the Scheme Meeting and votes, their proxy's right to vote will be suspended.

What is your Directors' recommendation?

Your Directors unanimously consider the Scheme to be in the best interests of Costa Shareholders (other than Excluded Shareholders) and unanimously recommend that Costa Shareholders (other than Excluded Shareholders) vote in favour of the Scheme, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders) and in the absence of a Superior Proposal.

In reaching their recommendation, your Directors have assessed the Scheme having regard to the reasons to vote for, or against, the Scheme, as set out in this Scheme Booklet.

Your Directors believe the offer represents an attractive premium relative to recent historical trading prices of Costa Shares and provides an opportunity for Costa Shareholders to realise certain value in cash in the near term which may not be achieved if the Scheme does not proceed. Section 1 sets out reasons to vote for or against the Scheme.

Each of your Directors intends to vote the Costa Shares that they hold or control, and will direct any Costa proxies placed at their discretion (other than by an Excluded Shareholder), in favour of the Scheme subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders) and in the absence of a Superior Proposal.[11]

Excluded Shareholders will not vote at the Scheme Meeting. A confirmatory statement to that effect is made by the Consortium in Section 5.8(a).

If a Superior Proposal emerges or the Independent Expert changes its conclusion that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders) after the date of this Scheme Booklet, your Directors will carefully reconsider the Scheme and advise you of their recommendation.

The interests of your Directors, and the number and description of Costa Shares held by or on behalf of them, are set out in Sections 7.2 and 7.3. When considering the recommendation of the Costa Directors to vote in favour of the Scheme, Costa Shareholders should have regard to the personal interests of your Directors. Your Directors consider that, despite these interests, it is appropriate for them to make a voting recommendation on the Scheme given their role in Costa.

---

11 *As at the date of this Scheme Booklet, the Costa Directors hold or control the following marketable securities of Costa: Harry Debney - 379,900 Costa Shares; Neil Chatfield - 464,242 Costa Shares; Tim Goldsmith - 73,425 Costa Shares; Janette Kendall - 42,612 Costa Shares; Dr Jane Wilson AO - 43,425 Costa Shares; and Peter Margin - 94,721 Costa Shares. Refer to Section 7.2 for further information.*

1. Matters relevant to your vote on the Scheme

Reasons to vote for the Scheme

✔	The Costa Directors unanimously recommend that Costa Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders).
✔	The Scheme Consideration represents an attractive premium relative to recent historical trading prices of Costa Shares prior to the after-market stake accumulation by PSP on 25 October 2022 as well as trading prior to the announcement of PSP's initial proposal.
✔	The all cash consideration provides Costa Shareholders certainty in an uncertain operating environment at an attractive premium by delivering cash proceeds to Costa Shareholders.
✔	Implementation of the Scheme would mean that Costa Shareholders would no longer be exposed to the current and future risks relating to the ongoing execution of Costa's business growth plan.
✔	The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Costa Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.
✔	No Superior Proposal has emerged as at the date of this Scheme Booklet.
✔	If the Scheme is voted down and does not proceed, in response the Costa Share price may fall, perhaps materially.
✔	Brokerage charges and stamp duty will not be imposed on Costa Shareholders in respect of the transfer of Costa Shares under the Scheme.

Reasons to vote for the Scheme are discussed in more detail in Section 1.1.

Reasons not to vote for the Scheme

✗	After considering the Independent Expert's Report and the reasons given by your Directors in favour of the Scheme, you may disagree with the Independent Expert and your Directors, and believe that the Scheme is not in the best interests of Costa Shareholders (other than Excluded Shareholders).
✗	If the Scheme proceeds you will no longer be a Costa Shareholder and you will not participate in any potential upside that may result from being a Costa Shareholder.
✗	You may believe it is in your best interests to maintain your current investment and risk profile.
✗	The tax consequences of transferring your Costa Shares pursuant to the Scheme may not be optimal for your financial position.
✗	You may consider that there is potential for a Competing Transaction to be announced after the date of this Scheme Booklet that the Costa Board believes is, or has the potential to become, a Superior Proposal (noting that no Superior Proposal has been received as at the date of this Scheme Booklet).

Reasons why you may not want to vote for the Scheme are discussed in more detail in Section 1.2.

1.1 Reasons to vote for the Scheme

(a) The Costa Directors unanimously recommend that Costa Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders)

Your Directors believe that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders) and unanimously recommend that Costa Shareholders, other than the Excluded Shareholders, vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders).

In reaching their recommendation, your Directors have assessed the Scheme having regard to the reasons to vote for, or against the Scheme, as set out in this Scheme Booklet.

Your Directors believe the Scheme Consideration recognises the value of Costa's business, after taking into account its medium and longer-term potential and the ongoing execution risks relating to Costa's strategic plans in an uncertain operating environment. The Scheme also provides an opportunity for Costa Shareholders to realise an agreed value in cash in the near term which may not be achieved if the Scheme does not proceed.

Each of your Directors intends to vote the Costa Shares that they hold or control, and will direct any proxies placed at their discretion (other than by an Excluded Shareholder), in favour of the Scheme subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders) and in the absence of a Superior Proposal.

The interests of your Directors and the number and description of Costa Shares held by or on behalf of your Directors are set out in Sections 7.2 and 7.3. When considering the recommendation of your Directors, Costa Shareholders should have regard to the personal interests of the Costa Directors.

In considering whether to vote for the Scheme, your Directors encourage you to:

- carefully read the whole of this Scheme Booklet (including the Independent Expert's Report);
- consider the choices available to you as outlined in Section 3;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- consult your legal, financial or other professional adviser.

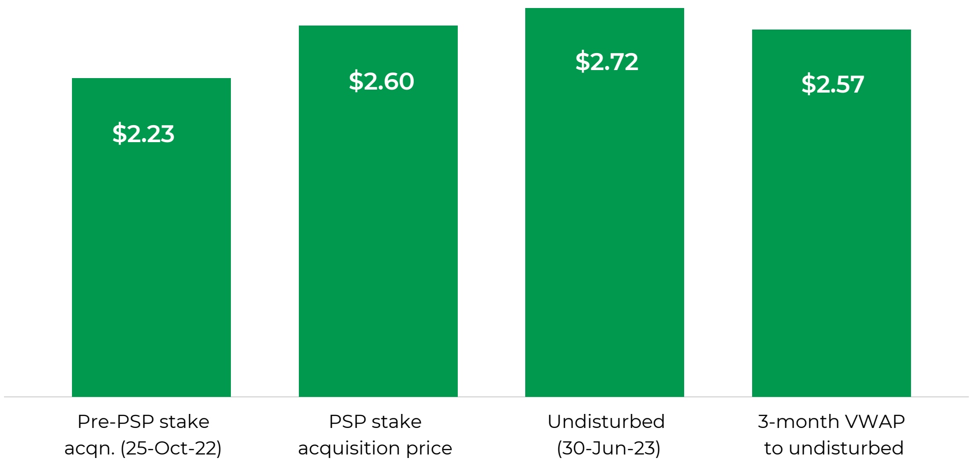
(b) The Scheme Consideration represents an attractive premium relative to recent historical trading prices of Costa Shares prior to the after-market stake accumulation by PSP on 25 October 2022 as well as trading prior to the announcement of PSP's initial proposal

The Scheme Consideration of $3.20 per Costa Share, less the cash amount per Costa Share of any dividend declared or determined by the Costa Board, whether fully franked or otherwise and paid by Costa to Costa Shareholders after 22 September 2023 and prior to the implementation of the Scheme, represents a price for each Costa Share that is:

- 43% higher than the closing share price on 25 October 2022 of $2.23 per Costa Share, which represents the last closing share price prior to PSP acquiring a 13.78% Relevant Interest in Costa;
- 23% higher than the price of $2.60 per Costa Share, the price at which PSP acquired a 13.78% Relevant Interest in Costa on 25 October 2022;
- 18% higher than the closing share price on 30 June 2023[12] of $2.72 per Costa Share; and
- 25% higher than the 3-month VWAP to the closing share price on 30 June 2023 of $2.57 per Costa Share.

12 *Being the closing price on the day immediately prior to market speculation around a possible change of control proposal.*

Scheme Consideration: $3.20 per share



(c) The all cash consideration provides Costa Shareholders certainty in an uncertain operating environment at an attractive premium by delivering cash proceeds to Costa Shareholders

If the Scheme is implemented, the Scheme Consideration of $3.20 per Costa Share provides the value and certainty of cash to Costa Shareholders.[13]

Specifically, if the Scheme is implemented, Costa Shareholders, other than Excluded Shareholders, will receive $3.20 per Costa Share less the cash amount per Costa Share of any dividend declared or determined by the Costa Board, whether fully franked or otherwise and paid by Costa to Costa Shareholders after 22 September 2023 and prior to the implementation of the Scheme. The Costa Board has determined that Costa will not pay a dividend to Costa Shareholders in respect of the financial half year which ended on 2 July 2023.

In contrast, if the Scheme does not proceed the amount which Costa Shareholders will be able to realise for their Costa Shares (in terms of price) and from their Costa Shares (by way of future dividends), will necessarily be uncertain. Among other things, this will be subject to the performance of Costa's business from time to time, general economic conditions and movements in the share market. The Scheme (if implemented) entirely removes this uncertainty for Costa Shareholders.

(d) Implementation of the Scheme would mean that Costa Shareholders would no longer be exposed to the current and future risks relating to the ongoing execution of Costa's business growth plan

If the Scheme does not proceed, the amount that Costa Shareholders will be able to realise for their investment in Costa Shares will necessarily be uncertain.

Among other things, this uncertainty relates to the performance of Costa's business from time to time and Costa's ability to successfully execute Costa's business growth plan in future years. While the Costa Board has confidence in the long term fundamentals of Costa, Costa's operating performance in recent years highlights the inherent challenges and uncertainty in the horticultural sector.

If the Scheme becomes Effective, the Scheme removes this uncertainty for Costa Shareholders. For details of risks relating to remaining a Costa Shareholder if the Scheme is not implemented, see Section 4.6.

13 *Excluded Shareholders are not entitled to receive the Scheme Consideration.*

(e) **The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Costa Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal**

The Independent Expert has analysed Costa's business and, in light of this analysis, the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Costa Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.

The Independent Expert has assessed the value of a Costa Share on a controlling interest basis to be in the range of $2.62 to $3.28. The Scheme Consideration of $3.20 falls within this range.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert Report, a copy of which is included at Annexure A. The Costa Directors encourage you to read the Independent Expert's Report in its entirety.

(f) **No Superior Proposal has emerged as at the date of this Scheme Booklet**

Since the proposed Scheme was announced on 22 September 2023 up until the date of this Scheme Booklet, no Superior Proposal has emerged.

The Costa Board is not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge. However, there remains the possibility that a third party may make an unsolicited Superior Proposal prior to the Scheme Meeting.

The Scheme Implementation Agreement includes terms which prevent Costa from seeking an alternative proposal from a third party.

However, the Scheme Implementation Agreement does not prevent a third party from making an unsolicited, alternative proposal and does not prevent the Costa Board from responding to an unsolicited written proposal if they determine (after consultation with Costa's advisers) that the proposal is a Superior Proposal or may reasonably be considered to become a Superior Proposal, and a failure to respond to the proposal would or would be reasonably likely to constitute a breach of their fiduciary or statutory obligations.

If a Competing Transaction emerges, Costa is required under the Scheme Implementation Agreement to notify Bidco and, to the extent the Costa Board considers it to be a Superior Proposal, provide Bidco with an opportunity to match or exceed that Superior Proposal.

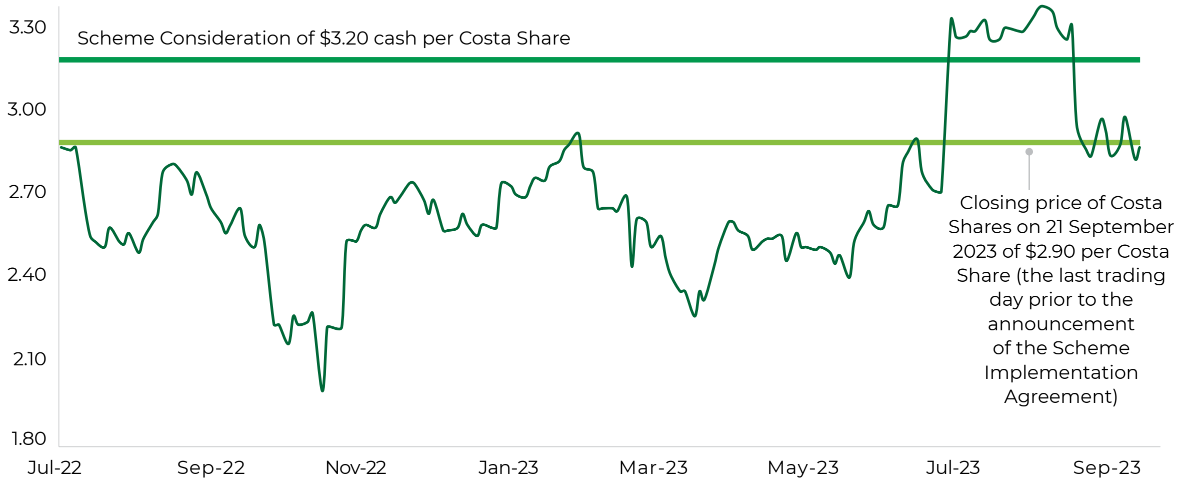
Your Directors will notify Costa Shareholders if a Superior Proposal is received before the Scheme Meeting.

(g) **If the Scheme is voted down and does not proceed, in response the Costa Share price may fall, perhaps materially**

If the Scheme does not proceed, Costa Shares will continue to remain quoted on the official list of the ASX and the price at which Costa Shares trade will continue to be subject to market volatility (including general stock market movements, the impact of general economic conditions and the general demand for listed securities) and Costa Shareholders will continue to be exposed to the risks associated with Costa's business (see Section 4.6). As such, if the Scheme is voted down and not implemented, the Costa Share price may fall, perhaps materially.

Since market close on 21 September 2023 (being the last day on which Costa Shares traded before the Scheme was announced), the Costa Share price has increased 7.6% up to a closing price of $3.12 on 5 December 2023, being the Last Practicable Date.

Costa (ASX: CGC) Share price (A$ per share)



(h) **Brokerage charges and stamp duty will not be imposed on Costa Shareholders in respect of the transfer of your Costa Shares under the Scheme**

You will not incur any brokerage charges or stamp duty on the transfer of your Costa Shares to Bidco under the Scheme.

It is possible that such brokerage charges (and, potentially GST on those charges) would be incurred if you dispose of your Costa Shares other than under the Scheme.

1.2 Possible reasons not to vote for the Scheme

(a) **After considering the Independent Expert's Report and the reasons given by your Directors in favour of the Scheme, you may disagree with the Independent Expert and your Directors, and believe that the Scheme is not in the best interests of Costa Shareholders (other than Excluded Shareholders)**

In concluding that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal, the Costa Directors and the Independent Expert are making judgments based on their respective assessments of future trading conditions and events which cannot be predicted with certainty and which may prove to be inaccurate (either positively or negatively).

You may hold a different view to your Directors and the Independent Expert, and believe that the Scheme Consideration is inadequate.

There is no obligation to follow the recommendation of your Directors or to agree with the opinion of the Independent Expert.

(b) **If the Scheme proceeds you will no longer be a Costa Shareholder and you will not participate in any potential upside that may result from being a Costa Shareholder**

If the Scheme is implemented, you will no longer participate in the future performance of Costa. This will mean that you will not retain any exposure to Costa's assets or have the potential to share in the value that could be generated by Costa in the future.

(c) **You may believe it is in your best interests to maintain your current investment and risk profile**

You may wish to maintain your investment in Costa in order to have an investment in a public listed company with the specific characteristics of Costa in terms of industry, operational profile, size, capital structure and potential future dividend stream. It may be difficult for Costa Shareholders who wish to maintain their investment profile to identify and invest in alternative investments that have a similar profile to that of Costa, and they may incur transaction costs in undertaking any such new investment.

You may also consider that, despite the risk factors relevant to Costa's potential future operations (including those set out in Section 4.6), Costa may be able to return greater value from its assets by remaining a standalone entity or by seeking alternative corporate transactions in the future.

(d) **The tax consequences of transferring your Costa Shares pursuant to the Scheme may not be optimal for your financial position**

Implementation of the Scheme may have tax consequences for you. A general guide to the taxation implications of the Scheme is set out in Section 6. This guide is expressed in general terms and you should seek your own independent professional advice regarding the tax consequences applicable to your circumstances.

(e) **You may consider that there is potential for a Competing Transaction to be announced after the date of this Scheme Booklet that the Costa Board believes is, or has the potential to become, a Superior Proposal (noting that no Superior Proposal has been received as at the date of this Scheme Booklet)**

You may believe that there is a possibility that a Superior Proposal could emerge in the foreseeable future. However, for the reasons noted below, your Directors consider that the possibility of a Superior Proposal emerging is low.

- Since the announcement of the Scheme on 22 September 2023 and up to the date of this Scheme Booklet, your Directors have not received or become aware of any Superior Proposal.
- The Scheme is a result of an extensive engagement process with the Consortium involving the provision of publicly available presentation materials, as well as a non-exclusive due diligence period. During the course of this process no alternative proposals were received by Costa.
- The Scheme Implementation Agreement prohibits Costa from soliciting any Competing Transaction, although Costa may respond to a Competing Transaction if the Directors determine (after consultation with its advisers) that failing to do so would or would be reasonably likely to constitute a breach of their fiduciary or statutory obligations.
- If a Competing Transaction emerges, Costa is required under the Scheme Implementation Agreement to notify Bidco and, to the extent the Costa Board considers it to be a Superior Proposal, provide Bidco with an opportunity to match or exceed that Superior Proposal.

As at the date of this Scheme Booklet, no Superior Proposal has emerged, and your Directors are not aware of any Superior Proposal that is likely to emerge.

1.3 Other relevant considerations

(a) **The Scheme is subject to Conditions Precedent**

The implementation of the Scheme is subject to a number of Conditions Precedent, summarised in Section 3.4 and set out in full in clause 3.1 of the Scheme Implementation Agreement.

All these Conditions Precedent need to be satisfied, if applicable, (or alternatively waived, in the case of certain conditions that are capable of being waived) in order for the Scheme to proceed.

Your Directors have reviewed these Conditions Precedent and do not consider them to be unduly onerous or inconsistent with market practice for a transaction of this nature.

As at the date of this Scheme Booklet, Costa is not aware of any circumstances which would cause the Conditions Precedent not to be satisfied. An update as to the status of the Conditions Precedent will be provided at the Scheme Meeting.

(b) **The Scheme may be implemented even if you vote against it**

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majority of Costa Shareholders, other than the Excluded Shareholders, and the Court, and if all of the other Conditions Precedent are satisfied (if applicable) or waived. If this occurs and completion occurs under the Conditional Transfer Agreements, Bidco will acquire all of the Costa Shares on issue and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.[14]

14 *Excluded Shareholders are not entitled to receive the Scheme Consideration.*

(c) Costs

Costa has incurred significant costs in responding to the Consortium's proposal for Bidco (an entity controlled by the Consortium as at the Implementation Date) to acquire all of the Costa Shares on issue and negotiating that proposal to the point that it is capable of being submitted to Costa Shareholders, other than Excluded Shareholders, as a scheme of arrangement for their consideration. These costs include negotiating the Scheme Implementation Agreement, retaining professional advisers (including financial, legal and tax advisers), facilitating the Consortium's access to due diligence, engaging the Independent Expert, considering regulatory matters and preparing this Scheme Booklet.

If the Scheme is implemented, these costs will effectively be met by the Consortium as the ultimate controller of Costa following implementation of the Scheme. If the Scheme is not implemented and if no Superior Proposal emerges and is implemented, Costa expects to incur total external costs of approximately $1.8 million which will be paid in CY23 and CY24. In its latest financial results for the 6 month period ended 2 July 2023, Costa reported costs associated with responding to a takeover proposal of $412,000.

(d) Break fee and reverse break fee

A fee of $14,900,000 (known as a "break fee") is payable by Costa to Bidco if the Scheme does not proceed because certain events occur, which include:

(i) Bidco terminating the Scheme Implementation Agreement as a result of there being a material breach of the Scheme Implementation Agreement by Costa;

(ii) Bidco terminating the Scheme Implementation Agreement as a result of any Costa Director making a public statement withdrawing, or adversely changing, qualifying or modifying, or that is inconsistent with, their recommendation for or voting intention in relation to the Scheme or to support or endorse a Competing Transaction (other than where the Independent Expert concludes that the Scheme is not in the best interests of Costa Shareholders (other than Excluded Shareholders) (unless the Independent Expert reaches that conclusion wholly or partly as a result of the existence or announcement of a Competing Transaction)); or

(iii) during the period ending on the earlier of the termination of the Scheme Implementation Agreement and 30 April 2024 (or such other date agreed between Costa and Bidco), a Competing Transaction is announced by any person and within 9 months either completes or otherwise results in a third party acquiring a Relevant Interest in, or directly or indirectly acquiring, more than 50% of Costa Shares and that acquisition is (or becomes) unconditional.

A fee of $14,900,000 (known as a "reverse break fee") is payable by Bidco to Costa if the Scheme does not proceed because certain events occur, which include there being:

(iv) a material breach of the Scheme Implementation Agreement by Bidco; or

(v) a failure by Bidco to pay the aggregate Scheme Consideration.

See Section 7.11 for more details.

(e) Implications if the Scheme does not proceed

If the Scheme is not approved by Costa Shareholders (other than the Excluded Shareholders) or the Court, or if any of the other Conditions Precedent set out in Section 3.4 are not satisfied (if applicable) or waived by 30 April 2024 (or such other date agreed between Costa and Bidco), the Scheme will not proceed. In those circumstances:

- Bidco will not pay the Scheme Consideration;
- Costa will remain listed on the ASX; and
- Costa Shareholders will retain their Costa Shares and, in doing so, will continue to have the benefits of their current Costa investment and to be exposed to the risks of holding their Costa Shares (see Section 4.6 in respect of risks relating to an investment in Costa).

In the absence of a Superior Proposal, there is a risk that Costa Shareholders may not be able to realise a price for all of their Costa Shares (at least in the short term) comparable to the price that they would receive under the Scheme.

2. Q&A

This Scheme Booklet contains detailed information regarding the Scheme. This Section 2 provides summary answers to some questions you may have and will assist you to locate further detailed information in this Scheme Booklet.

#	Question	Answer	Further Information
2.1	**THE SCHEME AT A GLANCE**		
(a)	Why have I received, or why am I eligible to receive or access this Scheme Booklet?	You have received or are eligible to receive or access this Scheme Booklet because you are shown in the Costa Share Register as a Costa Shareholder and Costa Shareholders (other than Excluded Shareholders) are being asked to vote on the Scheme which, if approved, will result in the Consortium, via Bidco (an entity controlled by the Consortium as at the Implementation Date), acquiring all of the Costa Shares on issue. This Scheme Booklet is intended to help you to decide how to vote on the resolution which needs to be passed at the Scheme Meeting to allow the Scheme to be implemented. If you have sold all of your Costa Shares, please disregard this Scheme Booklet as you will not be entitled to vote at the Scheme Meeting.	Section 3.8
(b)	What is the Scheme?	The Scheme is a scheme of arrangement between Costa and Costa Shareholders (other than Excluded Shareholders). If the Scheme becomes Effective and completion occurs under the Conditional Transfer Agreements, the Consortium, via Bidco (an entity controlled by the Consortium as at the Implementation Date), will acquire all of the Costa Shares and Costa will become a wholly-owned Subsidiary of Bidco. The Costa Shareholders do not include the Excluded Shareholders. Excluded Shareholders are excluded from the Scheme and are not entitled to participate in or vote at the Scheme Meeting. A "scheme of arrangement" is a statutory procedure that can be used to enable one company to acquire another company. It requires a vote in favour of the Scheme by a Requisite Majority of Costa Shareholders (other than Excluded Shareholders) at a meeting of Costa Shareholders, and Court approval. The terms of the Scheme are set out in full in Annexure B.	N.A.
(c)	Who is the Consortium and Bidco, and what are Bidco's intentions regarding Costa?	The Consortium is made up of a consortium of investors comprising entities associated with PSP, Driscoll's and BCI. Bidco, an entity controlled by the Consortium as at the Implementation Date, is an Australian proprietary company that was incorporated for the purpose of acquiring all of the Costa Shares under the Scheme.	Section 5

#	Question	Answer	Further Information
(c)	Who is the Consortium and Bidco, and what are Bidco's intentions regarding Costa? (cont)	Following implementation of the Scheme, Bidco intends: • to arrange for Costa to be removed from the official list of the ASX; • for Costa to maintain its current head office; • to reconstitute the Costa Board; • to work with the management team to ensure Costa is appropriately staffed to pursue the growth opportunities in the market; • not to make any material changes to Costa's constitution; and • to undertake a detailed review of Costa's assets and operations. For further information on the Consortium and its intentions regarding Costa, please refer to Section 5.	Section 5
(d)	What do your Directors recommend?	Your Directors believe that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders) and unanimously recommend that you vote in favour of the Scheme, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders) and in the absence of a Superior Proposal. The basis for this recommendation is set out in Section 1.1(a). The interests of your Directors, and the number and description of Costa Shares held by or on behalf of them, are set out in Sections 7.2 and 7.3. When considering the recommendation of your Directors to vote in favour of the Scheme, Costa Shareholders, other than the Excluded Shareholders, should have regard to the personal interests of your Directors. Your Directors consider that, despite these interests, it is appropriate for the Directors to make a voting recommendation on the Scheme given their role in Costa. Section 1.2 includes a summary of the possible reasons to vote against the Scheme.	Sections 1.1, 1.2, 7.2 and 7.3
(e)	How do Costa's Directors intend to vote?	Each Costa Director who holds or controls Costa Shares intends to vote in favour of the Scheme, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders) and in the absence of a Superior Proposal.	Section 7.2
(f)	What is the Independent Expert's conclusion?	The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable and in the best interests of Costa Shareholders (other than Excluded Shareholders). The Independent Expert has assessed the value of a Costa Share on a controlling interest basis to be in the range of $2.62 to $3.28. The Scheme Consideration of $3.20 per Costa Share falls within this range. A complete copy of the Independent Expert's Report is set out in Annexure A. The Costa Directors encourage you to read the Independent Expert's Report in its entirety.	Annexure A

#	Question	Answer	Further Information
(g)	What are the prospects of receiving a Superior Proposal?	Since the Scheme was announced, no Superior Proposal has emerged. Given the time that has elapsed since the Consortium's initial proposal was announced on 22 September 2023, your Directors' view is that a Superior Proposal is unlikely to emerge prior to the Scheme Meeting.	Section 1.1(f)
(h)	Is the Scheme subject to any conditions?	Implementation of the Scheme is subject to a number of Conditions Precedent summarised in Section 3.4 and set out in full in clause 3.1 of the Scheme Implementation Agreement.	Section 3.4
(i)	What should I do?	You should read this Scheme Booklet carefully in its entirety and then vote by attending the Scheme Meeting in person or by appointing a proxy to vote on your behalf. Full details of who is eligible to vote and how to vote are set out in Sections 3.6 and 3.8.	Sections 3.6 and 3.8

2.2 WHAT YOU WILL RECEIVE UNDER THE SCHEME

(a)	What will I receive if the Scheme becomes Effective?	If the Scheme is approved and implemented and you remain a Costa Shareholder on the Scheme Record Date (and are not an Excluded Shareholder), you will receive the Scheme Consideration for each Costa Share you hold on the Scheme Record Date, being $3.20 less the cash amount of any dividend declared or determined by the Costa Board, whether fully franked or otherwise, and paid by Costa to Costa Shareholders after 22 September 2023 and prior to implementation of the Scheme. The Costa Board has determined that Costa will not pay a dividend to Costa Shareholders in respect of the financial half year which ended on 2 July 2023.	Section 3.2
(b)	When and how will I receive payments under the Scheme?	If you hold Costa Shares on the Scheme Record Date (and you are not an Excluded Shareholder), you will be paid your Scheme Consideration on the Implementation Date (currently expected to be 26 February 2024). Payments will be made in Australian currency to each Costa Shareholder (other than an Excluded Shareholder) either by: • direct credit transfer by electronic means into the validly nominated bank account as advised to the Costa Share Registry, for the purposes of the receipt of dividends, by a Costa Shareholder prior to the Scheme Record Date; • direct credit transfer by electronic means into the validly nominated bank account by a Costa Shareholder to Costa; or • if a Costa Shareholder has not nominated a bank account, cheque, sent by pre-paid ordinary post to that Costa Shareholder's registered address as shown on the Costa Share Register at the Scheme Record Date (or, if the address of the Costa Shareholder in the Costa Share Register is outside Australia, by pre-paid airmail post).	Section 3.2
(c)	How is the Consortium funding the Scheme Consideration?	The aggregate Scheme Consideration will be funded by a combination of debt and equity. For further information on Bidco and the Consortium's funding arrangements please refer to Section 5.5.	Section 5.5

#	Question	Answer	Further Information
(d)	What are the tax consequences of the Scheme?	Section 6 provides a general outline of the Australian income tax, GST and stamp duty consequences for Costa Shareholders who dispose of their Costa Shares in accordance with the Scheme. You should not rely on those general descriptions as advice for your own affairs. You should consult with your own tax adviser regarding the tax consequences of disposing of your Costa Shares in accordance with the Scheme in light of current tax laws and your particular circumstances.	Section 6
(e)	Will I have to pay brokerage charges or stamp duty?	No brokerage fees or stamp duty will be payable by Costa Shareholders on the transfer of Costa Shares under the Scheme.	Sections 1.1(h) and 6.5

2.3 VOTING TO APPROVE THE SCHEME

(a)	When and where will the Scheme Meeting be held, and how do I attend?	The Scheme Meeting will be held as a hybrid meeting on 30 January 2024 commencing at 10.00am. Costa Shareholders can attend the Scheme Meeting in person at Level 27, Collins Arch, 447 Collins Street, Melbourne, VIC 3000 or online, through the Online Scheme Meeting Platform. To attend the Scheme Meeting online enter https://meetings.linkgroup.com/CGCSM24 into a web browser on your desktop computer or online device. You will need to log on using your full name, mobile number, email address and company participant type (if applicable). We recommend you log into the online platform 30 minutes prior to the Scheme Meeting to check your connection.	Annexure D
(b)	Am I entitled to vote at the Scheme Meeting?	If you are registered as a Costa Shareholder on the Costa Share Register at 7.00pm on 28 January 2024 and you are not an Excluded Shareholder, you will be entitled to vote at the Scheme Meeting.	Section 3.8
(c)	What vote is required to approve the Scheme?	For the Scheme to proceed, votes "in favour of" the resolution to approve the Scheme at the Scheme Meeting must be received from a Requisite Majority of Costa Shareholders, other than Excluded Shareholders. A Requisite Majority is, in relation to the resolution to be put to Costa Shareholders at the Scheme Meeting: • a majority in number (more than 50%) of Costa Shareholders (other than Excluded Shareholders), who are present and voting either in person or by proxy, attorney or, in the case of corporate shareholders, by corporate representative (**"Headcount Test"**);[15] and • at least 75% of the total number of votes cast on the resolution to approve the Scheme by Costa Shareholders (other than Excluded Shareholders), who are present and voting either in person or by proxy, attorney or, in the case of corporate shareholders, by corporate representative. It is also necessary for the Court to approve the Scheme before it can become Effective.	Section 3.3

15 The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting. Costa reserves the right to apply to the Court at the Second Court Hearing to approve the Scheme even if the Headcount Test is not satisfied.

#	Question	Answer	Further Information
(d)	What choices do I have as a Costa Shareholder?	As a Costa Shareholder (other than an Excluded Shareholder) you have the following choices: • you can vote in person, online or by proxy, attorney or, in the case of corporate shareholders, by corporate representative at the Scheme Meeting; • you can elect not to vote at the Scheme Meeting;[16] or • you can sell your Costa Shares on the ASX. If you sell your Costa Shares on the ASX you may incur brokerage costs. If the Scheme becomes Effective, Costa Shares will cease trading on the ASX at close of trading on the Effective Date (expected to be 8 February 2024). Accordingly, you can sell your Costa Shares at any time before the close of trading on the Effective Date. Normal brokerage and other expenses on sale may be incurred.	Section 3.5
(e)	Should I vote?	Voting is not compulsory. However, your Directors believe that the Scheme is important to Costa Shareholders and your Directors unanimously recommend that you vote in favour of the Scheme subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders) and in the absence of a Superior Proposal.	Section 1.1
(f)	How do I vote?	You may vote by attending the Scheme Meeting, to be held at 10.00am on 30 January 2024, in person or online through the Online Scheme Meeting Platform by using a web browser at https://meetings.linkgroup.com/CGCSM24 on your smartphone, tablet or computer. Alternatively, you may vote by completing and lodging the proxy and voting form that is enclosed with this Scheme Booklet (the form of which is contained at Annexure F). The proxy and voting form can be lodged by post, fax or online at www.linkmarketservices.com.au. You can also vote by appointing a corporate representative (if you are a corporate shareholder) or an attorney. Full details of how to vote and how to lodge a proxy and voting form are set out in the Notice of Scheme Meeting in Annexure D.	Section 3.6
(g)	How do I appoint a proxy?	Costa Shareholders can appoint a proxy to vote on their behalf at the Scheme Meeting by following the instructions contained in the proxy and voting form that accompanies this Scheme Booklet. Proxies must be received by the Costa Share Registry by 10.00am on 28 January 2024 to be valid for the Scheme Meeting (at least 48 hours prior to commencement of the Scheme Meeting). Proxy and voting forms received after this time will be invalid. Further details of how to vote and how to lodge a proxy and voting form are set out on pages 6 to 7 and the Notice of Scheme Meeting in Annexure D.	Section 3.6

16 *Excluded Shareholders are not entitled to vote at the Scheme Meeting.*

#	Question	Answer	Further Information
(h)	How do I ask questions before the Scheme Meeting?	We encourage Costa Shareholders to submit questions in advance of the Scheme Meeting online by logging onto your Costa Share Registry holding account and navigating to the voting section at https://investorcentre.linkmarketservices.com.au/Login/Login or by email to investors@costagroup.com.au. Costa Shareholders who have not elected to receive all their communications electronically and have therefore received a paper copy question form, may also ask a question by completing and returning that question form in the enclosed reply paid envelope. To enable sufficient time for questions raised in advance to be considered and responded to in sufficient detail at the Scheme Meeting, Costa requests that questions be received as early as possible but they must be received no later than 10.00am on 28 January 2024.	Section 3.7
(i)	How do I ask questions at the Scheme Meeting?	Costa Shareholders and proxyholders can ask questions during the Scheme Meeting by attending the Scheme Meeting in person or online. If you are attending the Scheme Meeting remotely, you can also ask questions during the Scheme Meeting by calling 1800 497 114 (within Australia) or +61 2 9189 1123 (outside Australia). Questions should be stated clearly and should be relevant to the business of the Scheme Meeting, including matters directly relating to the Scheme. No questions should be asked at the Scheme Meeting regarding personal matters or those that are commercial in confidence.	Section 3.7
(j)	What will I receive if the Scheme is not approved by the Requisite Majority at the Scheme Meeting?	If the Scheme is not approved by the Requisite Majority, you will retain your Costa Shares and will not receive the Scheme Consideration.	N/A
(k)	How can I vote if I can't attend the Scheme Meeting?	If you are unable to attend the Scheme Meeting (either in person or online) you are able to vote by proxy, by following the instructions contained in the Notice of Scheme Meeting at Annexure D and completing the proxy and voting form that accompanies this Scheme Booklet. The proxy and voting form must be received by the Costa Share Registry by no later than 10.00am on 28 January 2024 (at least 48 hours prior to commencement of the Scheme Meeting). Further information relating to how to appoint a proxy and how to vote by proxy is set out on pages 6 to 7 and in the Notice of Scheme Meeting in Annexure D.	Section 3.6

#	Question	Answer	Further Information
(l)	What happens if I do not vote, or I vote against the Scheme?	Even if you do not vote, or vote against the Scheme, the Scheme may still be approved and implemented. If the Scheme is approved and implemented and you remain a Costa Shareholder on the Scheme Record Date, unless you are an Excluded Shareholder, and completion occurs under the Conditional Transfer Agreements, Bidco will acquire all of the Costa Shares on issue and you will receive the Scheme Consideration for your Costa Shares even if you did not vote or you voted against the Scheme. The Scheme may not be approved at the Scheme Meeting. If this occurs the Scheme will not proceed, you will not receive the Scheme Consideration and you will remain a Costa Shareholder.	Section 1.3(b)
(m)	What happens if the Scheme is not approved at the Scheme Meeting or is not approved by the Court or if any of the other Conditions Precedent are not satisfied or waived?	If the Scheme is not approved by a Requisite Majority of Costa Shareholders (other than Excluded Shareholders) at the Scheme Meeting or by the Court, or if any of the other Conditions Precedent are not satisfied (if applicable) or waived, the Scheme will not proceed. In those circumstances: • Costa will remain listed on the ASX; • you will retain your Costa Shares and, in doing so, will continue to have the benefit of your current Costa investment and continue to be exposed to the risks of holding your Costa Shares, as discussed in Section 4.6; and • you will not receive the Scheme Consideration. Your Directors believe that if the Scheme is not implemented then the price of Costa Shares may fall, perhaps materially. Before the Scheme Meeting, Costa estimates that it will have incurred or committed transaction costs of approximately $1.8 million in relation to the Scheme that will be payable by Costa regardless of whether or not the Scheme is approved and becomes Effective. If the Scheme is implemented, these costs will effectively be met by the Consortium as the ultimate controller of Costa following implementation of the Scheme. If the Scheme does not proceed you will retain your Costa Shares. Your Directors intend to continue to operate Costa as a listed public company carrying on the business of, among other things, supplying fresh produce to major Australian food retailers under the leadership of the current senior management. The Costa Board has not formed any plans to make any significant changes to the business of Costa, redeploy any of its operating assets or change or affect the future employment of the present employees of Costa. If the Scheme does not proceed, Costa Shareholders will continue to be exposed to future risks and potential benefits associated with Costa's business rather than realising certain value for their Costa Shares in a certain timeframe.	Sections 1.1(g) and 1.3(e)
(n)	When will the result of the Scheme Meeting be known?	The results of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX once available. The results will also be published on https://investors.costagroup.com.au/Investor-Centre/?page=asx-announcements soon after the Scheme Meeting.	Section 3.3

#	Question	Answer	Further Information
2.4	**OTHER**		
(a)	Can I keep my Costa Shares?	If the Scheme is implemented and completion occurs under the Conditional Transfer Agreements, Bidco will acquire all of the Costa Shares on issue. This will happen even if you did not vote or you voted against the Scheme.	Sections 3.3 and 5.7
(b)	Can I sell my Costa Shares now?	You can sell your Costa Shares at any time before close of trading on the ASX on the Effective Date, at the then prevailing market price (which may vary from the value of the Scheme Consideration). If the Scheme becomes Effective, Costa intends to apply to the ASX for Costa Shares to be suspended from official quotation on the ASX from close of trading on the Effective Date (which is currently expected to be 8 February 2024). You will not be able to sell your Costa Shares after this time. If you sell your Costa Shares before the Effective Date you: • will receive the proceeds from the sale of your Costa Shares sooner than you would receive payment under the Scheme (noting that your sale proceeds may vary from the Scheme Consideration); • may incur a brokerage charge if you sell your Costa Shares on market; and • will not be able to participate in the Scheme or a Superior Proposal, if one emerges.	Section 3.5
(c)	What happens if a Competing Transaction emerges?	If a proposal for a Competing Transaction is received, your Directors will carefully consider whether it is a Superior Proposal and advise you of any change to their recommendation. In accordance with the Scheme Implementation Agreement, Costa must notify Bidco if any Competing Transaction emerges and Bidco has a right to match any Competing Transaction that the Directors determine is a Superior Proposal.	Section 1.2(e)
(d)	Are any other approvals required?	The Scheme must be approved by the Court in addition to being approved by a Requisite Majority of Costa Shareholders (other than Excluded Shareholders). If the Scheme is approved by a Requisite Majority of Costa Shareholders (other than Excluded Shareholders) at the Scheme Meeting, Costa will apply to the Court for approval of the Scheme. The Second Court Hearing is expected to be held on 7 February 2024 (although this may change). Further details of the approval process are set out in Section 3. Implementation of the Scheme is subject to a number of regulatory approvals as summarised in Section 7.11.	Section 7
(e)	Will I receive any more dividends from Costa?	The Costa Board has determined that Costa will not pay a dividend to Costa Shareholders in respect of the financial half year which ended on 2 July 2023, prior to the implementation of the Scheme.	Section 3.2

#	Question	Answer	Further Information
(f)	Do I need to do or sign anything to transfer my Costa Shares?	No. If the Scheme becomes Effective, Costa will automatically have authority to sign a transfer document on behalf of Costa Shareholders (other than Excluded Shareholders), who will then be paid the Scheme Consideration. You should be aware that if the Scheme becomes Effective and you are a Costa Shareholder (other than an Excluded Shareholder), you will have warranted to Bidco and will be deemed to have authorised Costa to warrant to Bidco on your behalf, that: • all of your Costa Shares are fully paid and free from all encumbrances or any other third-party interest or restriction on transfer of any kind; and • you have full power and capacity to sell and to transfer your Costa Shares to Bidco. You should ensure that these warranties can be given by you as at the Implementation Date.	Sections 3.3 and 3.14
(g)	What if I have further questions about the Scheme?	If you have any further questions about the Scheme please call the Costa Shareholder Information Line on 1800 009 918 (within Australia) or +61 1800 009 918 (outside Australia) between 8.30am to 5.30pm (AEDT) Monday to Friday (excluding public holidays), or visit the website https://events.miraqle.com/cgc-scheme. For information about your individual financial or taxation circumstance please consult your financial, legal, taxation or other professional adviser.	Section 3.7

3. Details of the Scheme

3.1 Overview

On 22 September 2023, Costa announced that it had entered into a Scheme Implementation Agreement with the Consortium (via Bidco, an entity controlled by the Consortium as at the Implementation Date) under which, subject to the satisfaction (if applicable) or waiver of a number of Conditions Precedent, the Consortium has agreed, via Bidco, to acquire all of the issued shares in Costa held by Costa Shareholders that the Consortium and its Associates do not already own, by way of scheme of arrangement between Costa and Costa Shareholders (other than Excluded Shareholders) under Part 5.1 of the Corporations Act. A summary of the key terms of the Scheme Implementation Agreement is included in Section 7.11.

3.2 Payment of Scheme Consideration

If the Scheme is implemented, Costa Shareholders, other than Excluded Shareholders, will receive the Scheme Consideration from Bidco, being $3.20 per Costa Share less the cash amount per Costa Share of any dividend declared or determined by the Costa Board, whether fully franked or otherwise and paid by Costa to Costa Shareholders after 22 September 2023 and prior to the Implementation Date. The Costa Board has determined that Costa will not pay a dividend to Costa Shareholders in respect of the financial half year which ended on 2 July 2023.

You will be paid the Scheme Consideration in respect of each Costa Share held by you as at the Scheme Record Date. Payment will be made to you on the Implementation Date (which is currently expected to be 26 February 2024).

Payments will be made in Australian currency to each Costa Shareholder (other than an Excluded Shareholder) by:

(a) direct credit transfer by electronic means into the validly nominated bank account as advised to the Costa Share Registry, for the purposes of the receipt of dividends, by a Costa Shareholder prior to the Scheme Record Date;

(b) direct credit transfer by electronic means into the validly nominated bank account by a Costa Shareholder to Costa; or

(c) if a Costa Shareholder has not nominated a bank account, payment will be made by cheque, sent by pre-paid ordinary post to that Costa Shareholder's registered address as shown on the Costa Share Register at the Scheme Record Date (or, if the address of the Costa Shareholder in the Costa Share Register is outside Australia, by pre-paid airmail post).

If a Costa Shareholder does not have a registered address, or Costa considers that the Costa Shareholder is not known at its registered address and no bank account has been nominated, payments owed to the relevant Costa Shareholder will be held by Costa until claimed or applied under the relevant laws dealing with unclaimed money.

Costa Shareholders are encouraged to ensure that their contact details and banking instructions are up to date. You can review your shareholder information either online at https://events.miraqle.com/cgc-scheme or by calling the Costa Shareholder Information Line on 1800 009 918 (within Australia) or +61 1800 009 918 (outside Australia) between 8.30am to 5.30pm (AEDT) Monday to Friday (excluding public holidays) until the date of the Scheme Meeting.

3.3 Key steps to implement the Scheme

The key steps to implement the Scheme are as follows:

(a) Costa Shareholders will vote on whether to approve the Scheme at the Scheme Meeting. Each Costa Shareholder, other than an Excluded Shareholder, who is registered on the Costa Share Register at 7.00pm on 28 January 2024 is entitled to vote at the Scheme Meeting. Excluded Shareholders will not vote at the Scheme Meeting. The Consortium has made a confirmatory statement to this effect in Section 5.8(a).

(b) If the Scheme is approved by the Requisite Majority of Costa Shareholders (other than Excluded Shareholders) at the Scheme Meeting, Costa will apply to the Court to approve the Scheme on the Second Court Date (expected to be 7 February 2024). Section 3.16 contains details on this procedure. The Corporations Act and the relevant Court rules provide a procedure for Costa Shareholders to oppose the approval by the Court of the Scheme.

(c) If the Court approves the Scheme, and if all other Conditions Precedent to the Scheme are satisfied (if applicable) or waived, Costa will lodge with ASIC an office copy of the Court order approving the Scheme. Costa expects to lodge this with ASIC on 8 February 2024. The Scheme becomes Effective once the Court order is lodged with ASIC.

(d) With effect from the close of trading on the Business Day on which the office copy of the Court order is lodged with ASIC (being the Effective Date), Costa Shares will be suspended from trading on the ASX.

(e) Costa Shareholders, other than Excluded Shareholders, will be entitled to receive the Scheme Consideration under the Scheme if they are registered as the holders of Costa Shares at 7.00pm on the Scheme Record Date. The Scheme Record Date is currently expected to be 12 February 2024.

(f) No later than the Business Day before the Implementation Date, Bidco is required to deposit the aggregate amount of the Scheme Consideration into the Trust Account. On the Implementation Date, Costa will pay the Scheme Consideration from the Trust Account to each Costa Shareholder by cheque or direct credit.

(g) After the Scheme has been implemented Costa will apply for termination of the official quotation of Costa Shares on the ASX and to have itself removed from the official list of the ASX.

3.4 Conditions Precedent to the Scheme

The Scheme will not become Effective and you will not receive the Scheme Consideration unless all of the Conditions Precedent to the Scheme are satisfied (if applicable) or waived (if capable of waiver) in accordance with the Scheme Implementation Agreement.

The Conditions Precedent to the Scheme are summarised in Section 7.11(b) and are set out in full in clause 3.1 of the Scheme Implementation Agreement. These include approval by the Court and Costa Shareholders (other than Excluded Shareholders), FIRB Approval, Foreign Regulatory Approvals and the Independent Expert continuing to conclude that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders).

As at the date of this Scheme Booklet, none of the Costa Directors or the directors of the Consortium are aware of any circumstances which would cause any Condition Precedent not to be satisfied.

3.5 Your choices as a Costa Shareholder

As a Costa Shareholder you have the following choices:[17]

(a) you can vote at the Scheme Meeting personally, online or by appointing an attorney, proxy or, in the case of corporate shareholders, a corporate representative to vote on your behalf;

(b) you can elect not to vote at the Scheme Meeting; or

(c) you can sell your Costa Shares. If the Scheme becomes Effective, Costa Shares will cease trading on the ASX at close of trading on the Effective Date (expected to be 8 February 2024). Accordingly, you can sell your Costa Shares at any time before close of trading on the Effective Date. Normal brokerage and other expenses on sale may be incurred.

3.6 How to vote

Costa Shareholders (other than Excluded Shareholders) can vote in either of the following ways:

(a) by attending the Scheme Meeting in person;

(b) by attending the Scheme Meeting through the Online Scheme Meeting Platform; or

(c) by appointing a proxy, attorney or, in the case of corporate shareholders, a corporate representative to attend and vote on their behalf.

See pages 6 to 7 for full details on how to vote.

17 *Excluded Shareholders are not entitled to vote at the Scheme Meeting.*

3.7 Questions in relation to Scheme

If you have any further questions about the Scheme please call the Costa Shareholder Information Line on 1800 009 918 (within Australia) or +61 1800 009 918 (outside Australia) between 8.30am to 5.30pm (AEDT) Monday to Friday (excluding public holidays), or visit the website https://events.miraqle.com/cgc-scheme.

Costa Shareholders and proxyholders can ask questions during the Scheme Meeting (whether in person, through the Online Scheme Meeting Platform or, if attending the Scheme Meeting remotely, by calling 1800 497 114 (within Australia) or +61 2 9189 1123 (outside Australia)). Questions should be stated clearly and should be relevant to the business of the Scheme Meeting, including matters directly relating to the Scheme. No questions should be asked at the Scheme Meeting regarding personal matters or those that are commercial in confidence.

For information about your individual financial or taxation circumstance please consult your financial, legal, taxation or other professional adviser.

3.8 Eligibility to vote

The time for determining eligibility to vote at the Scheme Meeting is 7.00pm on 28 January 2024. Only those Costa Shareholders, other than Excluded Shareholders, entered on the Costa Share Register at that time will be entitled to vote at the Scheme Meeting.

Excluded Shareholders will not vote at the Scheme Meeting. A confirmatory statement to that effect is made by the Consortium in Section 5.8(a).

3.9 Determination of persons entitled to the Scheme Consideration

To establish the identity of the Costa Shareholders (other than Excluded Shareholders) entitled to receive the Scheme Consideration, dealings in Costa Shares will only be recognised by Costa if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Costa Share Register as the holder of the relevant Costa Shares on or before 7.00pm on the Scheme Record Date; and

(b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 7.00pm on the Scheme Record Date at the place where the Costa Share Register is kept.

3.10 Scheme Record Date

Those Costa Shareholders, other than Excluded Shareholders, on the Costa Share Register on the Scheme Record Date, being 7.00pm on the second Business Day following the Effective Date, will be entitled to receive the Scheme Consideration in respect of the Costa Shares they hold as at the Scheme Record Date.

3.11 Register

Costa must register, or cause to be registered, any registrable transmission applications or transfers of the Costa Shares received on or before 7.00pm on the Scheme Record Date.

For the purposes of determining entitlements under the Scheme, Costa will not accept for registration or recognise any transfer or transmission application in respect of Costa Shares received after the Scheme Record Date.

3.12 No disposals after the Effective Date

If the Scheme becomes Effective, you may not dispose of any Costa Shares after the close of trading on the Effective Date, given that Costa will apply for suspension of trading in Costa Shares on ASX with effect from this time. Any dealings in Costa Shares after this time will not be recognised, except a transfer to Bidco pursuant to the Scheme and any subsequent transfer by Bidco or its successors in title.

3.13 Maintenance of the Costa Share Register

For the purpose of determining entitlements to the Scheme Consideration, Costa will maintain the Costa Share Register until the Scheme Consideration has been paid to the Costa Shareholders (other than Excluded Shareholders) and Bidco has been entered in the Costa Share Register as the holder of all the Costa Shares. The Costa Share Register in this form will solely determine entitlements to the Scheme Consideration.

3.14 Deemed warranty on transfer of Costa Shares to Bidco

Under the terms of the Scheme each Costa Shareholder (other than an Excluded Shareholder) warrants to Bidco and is deemed to have authorised Costa as their agent and attorney to warrant to Bidco that all of their Costa Shares (including all rights attaching to them) will, as at the Implementation Date, be fully paid and free from all encumbrances or any third party interest, or restrictions on transfer of any kind, and that they have full power and capacity to sell to and to transfer their Costa Shares (including any rights attaching to them) to Bidco. You should ensure that these warranties can be given by you as at the Implementation Date.

3.15 Deed Poll

On 5 December 2023, Bidco executed the Deed Poll under which Bidco agreed, subject to the Scheme becoming Effective, to pay the aggregate Scheme Consideration payable to Costa Shareholders (other than Excluded Shareholders) into the Trust Account no later than the Business Day before the Implementation Date. A summary of the key terms of the Deed Poll is set out in Section 7.13. A copy of the Deed Poll is also included in Annexure C.

3.16 Court approval

On 8 December 2023, the Court made orders that the Scheme Meeting be convened and that this Scheme Booklet be despatched to Costa Shareholders. Those orders do not constitute an endorsement of, or any other expression of opinion on, the Scheme or this Scheme Booklet.

Costa will apply to the Court for orders approving the Scheme if the Scheme is approved by the Requisite Majority of Costa Shareholders, other than Excluded Shareholders, at the Scheme Meeting. The Court has discretion as to whether to grant the orders approving the Scheme, even if the Scheme is approved by the Requisite Majority of Costa Shareholders (other than Excluded Shareholders).

Each Costa Shareholder and, with the Court's permission, any other interested person has the right to appear at the Second Court Hearing.

The Corporations Act and the Federal Court (Corporations) Rules 2000 provide a procedure for Costa Shareholders to oppose the approval by the Court of the Scheme. If you wish to oppose the approval of the Scheme at the Second Court Hearing you may do so by filing with the Court and serving on Costa a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Costa at the address for service at least one day before the date fixed for the Second Court Hearing. With leave of the Court, you may also oppose the approval of the Scheme by appearing at the Second Court Hearing and applying to raise any objections you may have at the hearing. Costa should be notified in advance of an intention to object.

The address for service is: c/o King & Wood Mallesons, Level 27, Collins Arch, 447 Collins Street, Melbourne, VIC 3000, Attention: Mikkeli Godfree, copy to: mikkeli.godfree@au.kwm.com.

The date for the Second Court Hearing is currently scheduled to be 7 February 2024, though an earlier date may be sought. Any change to this date will be announced through the ASX and notified on Costa's website (https://investors.costagroup.com.au/Investor-Centre/?page=asx-announcements).

3.17 Taxation implications

A general guide to the taxation implications of the Scheme for Costa Shareholders is set out in Section 6. This guide is expressed in general terms and is not intended to provide taxation advice in respect of the particular circumstances of any Costa Shareholder. Each Costa Shareholder should seek and rely on their own independent tax advice in relation to their particular circumstances.

3.18 Suspension of trading and delisting of Costa

Costa will apply to the ASX for suspension of trading in Costa Shares on the ASX after close of trading on the Effective Date. Following final implementation of the Scheme, Costa will request the ASX to remove it from the official list of the ASX.

4. Information on Costa

4.1 Introduction

Costa is an Australian horticultural company and is the largest fresh produce supplier to the major Australian food retailers. Costa's products are predominantly grown and sourced from the company's footprint of domestic and international farms, supplemented with produce sourced through a network of third-party growers.

Costa consists of three business divisions:

- Produce;
- International; and
- Costa Farms and Logistics ("**CF&L**").

Costa's Produce business operates principally in five core categories in Australia: berries, mushrooms, citrus, glasshouse-grown tomatoes and avocados. The International business division comprises licensing of proprietary blueberry varieties and berry farming in international markets including Morocco and China. The CF&L business division incorporates interrelated logistics, wholesale, avocado marketing, banana farming and banana marketing operations.

Costa's operations include more than 7,200 planted hectares of farmland, 40 hectares of glasshouse facilities and three main mushroom growing facilities across Australia. Costa also has strategic foreign interests, with majority owned joint ventures covering six blueberry farms in Morocco and five berry farms in China, covering approximately 750 planted hectares. Costa's diversified geographic footprint enables it to better service customers with year-round production windows and minimise seasonality risk.

Overview of Costa's operations

4.2 History of Costa

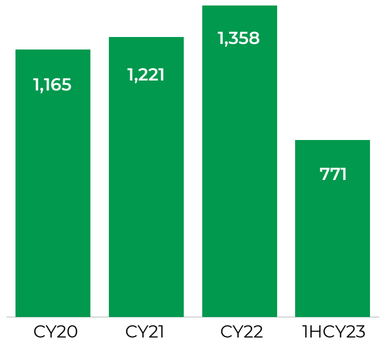
1960s	Costa expands from its origins as a single retail fruit and vegetable shop business in Geelong and begins selling wholesale fresh fruit and vegetables to supermarket chains in high volume
1970s	Costa begins trading directly from Melbourne Wholesale Markets and sets up distribution centres
1980s	Costa becomes one of Australia's largest wholesale distributors and exporters of fresh fruit and vegetables
1980s/1990s	Costa establishes its blueberry breeding program
2006	Costa acquires majority ownership of Chiquita Brands South Pacific and its Australian berry, citrus and mushroom farming assets
2006 – 2009	Costa's tomato glasshouse facility is built in Guyra, New South Wales over three stages
2007	Costa enters into a joint venture to establish African Blue, a Moroccan-based blueberry operation, to leverage Costa's agronomic expertise and proprietary blueberry varieties to capitalise on international growth opportunities in Europe
2010	Costa enters into a partnership with Driscoll's to form a joint venture, Driscoll's Australia, a berry marketing business, to capitalise on domestic Australian demand for berries
2011	PSP becomes an equity partner in Costa
2013	Costa acquires Adelaide Mushrooms, a mushroom producer with operations in South Australia and Tasmania, which contributed a new state-of-the-art facility and was the leading producer in South Australia and Tasmania at the time of the acquisition
2014	Costa initiates a significant berry and tomato expansion program Costa enters into a memorandum of understanding with Driscoll's for the formation of a berry farming joint venture in China, with the intention to help meet anticipated growth in berry consumption in the Asian markets
2015	Costa lists on the ASX in July 2015 at a price of $2.25 per Costa Share
2016	Costa announces acquisition of Avocado Ridge, adding a fifth product category to Costa's produce division Costa announces the gradual closure of the Polar Fresh JV operations
2017	Costa announces expansion of mushrooms, citrus, Morocco and China operations Costa acquires an additional 41% of the shares in African Blue, taking its shareholding in the joint venture to 90%
2019	Costa announces a fully underwritten $176 million pro-rata entitlement offer to strengthen its balance sheet Driscoll's acquires 3.56% of the total issued Costa Shares
2020	Costa announces it has signed a lease implementation deed with MIRA for those farms Costa currently leases from Vitalharvest
2021	Costa announces the acquisition of 2PH Farms Pty Ltd ("**2PH**") farms business and launches a capital raising to support the acquisition Driscoll's acquires an additional 1.07% of the total issued Costa Shares, taking its shareholding in Costa to approximately 4.63%
2022	PSP acquires a 13.78% Relevant Interest in Costa
2023	Costa enters into Scheme Implementation Agreement with Bidco (an entity controlled, as at the Implementation Date, by the Consortium), under which the Consortium is proposing acquire all of the shares in Costa which it and its Associates do not already own

4.3 Overview of operations

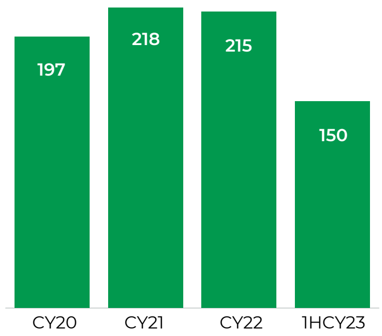
(a) Overview of Costa's operations

Costa consists of three business divisions: Produce, International and Costa Farms and Logistics ("**CF&L**"). In CY22, Costa's total revenue was $1,357.6 million, EBITDA-S was $214.8 million and NPAT-S was $30.2 million. In 1HCY23, Costa's total revenue was $770.7 million, EBITDA-S was $150.2 million and NPAT-S was $37.8 million.

Revenue ($'m)



EBITDA-S ($'m)



(i) Produce

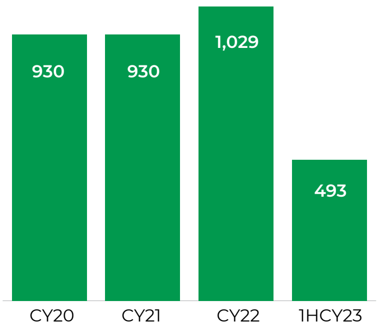
The Produce segment operates in Australia across several categories including berries, mushroom, citrus, glasshouse-grown tomatoes, grapes, bananas and avocados. Excluding citrus, most crops are sold into the Australian domestic market with the primary sales channel being the major Australian food retailers.

In CY22, the Produce segment generated $1,029 million of revenue and $117.8 million EBITDA-S accounting for 55% of Costa's total earnings. In 1HCY23, the Produce segment generated $493 million of revenue and $21.2 million EBITDA-S, accounting for 14% of Costa's total earnings.

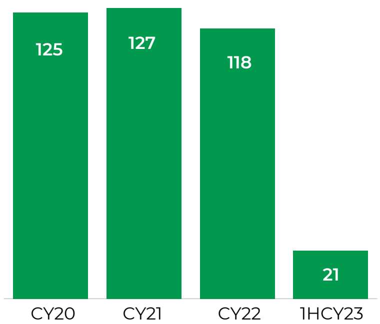
Category	Description	Metric (ha/ facilities)
Berries 	Comprises four main subcategories: blueberries, raspberries, strawberries and blackberries. Costa is the #1 grower of blueberries and raspberries in Australia with smaller operations in strawberries and blackberries. Through Costa's marketing joint venture with Driscoll's Australia, it is also the largest marketer of berries in Australia by sales value.	721 ha
Mushrooms 	Largest grower of mushrooms in Australia, which primarily consists of white and brown agaricus mushrooms. Mushrooms are produced indoors and grown year-round in consistent volumes.	3 facilities
Tomatoes 	Largest grower and marketer of glasshouse grown tomatoes in Australia. The major tomato product sub-categories include field, truss, cocktail and cherry/ snacking tomatoes. Tomatoes are grown in both field and protected environments.	40 ha

Category	Description	Metric (ha/ facilities)
Citrus 	Largest grower, packer and marketer of citrus in Australia. The citrus category consists of four major sub-categories including oranges, mandarins, lemons/limes and grapefruits. Citrus is grown throughout Australia and exports are a key sales channel for the Citrus category. In 2021, Costa acquired the assets of 2PH to expand its citrus capabilities and provide exclusive royalty-free rights to select varieties.	4,912 ha
Grapes 	Costa grows table and wine grapes. Circa 50%+ of table grape supply is sourced from licensed proprietary varieties, with the majority licensed from leading global grape breeder and licenser SunWorld. These varieties are in high demand in export markets.	692 ha
Avocados and Bananas 	Grower and marketer of avocados and bananas in Australia.	890 ha

Produce Revenue ($'m)



Produce EBITDA-S ($'m)



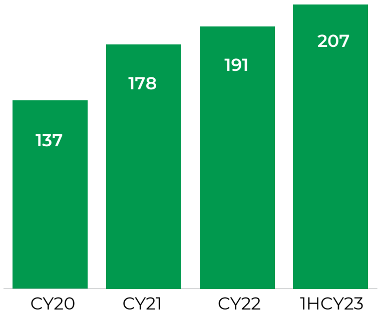
(ii) International

Costa's International segment comprises income from international berry farming operations and royalty income from the licensing of Costa's blueberry varietals.

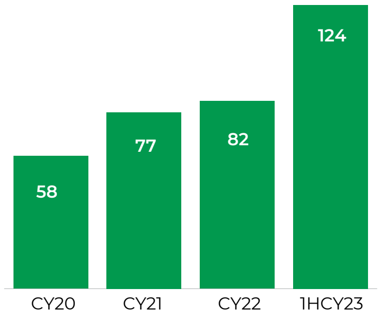
In CY22, the International segment generated $191 million of revenue and $81.8 million EBITDA-S accounting for 38% of Costa's total earnings. In 1HCY23, the International segment generated $207 million of revenue and $123.7 million EBITDA-S, accounting for 82% of Costa's total earnings.

Category	Description	Metric (ha/ facilities)
China	Five joint venture berry farms in China located in Bailang, Manlai, Guangmen, Manhong and Baoshan. Blueberries comprise the majority of the joint venture berry production facilities in China. Costa has a majority ownership stake within the joint venture (70%), with the remaining 30% owned by a subsidiary of Driscoll's.	400 ha
Morocco	Six blueberry farming joint venture operations in Morocco with produce exported to Europe, UK and Asia. Costa has a majority ownership stake within the joint venture (90%), with the remaining 10% owned by Total Produce (Dole plc).	335 ha
Licensing	Licensing of Costa's proprietary blueberry varieties that have been developed and commercialised by Costa in Australia, the Americas, China and Africa.	n.a.

International Revenue



International EBITDA-S

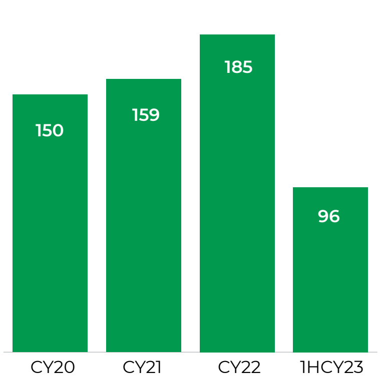


(iii) CF&L

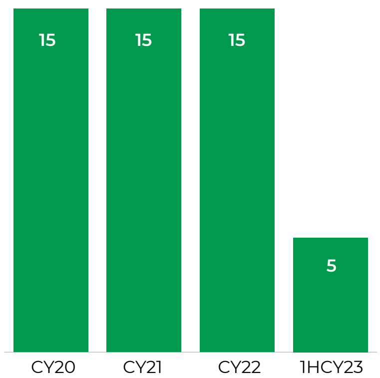
CF&L is Costa's wholesale market business focused on the sale of produce outside the major retailers and includes a set of interrelated businesses that share ripening and warehousing infrastructure.

In CY22A, the CF&L segment generated $185 million of revenue and $15.2 million EBITDA-S accounting for 7% of Costa's total earnings. In 1HCY23, the CF&L segment generated $96m of revenue and $5.3m EBITDA-S, accounting for 4% of Costa's total earnings.

CF&L Revenue



CF&L EBITDA-S



(b) Overview of Costa's brand portfolio

Category	Brand	Description
Berry	Driscoll's Only the Finest Berries	Brand licensed to Driscoll's Australia under which the majority of Costa's berries are marketed in Australia. Driscoll's is the number 1 marketer of berries in Australia with significant brand recognition.
	African Blue Morocco's finest Blueberries	Brand owned by the African Blue JV, under which the Moroccan blueberry crop is marketed in Europe, Africa, Asia and the UK. Backed by Costa's exclusive blueberry varieties.
Citrus and Grapes	2.P.H.	2PH is the largest citrus producer in Northern Australia and was acquired by Costa in 2021.It provides premium citrus with key export channels into China and other Asian markets.
	Vitor Australia's Best / Vitor Australia's Best	Marketed throughout Australia and export markets in Japan, South Korea, China, the US, South East Asia and the Middle East.
Tomato	Perino	Exclusive rights to the seeds for Perino™ and Perino Gold™ varieties in Australia. Premium snacking tomato. In Australia, available only at Coles and sold under the Perino brand owned by Costa.
Mushrooms	Mush Boom! To the Rescue	Long standing relationship with Amycel USA, a global industry leader in mushroom genetics development. MushBoom is the key brand for all Costa unpackaged mushrooms.
Other	**Other brands**	Costa has a portfolio of other brands including Lovacado, Kangara, Blush and many others.

(c) **Business model**

Costa's business model is built on the optimisation of a diverse portfolio of integrated farming and packing assets, and marketing initiatives.

Costa's products are predominantly grown and sourced from Costa's expansive footprint of domestic and international farms, supplemented with produce sourced through a diverse network of third-party growers. Costa's agronomic practices and operational footprint enable it to provide 52-week supply across categories.

Costa's 52-week supply across categories

Catagory	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Avocado												
Banana												
China (Berries)												
Citrus (incl grapes)												
Mushrooms												
Tomato												
Morocco						*South Africa and Zimbabwe partner grower's blueberry production*						
Blueberry (Berries Aust)												
Rasberry (Berries Aust)												
Blackberry (Berries Aust)												
Stawberry (Berries Aust)												

(d) Costa's strategy

Since listing on the ASX, Costa has concentrated on both building existing operations, and strategic capital acquisitions to drive expansion. This has been targeted at:

- investing in the expansion of its international footprint, most notably the establishment of operations in China;
- the acquisition of quality citrus assets, including 2PH, which expanded Costa's key citrus growing regions to three;
- enhancing the value and yields from protected cropping assets across berries, tomatoes and mushrooms; and
- maintaining focus on customer and consumer needs, supported by the premium quality and diversity of product offering.

Costa's strategy is focused on:

- investing in technology, leadership and capability development to deliver the vision of being the leader in sustainable commercial farming of premium quality fresh produce
- expanding its leading go-to market models to win in international markets;
- leveraging its superior agronomic expertise and genetics to deliver competitive advantages;
- executing the optimised yield program to deliver superior produce quality and volume; and
- driving long term ROIC and maintaining a strong balance sheet.

4.4 Directors and senior management

As at the date of this Scheme Booklet, the directors of Costa are:

Name	Position
Mr Neil Chatfield	Chairman and Independent Non-Executive Director
Mr Harry Debney	Director and Interim Chief Executive Officer
Tim Goldsmith	Independent Non-Executive Director
Janette Kendall	Independent Non-Executive Director
Peter Margin	Independent Non-Executive Director
Dr Jane Wilson AO	Independent Non-Executive Director

As at the date of this Scheme Booklet, the current executive key management personnel of Costa are:

Name	Position
Wayne Johnston	Chief Financial Officer
Marc Werner	Deputy Chief Executive Officer

If the Scheme does not proceed, the current senior management of Costa will remain (subject to Chief Executive Officer transition on the retirement of the Interim Chief Executive Officer). If the Scheme is approved, the intentions of the Consortium in relation to employees generally is set out in Section 5.6(e).

4.5 Costa securities

As at the date of this Scheme Booklet, there are:

- 464,709,793 Costa Shares on issue; and
- 2,635,206 options or rights to subscribe for Costa Shares.[18]

18 *50,000 of which are options to subscribe for C Class shares in the capital of Costa under the IPO Share Option Plan. Once issued, these C Class shares immediately convert to Costa Shares.*

4.6 Risks relating to an investment in Costa

In considering the Scheme, you should be aware that there are a number of risk factors, general and specific, which could materially adversely affect the future operating and financial performance of Costa, the value of Costa Shares and future dividends. These risks will only continue to be relevant to Costa Shareholders if the Scheme does not proceed and Costa Shareholders retain their current investment in Costa. If the Scheme proceeds, Costa Shareholders will receive the Scheme Consideration, will cease to be Costa Shareholders and will no longer be exposed to the risks set out in this Section 4.6.

Before deciding how to vote you should have a sufficient understanding of these matters and should consider whether continuing to hold Costa Shares is a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Scheme Booklet or are in any doubt as to how to vote in relation to the Scheme, it is recommended that you consult your legal, financial or other professional adviser before deciding how to vote.

This Section 4.6 describes the potential risks associated with Costa's business and risks associated with continuing to hold Costa Shares. It does not purport to list every risk that may be associated with an investment in Costa Shares now or in the future, and the occurrence of consequences of some of the risks described in this Section 4.6 are partially or completely outside the control of Costa, its Directors and senior management team.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the date of this Scheme Booklet, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

(a) General risks

The market price of Costa Shares and future dividends to be made to Costa Shareholders are influenced by a number of factors including:

(i) change in investor sentiment and overall performance of the Australian and international stock markets, and changes in sentiment in credit markets;

(ii) general economic conditions, including changes in business and industry cycles, inflation, interest rates, exchange rates, prices of commodities and raw materials, the cost of energy and other utility costs, employment levels, sentiment in credit markets and consumer demand;

(iii) changes in government fiscal, monetary and regulatory policies, including legislative and regulatory regimes for corporations, taxation laws and foreign investment rules;

(iv) disruption events such as unplanned restrictions imposed due to widespread illness, armed conflicts or sudden geopolitical changes;

(v) government or political intervention in export and import markets and the disruptions this causes to supply and demand dynamics;

(vi) changes to climate impacting physical assets, and risks associated with transitioning to a low-carbon economy;

(vii) loss of key personnel;

(viii) cyber security incidents being prevalent across the Australian corporate landscape;

(ix) natural disasters and catastrophes, whether on a global, regional or local scale; and

(x) accounting standards which affect the financial performance and position reported by Costa.

(b) Risks specific to Costa

(i) Climate and Environment

Climate and weather present risk to Costa's business primarily in the form of unexpected weather volatility, water security and plant and crop quality which could have an impact on Costa's production outcomes (yield and price), assets (own and third-party) and financial performance.

Costa could also suffer losses due to climate change. Climate change related impacts include physical risks from changing climatic conditions (including increased frequency and severity of storms, floods, droughts and other catastrophic events and widespread health emergencies), and transition risks (such as changes to laws and regulations, technology development and disruptions and consumer preferences). A failure to respond to the potential and expected impacts of climate change may affect Costa's performance and could have wide ranging impacts for Costa's business, prospects, reputation, financial performance or financial condition.

Costa's operations are subject to various environmental laws and regulations, 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 is found to be in breach of any of its licences or permits, Costa may incur substantial costs (including fines and remediation costs), its operations may be interrupted, and it may suffer reputational damage.

(ii) Political risk

Jurisdictions in which Costa operates in, or exports to may in the future experience unrest or major change to their government or political or legal systems. Additionally, the nature of the legal and regulatory systems in some of those jurisdictions can result in a lack of certainty regarding, and/or sudden and material changes to the interpretation and enforcement of local laws and regulations which could impact a number of facets of Costa's business including contractual arrangements, land ownership and lease arrangements. Costa has significant interests in the African Blue JV in Morocco and has a joint venture with Driscoll's in China. Costa also exports a significant volume of produce to a range of Asian and European markets.

(iii) People, capability and culture

Costa's people, capability and culture are critical to the organisation achieving near and long-term business objectives. An inability to attract, retain and develop the required skills and people, including key personnel, and a failure to foster the right organisational culture may impact Costa's performance. Additionally, due to the nature of growing and harvesting a product that is perishable there is a risk that the Costa Group is unable to source the appropriate volume of labour at the appropriate time and in the required locations.

(iv) Strategic Partnerships

Costa has a number of strategic partnerships including joint ventures, third-party growers, and other alliances. If any of these key relationships deteriorate , or agreements are terminated or amended in a manner unfavourable to Costa there could be an adverse impact on Costa's financial performance and its ability to grow any proprietary and branded varieties that are licensed through these agreements and impact the dividends and/or royalties received by Costa.

(v) Adequate water supply and water rights

Inadequate access to sufficient volumes of good quality water and fluctuating water prices have the ability to impact on Costa's business.

The magnitude and severity of this risk will vary across the geographic location of Costa sites and the product types produced, and accordingly some components of Costa's current portfolio are more exposed to this risk than others.

Additionally, prolonged drought conditions, increased competition for water from expansion by other local producers and changes in government can increase the risk of regulatory changes to water schemes on which Costa is heavily reliant for allocated water rights.

(vi) Customer, consumer and pricing

Costa supplies to a number of retailers in its international business (throughout China, Asia and Europe) and in Australia. Approximately two thirds of Australian produce revenue in 2022 was derived from three customers, thus making Costa heavily reliant on those customers.

The price Costa can realise for its produce is variable and subject to a number of factors outside Costa's control, including changes in market demand and supply, and changes in consumer sentiment and behaviours. Retailers may also lower prices in Costa's fresh produce categories as part of competition between retailers for consumers' overall grocery spend.

An inability to anticipate or respond to changes in the supply, demand and price landscape may have an adverse impact on Costa's financial performance (for example changes in consumption habits, preferences of consumers, industry supply dynamics or changes in economic outlook, inflation and consumer disposable income).

(vii) Information and cyber security

Costa's business relies on IT infrastructure, systems and processes to support the operation and growth of the business. Should such infrastructure, systems and processes fail or become compromised then there is a risk that sensitive or personally identifiable data is accessed or stolen, data is lost, or data and systems are unable to be accessed, which may result in financial loss, reputational damage, legal penalties, and ongoing disruptions to operations and competitive advantage.

(viii) Food safety

Any contamination, spoilage, or the presence of foreign objects or substances in Costa's products may injure Costa's consumers. This could expose Costa to loss of product, damage to relationships with wholesalers and retailers, liability (including monetary judgements, fines, injunctions and criminal sanctions) and reputational risks. In addition, Costa's financial performance and reputation may be adversely impacted by negative customer sentiment related to compromised 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 an event or claim.

(ix) 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 is terminated), this may have a material adverse impact on the financial performance, reputation or prospects of Costa.

(x) Intellectual property and licences

Costa relies on a combination of plant breeder's rights (or equivalent), trademarks 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.

An inability to protect, maintain or capitalise on intellectual property rights or defend against claims of infringement rights may diminish Costa's competitiveness and have material adverse impacts on Costa's financial outcomes and growth aspirations.

(xi) People safety

Given the nature of the industry in which Costa operates, workers at Costa sites are at risk of workplace incidents. In addition to the potential for harm to any worker, the occurrence of workplace incidents has the potential to harm both the reputation and financial performance of Costa.

(xii) Plant and crop quality

Plant and crop health is vital to Costa's ability to grow and harvest high quality produce to meet the demands of consumers. If the quality of seeds, spawn, nursery plants or crops were compromised this could have a major impact on Costa's production and Costa's ability to achieve desired price premiums and meet customer expectations.

As a fresh produce grower, Costa 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 adverse impact on the operations and financial performance and prospects of Costa.

(xiii) Social licence to operate

Costa's inability (or the inability of other growers in the areas or produce types in which Costa competes and therefore Costa by implication) to align its practices, or those of its supply chain, to social expectations of employees, communities, stakeholders and the general public may adversely impact Costa's reputation and/or financial performance.

(xiv) Supply

Costa relies on a number of suppliers to support the achievement of its objectives and therefore inability to access key supply inputs at the right time and on desirable terms could adversely impact harvest outcomes and Costa's financial performance.

(xv) Liquidity and capital management

If Costa is unable to access sufficient and desirable funding to meet financial obligations and/or operational and strategic objectives this could have material adverse impacts on Costa's financial operations, growth aspirations and ongoing operations. Liquidity and capital management is impacted by multiple factors such as climatic conditions influencing quality, harvest timing and price, supply constraints, changing customer demands, and fluctuations in exchange rates.

(xvi) Fraud, bribery, and corruption

If Costa staff, contractors, customers or suppliers are involved with fraud, bribery or corruption there could be negative legal, reputational and financial outcomes for Costa.

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.

(xvii) Legal and regulatory compliance

Changes in the legal landscape or government policy and regulation could have impacts on Costa's ability to deliver its strategic objectives. 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. A failure to comply with laws or regulations could also have major negative reputational and financial outcomes for Costa.

(xviii) 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 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.

4.7 Historical financial information

This Section 4.7 summarises certain historical financial information about Costa for CY22, CY21 and CY20, as well as the 1HCY23. The financial information set out in this Section 4.7 is a summary only and is prepared for the purposes of this Scheme Booklet. The CY22 financial report was audited by KPMG and an unmodified audit report was issued. The 1HCY23 financial report was reviewed by KPMG and an unmodified review report was issued.

The historical financial information of Costa is presented in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Costa considers that for the purposes of this Scheme Booklet the historical financial information presented in an abbreviated form is more meaningful to Costa Shareholders.

Full financial statements for Costa for CY22 and 1HCY23 were released to the ASX and are available free of charge on https://investors.costagroup.com.au/Investor-Centre/?page=asx-announcements or www.asx.com.au.

(a) Basis of preparation

The historical financial information of Costa presented in this Scheme Booklet has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards and is presented on a stand-alone basis, and accordingly, does not reflect any impact of the implementation of the Scheme.

(b) Consolidated income statement

Below is a summary of Costa's consolidated income statements for 1HCY23 and CY22 ,CY21 and CY20.

	June 1H 2023 $'000	December 2022 $'000	December 2021 $'000	December 2020 $'000
Revenue				
Total revenue	**770,703**	**1,357,556**	**1,220,597**	**1,164,916**
Less: expenses				
Raw materials, consumables and third-party purchases	(226,689)	(418,578)	(407,710)	(408,203)
Depreciation and amortisation expenses	(69,580)	(129,436)	(108,459)	(96,610)
Impairment reversal	-	-	2,357	-
Impairment of non current assets and goodwill	(1,096)	(2,167)	-	-
Employee benefits expenses	(268,726)	(491,572)	(420,284)	(378,649)
Occupancy expenses	(20,480)	(30,080)	(30,630)	(41,925)
Net finance costs	(27,189)	(42,554)	(24,986)	(25,550)
Profit/(loss) on sale of assets	155	(90)	484	(1,803)
Freight and cartage	(39,730)	(100,271)	(69,600)	(61,543)
Leasing expenses	(3,719)	(6,543)	(5,264)	(4,231)
Other expenses	(67,027)	(106,155)	(78,582)	(81,543)
(Loss)/gain on fair value adjustments – biological assets	(14,366)	8,737	(7,498)	8,015
Impairment loss on trade receivables	(366)	(294)	(198)	(705)
Costs associated with a takeover response	(412)	-	-	-
Restructure costs	(227)	(717)	-	-
Business acquisitions and integration costs	-	-	(19,188)	-
	(739,452)	**(1,319,720)**	**(1,169,558)**	**(1,092,747)**
Share of net profits of joint ventures and associates accounted for using the equity method	6,263	10,743	9,881	9,070
Profit before income tax expense	37,514	48,579	60,920	81,239
Income tax expense	6,479	(1,578)	(8,696)	(13,790)
Profit for the period	43,993	47,001	52,224	67,449

	June	December	December	December
	1H 2023 $'000	2022 $'000	2021 $'000	2020 $'000
Other comprehensive income/ (loss) for the period				
Foreign currency translation differences	9,771	(12,664)	12,335	(8,773)
Cash flow hedges – effective portion of changes in fair value	1,079	375	(2,292)	2,720
Total other comprehensive income/ (loss) for the period	10,850	(12,289)	10,043	(6,053)
Total comprehensive income for the period	54,843	34,712	62,267	61,396
Profit attributable to:				
Owners of Costa Group Holdings Limited	25,721	33,630	41,396	60,774
Non-controlling interests	18,272	13,371	10,828	6,675
	43,993	**47,001**	**52,224**	**67,449**
Total comprehensive income attributable to:				
Owners of Costa Group Holdings Limited	36,571	21,341	51,439	54,721
Non-controlling interests	18,272	13,371	10,828	6,675
	54,843	**34,712**	**62,267**	**61,396**
Earnings per share for profit attributable to ordinary equity holders:				
Basic earnings per share	5.54	7.24	9.47	15.16
Diluted earnings per share	5.53	7.24	9.47	15.16

(c) Consolidated balance sheet

Below is a summary of Costa's consolidated balance sheet for 1HCY23and CY22, CY21 and CY20.

	June 1H 2023 $'000	December 2022 $'000	December 2021 $'000	December 2020 $'000
ASSETS				
Current assets				
Cash and cash equivalents	205,794	85,212	61,887	32,450
Receivables	131,081	101,589	108,032	96,900
Inventories	50,070	40,045	30,538	26,987
Biological assets	63,975	79,785	70,543	58,312
Other assets & financial assets	21,365	12,597	12,700	13,258
Current tax assets	717	30,856	8,554	-
Assets held for sale	-	-	3,207	-
Total current assets	**473,002**	**350,084**	**295,461**	**227,907**
Non-current assets				
Receivables	-	-	1,274	4,024
Other assets and financial assets	1,843	773	-	-
Equity accounted investments	34,804	31,291	27,248	21,567
Intangible assets	292,656	282,859	289,146	209,450
Deferred tax assets	41,374	25,291	21,302	23,894
Property, plant and equipment	805,326	814,349	799,933	515,688
Right-of-use assets	560,278	552,942	568,751	302,803
Total non-current assets	**1,736,281**	**1,707,505**	**1,707,654**	**1,077,426**
Total assets	**2,209,283**	**2,057,589**	**2,003,115**	**1,305,333**

	June	December	December	December
	1H 2023 $'000	**2022 $'000**	**2021 $'000**	**2020 $'000**
LIABILITIES				
Current liabilities				
Borrowings	18,293	12,189	13,704	14,320
Payables	129,626	149,418	149,310	135,100
Provisions	38,470	37,009	21,011	22,123
Other financial liabilities	-	-	-	879
Current tax liabilities	1,464	88	542	10,526
Lease liabilities	63,451	61,016	64,125	34,119
Total current liabilities	**251,304**	**259,720**	**248,692**	**217,067**
Non-current liabilities				
Borrowings	537,599	424,964	347,419	162,013
Provisions	9,119	8,908	25,652	8,766
Deferred tax liabilities	44,124	38,403	34,467	16,976
Lease liabilities	519,457	510,033	518,927	283,949
Total non-current liabilities	**1,110,299**	**982,308**	**926,465**	**471,704**
Total liabilities	**1,361,603**	**1,242,028**	**1,175,157**	**688,771**
NET ASSETS	**847,680**	**815,561**	**827,958**	**616,562**
EQUITY				
Share capital	768,957	768,532	768,074	580,734
Other equity reserve	(13,422)	(13,422)	(13,422)	(13,117)
Other reserves	13,471	2,543	15,602	4,783
Profit reserve	105,891	103,397	112,021	109,242
Accumulated losses	(92,692)	(92,692)	(92,692)	(92,692)
Equity attributable to owners of the parent	782,205	768,358	789,583	588,950
Non-controlling interests	65,475	47,203	38,375	27,612
Total equity	**847,680**	**815,561**	**827,958**	**616,562**

(d) **Consolidated cash flow statement**

Below is a summary of Costa's consolidated cash flow statements for 1HCY23 and CY22, CY21 and CY20.

	June 1H 2023 $'000	December 2022 $'000	December 2021 $'000	December 2020 $'000
Cash flow from operating activities				
Receipts from customers	744,053	1,363,851	1,223,442	1,154,164
Payments to suppliers and employees	(666,514)	(1,161,089)	(1,022,071)	(959,831)
Interest received	253	334	66	382
Interest paid	(23,162)	(40,178)	(24,553)	(25,778)
Income taxes received / (paid)	27,198	(24,672)	(23,090)	(507)
Net cash provided by operating activities	**81,828**	**138,246**	**153,794**	**168,430**
Cash flow from investing activities				
Payments for property, plant and equipment	(36,870)	(106,546)	(127,583)	(78,921)
Dividends from equity accounted investments	2,750	6,700	4,200	4,175
Dividends paid to non-controlling interest	-	(4,543)	(65)	-
Acquisition of businesses	(1,533)	(1,620)	(291,387)	-
Proceeds from sale of property, plant and equipment	3,241	4,293	1,134	1,098
Net cash used in investing activities	**(32,412)**	**(101,716)**	**(413,701)**	**(73,648)**
Cash flow from financing activities				
Proceeds from share issue, net of issue costs	-	-	185,167	(296)
Dividend payments on ordinary shares	(23,227)	(41,801)	(38,617)	(24,049)
Loans and advances	-	2,216	1,722	6
Proceeds from borrowings	136,002	331,343	2,321,965	2,076,380
Cash flow from operating activities	(18,550)	(252,484)	(2,139,090)	2,115,000)
Receipts from customers	(23,098)	(50,890)	(43,341)	(34,784)
Net cash provided by/(used in) financing activities	**71,127**	**(11,616)**	**287,806**	**(97,743)**
Reconciliation of cash				
Cash at beginning of year	85,212	61,887	32,450	35,962
Net increase/(decrease) in cash held	120,543	24,915	27,899	(2,961)
Effect of movement in foreign exchange rate	39	(1,590)	1,538	(551)
Cash at end of year	**205,794**	**85,212**	**61,887**	**32,450**

4.8 Material changes in Costa's financial position

In August 2023, Costa announced that it expected the full year CY23 EBITDA-S to be above the CY22 result. With the knowledge of actual trading since August 2023 including the finalisation of both the northern and southern citrus crops and Costa's current outlook for the remainder of CY23, Costa now expects the full year EBITDA-S result to be below CY22. Whilst the remaining period of CY23 includes significant trading across both the Produce and International segments, Costa expects this period to be impacted by a continuation of unfavourable impacts from adverse weather conditions in late CY22 and early CY23 in the citrus category, which includes the CY23 Queensland table grape crop.

In addition, the more recent favourable growing conditions on the Australian Eastern seaboard are expected to deliver significant industry volumes in Costa's berry and tomato categories and when combined with a significant change this year in Australian consumer sentiments influencing purchasing behaviour because of current economic conditions, forecast pricing in Costa's Produce segment is expected to be below Costa's previous expectations for the remainder of the calendar year.

4.9 Recent Costa Share price history

Costa Shares are listed on the ASX under the trading symbol 'CGC'.

As at 30 June 2023, being the last trading day for Costa Shares prior to media speculation that Costa may attract interest as a takeover target:

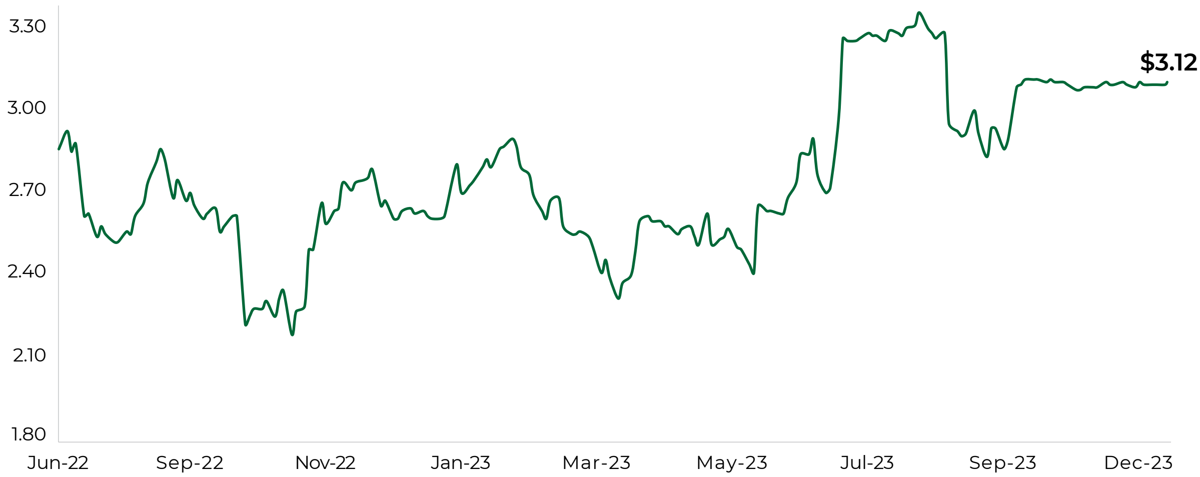
- the closing price of Costa Shares on the ASX was $2.72;
- the 3-month VWAP of Costa Shares was $2.57;
- the 6-month VWAP of Costa Shares was $2.58; and
- the 12-month VWAP of Costa Shares was $2.54.

As at the Last Practicable Date:

- the closing price of Costa Shares on the ASX was $3.12;
- the 1-month VWAP of Costa Shares was $3.11;
- the 12-month VWAP of Costa Shares was $2.94; and
- the lowest and highest daily closing price for Costa Shares during the preceding twelve months was $2.27 and $3.39, respectively.

The graph below shows the closing Costa Share price over the twelve months up to and including the Last Practicable Date.

Costa (ASX: CGC) Share Price (A$ per share)



Source: IRESS market data as at Last Practicable Date

The current price of Costa Shares on the ASX can be obtained from the ASX website (www.asx.com.au) or Costa's investor relations page (https://investors.costagroup.com.au/investor-centre/).

4.10 Publicly available information about Costa

Costa is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on the ASX, Costa is subject to Listing Rules which require (subject to certain exceptions) continuous disclosure of any information that Costa has that a reasonable person would expect to have a material effect on the price or value of Costa Shares.

ASX maintains files containing publicly disclosed information about entities listed on the ASX. Information disclosed to ASX by Costa is available on ASX's website at www.asx.com.au.

In addition, Costa is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Costa may be obtained from any office of ASIC.

Costa's annual and interim reports and public announcements are also available on Costa's website (https://investors.costagroup.com.au/Investor-Centre/) or by calling the Costa Shareholder Information Line on 1800 009 918 (within Australia) or +61 1800 009 918 (outside Australia), between 8.30am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays).

5. Information on Bidco and the Consortium

5.1 Introduction

The information in this Section 5 has been prepared by Bidco. The information concerning Bidco and the intentions, views and opinions contained in this Section 5 are the responsibility of Bidco. Costa and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

5.2 Overview of Bidco

(a) Bidco ownership

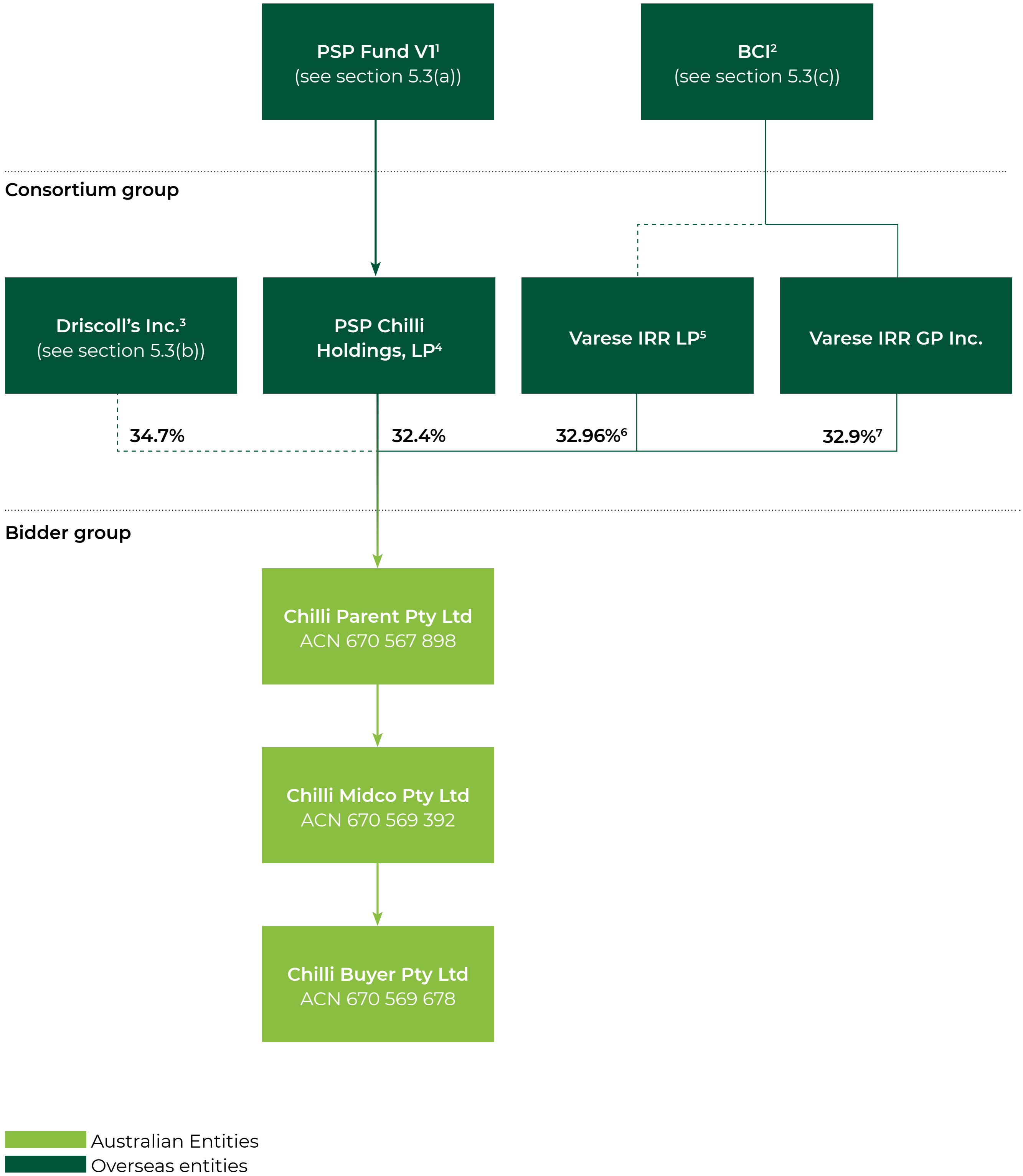
Bidco is an Australian proprietary company that was incorporated in the State of New South Wales on 16 August 2023 for the purpose of acquiring Costa Shares under the Scheme and the Conditional Transfer Agreements, and has not conducted any other business. If the Scheme is implemented and completion occurs under the Conditional Transfer Agreements, subject to Bidco having paid the Scheme Consideration, Bidco will acquire all of the Costa Shares on the Implementation Date.

Bidco is a wholly-owned Subsidiary of Midco, which is also an Australian proprietary company that was incorporated in the State of New South Wales on 16 August 2023. Midco was incorporated for the purpose of holding all of the shares in Bidco and has not conducted any other business.

Midco is a wholly-owned Subsidiary of Holdco, which is also an Australian proprietary company that was incorporated in the State of New South Wales on 16 August 2023. Holdco was incorporated for the purpose of holding all of the shares in Midco and has not conducted any other business. As at the date of this Scheme Booklet, Holdco is wholly-owned by PSP Chilli Holdings, L.P. (which is wholly-owned by PSP Fund VI), acting by its general partner PSP Chilli Holdings GP, LLC.

As at the Implementation Date, and as set out in the figure below, the issued shares of Holdco will be directly or indirectly held by the Consortium Members as follows:

- 32.4% held by PSP Chilli Holdings, L.P. (which is wholly-owned by PSP Fund VI), acting by its general partner PSP Chilli Holdings GP, LLC;
- 32.9% held by Varese IRR LP, acting by its general partner Varese IRR GP Inc., and Varese IRR GP Inc., in its personal capacity, which is directly wholly-owned by BCI; and
- 34.7% held by Driscoll's (and/or through one or more of its Subsidiaries).



Unless otherwise indicated, all ownership interests are 100%.

1 *The general partner of PSP Fund VI is Paine Schwartz Food Chain VI GP, LP.*
2 *BCI indirectly holds 100% of the limited partnership interests in Varese IRR LP.*
3 *Driscoll's to hold its interest in Holdco directly and/or through one or more of its Subsidiaries.*
4 *The general partner of PSP Chilli Holdings, L.P. is PSP Chilli Holdings GP, LLC.*
5 *The general partner of Varese IRR LP is Varese IRR GP Inc.*
6 *Non-voting, participating shares, held by its general Varese IRR GP Inc.*
7 *Voting, non-participating shares.*

(b) **Directors**

As at the date of this Scheme Booklet, the board of directors of Bidco, Midco and Holdco are the same, and comprise the following:

Director	Position	Biography
Alex Corbacho	PSP – Partner	Alex Corbacho joined PSP in 2012. Prior to PSP, Mr. Corbacho worked at UBS Investment Bank in the firm's leveraged finance origination and financial sponsor coverage groups. While there, he worked to provide debt financing, capital structure solutions, and advisory services for a variety of companies and financial sponsors, including PSP. Mr. Corbacho serves on the boards of AgBiTech, AgroFresh Solutions, Monterey Mushrooms, Suja, and Verisem. Previously, he served on the board of Verdesian Life Sciences and SNFL Group. He is a graduate of Boston University, and was raised in Wellesley, Massachusetts.
Martin Foreman	PSP – Operating Director	Martin Foreman is an Operating Director at PSP. Dr. Foreman has collaborated with PSP since 2009. Based in Melbourne, Australia, he leverages his Asia-Pacific insights and relationships to help identify and execute investment opportunities for the firm. Dr. Foreman has a BSc (Biology) from the University of Nottingham, a PhD in Plant Physiology from the University of Wales, and was a Post-Doctoral fellow in the Department of Plant Sciences, Lincoln University, New Zealand. After Lincoln University, he continued his career in agribusiness in New Zealand before spending 13 years with a multinational Fortune 500 industrial company in Asia-Pacific, holding country CEO positions including in Sri Lanka and Vietnam. Dr. Foreman founded Crichton Capital & Advisory in 2008, a boutique firm focused on growing local private companies in the agritech and industrial sectors through direct equity participation.

The Consortium Members intend to supplement or replace these directors with additional nominees on and from the Implementation Date (as referred to in Section 5.6(d)), pursuant to their rights to do so under a shareholders' agreement to be entered into by the Consortium Members and Holdco.

5.3 Overview of the Consortium

The Consortium is made up of a consortium of investors comprising entities that are Associates of PSP, Driscoll's and BCI.

(a) **PSP and PSP Fund VI**

PSP is a US-based private equity firm which focuses exclusively on investment opportunities in the global food and agribusiness sectors. As at 28 September 2023, it has approximately US$5.7 billion assets under management.

The leadership team of PSP includes Kevin Schwartz (CEO, Managing Partner) and Angelos Dassios (CIO, Managing Partner).

PSP will hold its shares in Holdco through PSP Chilli Holdings, L.P, (a limited partnership established in Delaware, United States of America) acting by its general partner PSP Chilli Holdings GP, LLC. PSP Chilli Holdings GP, LLC (a limited liability company established in Delaware, United States of America) is directly wholly-owned by Paine Schwartz Food Chain Fund VI GP, L.P. (a limited partnership established in the Cayman Islands) which is also the general partner of PSP Fund VI. The limited partnership interests in PSP Chilli Holdings, L.P. are held by PSP Fund VI whose investment manager is PSP (a limited liability company established in Delaware, United States of America).

PSP Fund VI is focused on making investments across the expansive, fast-growing and dynamic global food and agribusiness sectors. There is a particular focus on sustainable food chain investing and adopting a proactive, thesis-driven approach to identify value-added and differentiated companies principally in upstream segments of the value chain.

Further information on PSP can be found at https://www.paineschwartz.com/.

(b) Driscoll's

Driscoll's is a private company and fourth generation family business established in California, United States of America. Headquartered in Watsonville, California, Driscoll's is a leading global developer and marketer of fresh berries.

The leadership team of Driscoll's includes:

- J. Miles Reiter (current Chairman and Chief Executive Officer);
- Sanjeev Tandon (Chief Financial Officer);
- Soren Bjorn (currently President, Driscoll's of the Americas);
- Garland Reiter Jr. (Vice President, Global Blueberry Leadership);
- Scott Komar (Senior Vice President, Global R&D);
- Jae Chun (Vice President, Driscoll's of China);
- Wyard Stomp (Senior Vice President, Driscoll's of Europe, Middle East, and Africa); and
- Tom O'Brien (Senior Vice President, HR & Legal Affairs).

As announced by Driscoll's on 10 October 2023, Driscoll's board of directors has elected Soren Bjorn (currently President, Driscoll's of the America's) as its new Chief Executive Officer and it is expected that he will assume the role in January 2024. J. Miles Reiter (the current Chairman and Chief Executive Officer) has announced his plan to retire as Chairman and Chief Executive Officer of Driscoll's at the end of CY23 and will be appointed as Executive Chairman of Driscoll's.

Driscoll's will hold its shares in Holdco directly (and/or through one or more of its Subsidiaries).

Driscoll's develops and patents proprietary varieties of berries (including strawberries, raspberries, blueberries and blackberries), which it licenses to an international group of approved independent berry growers across the world. Driscoll's markets and distributes the berries primarily under the Driscoll's label through local subsidiaries and partnerships globally.

Further information on Driscoll's can be found at http://www.driscolls.com/.

(c) BCI

BCI provides discretionary investment management services for the benefit of BCI's clients, being the British Columbia public sector pension plan, public trusts, special purpose accident and insurance funds and other British Columbia public sector entities. BCI is one of Canada's largest institutional investors and its activities finance the retirement benefits for over 725,000 public sector pension plan members and the compulsory insurance and benefit funds that cover British Columbia workers and motorists.

The leadership team of BCI includes:

- Gordon J. Fyfe (Chief Executive Officer / Chief Investment Officer);
- Lincoln Webb (Executive Vice President & Global Head, Infrastructure & Renewable Resources);
- Daniel Garant (Executive Vice President & Global Head, Capital Markets);
- Jim Pittman (Executive Vice President & Global Head, Private Equity);

- Shauna Lukaitis (Chief Operating Officer);
- Ramy Rayes (Executive Vice President, Investment Strategy & Risk);
- David Morhart (Executive Vice President, Corporate & Investor Relations); and
- Norine Hale (Executive Vice President, Human Resources).

BCI's investment in Holdco will be made by BCI's Infrastructure & Renewable Resources program, which invests in tangible long-life assets that include a portfolio of direct investments in companies across a variety of sectors spanning regulated utilities, energy, telecommunications, transportation, timberlands and agri-businesses.

BCI will hold its shares in Holdco through Varese IRR LP (a limited partnership formed in Manitoba, Canada), by its general partner Varese IRR GP Inc. (a corporation incorporated under the laws of Canada), and through Varese IRR GP Inc., in its personal capacity. Varese IRR GP Inc. is a wholly-owned Subsidiary of BCI. The limited partnership interests in Varese IRR LP are held by entities that are all controlled by BCI.

5.4 Costa's history with certain Consortium Members

(a) PSP

PSP has a long-standing history with the Costa Group, having previously invested in 2011 through Paine & Partners Capital Fund III as the first-time institutional capital partner of the Costa family. PSP operated as a 50/50 equity partner with shared decision making between PSP and the Costa family. During its investment period, PSP supported the Costa Group's transformation from a local produce supplier into a global horticultural institution with significant growth opportunities.

PSP completed Costa's initial public offering and ASX listing in July 2015 and remained a Costa Shareholder until selling its stake in 2017. PSP's CEO Kevin Schwartz remained on the Costa Board at Costa's request until ultimately stepping down in 2019.

Since then, PSP has continued to view the Costa Group as a distinctive asset in the fresh produce industry, and has closely followed the Costa Group's strong progress in the continued execution of the long-term strategic vision that PSP once helped define.

In 2022, PSP acquired a total of 67,890,950 Costa Shares (representing approximately 14.61% of the total issued Costa Shares). In 2023, PSP acquired an additional 1,785,027 Costa Shares (representing approximately 0.38% of the total issued Costa Shares).

(b) Driscoll's

Driscoll's also has a long-standing history with the Costa Group dating back a number of years prior to Costa's initial public offering and ASX listing in July 2015. In Australia, Driscoll's and Costa have been participants in a joint venture since 2010 to market berries under the Driscoll's brand. The joint venture has exclusive licences to produce and market Costa and Driscoll's berry genetics in Australia and New Zealand. Driscoll's and Costa continue to work in other key areas of berry research and development.

Driscoll's also has a joint venture with Costa to grow berries in China. Five farms have been established by the joint venture to date in southern China.

In 2019 and 2021, Driscoll's acquired a total of 21,505,156 Costa Shares (representing approximately 4.63% of the total issued Costa Shares).

5.5 Funding arrangements for Scheme Consideration

(a) Overview

The Scheme Consideration will be provided wholly in cash.

If the Scheme becomes Effective, Costa Shareholders (other than Excluded Shareholders) will receive the Scheme Consideration for each Costa Share they hold as at the Scheme Record Date. Refer to Section 3.2 for further detail regarding the Scheme Consideration. Based on the number of Costa Shares on issue as at the date of this Scheme Booklet (being 464,709,793 Costa Shares), the maximum aggregate amount of cash payable on implementation of the Scheme by Bidco to Costa Shareholders (other than Excluded Shareholders) as Scheme Consideration will be approximately $1,487,071,338.

While there are 2,635,206 Costa Share Rights[19] on issue as at the date of this Scheme Booklet, no amounts are required to be paid by Bidco with respect to any Costa Share Rights. Section 7.4 details the proposed treatment of the Costa Share Rights on issue as at the date of this Scheme Booklet, so as to ensure that there are no outstanding Costa Share Rights by 5.00pm on the Effective Date.

Bidco intends to fund payment of the Scheme Consideration using a combination of debt and equity financing. The proceeds available to Bidco under the debt and equity financing are in excess of the maximum aggregate amount of cash payable on implementation of the Scheme.

These funding arrangements are described in further detail below.

(b) Equity funding

Bidco has received legally binding equity commitment letters each dated either 21 September 2023 or 22 September 2023 (together, the **"Equity Commitment Letters"**) from:

- PSP Fund VI for $286,323,912.68;
- Varese IRR LP for $501,000,000.00; and
- Driscoll's for $474,543,707.04,

(each party to the Equity Commitment Letters being an **"Equity Funding Party"**, and each amount provided by an Equity Funding Party being its **"Equity Funding"**) under which the relevant Equity Funding Party commits, on a several basis, to provide their respective cash amount to Bidco for the purpose of enabling Bidco to pay the Scheme Consideration when due in accordance with the terms of the Scheme. The aggregate Equity Funding payable to Bidco by the Equity Funding Parties is $1,261,867,619.72. The Equity Funding will be paid to Bidco no later than the Business Day before the Implementation Date.

Each Equity Funding Party has represented and warranted to Bidco and Costa that it has (and will, when required to fund its portion of the aggregate Equity Funding under the terms of its respective Equity Commitment Letter, have) committed funds or sufficient resources to fund its portion of the aggregate Equity Funding.

The Equity Funding of each Equity Funding Party is subject only to the Scheme becoming Effective (and is otherwise unconditional).

The Equity Commitment Letters separately include a funding commitment totalling $14,900,000 in circumstances where the Reverse Break Fee becomes payable by Bidco (the **"Break Fee Funding"**). The provision of the Break Fee Funding is conditional only on Bidco being required to pay the Reverse Break Fee in accordance with clause 12 of the Scheme Implementation Agreement.

(c) Debt funding

Bidco has entered into a legally binding Commitment Letter dated 22 September 2023 ("**Debt Commitment Letter**") under which Commonwealth Bank of Australia has been appointed as a mandated lead arranger and bookrunner. Each of Westpac Banking Corporation, National Australia Bank Limited, as a mandated lead arranger and bookrunner, and Coöperatieve Rabobank U.A., Australia Branch, as a mandated leader arranger (collectively, the "**MLAUBs**") will also be appointed by Bidco. The MLAUBs will provide certain secured debt facilities (the "**Debt Acquisition Facilities**") in an aggregate amount of no less than $650 million to Bidco.

Bidco is permitted to use the proceeds of borrowings under the Debt Acquisition Facilities to fund part of the aggregate Scheme Consideration payable by Bidco, to refinance certain existing indebtedness of the Costa Group and to pay fees, costs and expenses (including indirect taxes and stamp duty) related to the Debt Acquisition Facilities, the Scheme and related transactions.

19 50,000 of which are options to subscribe for C Class shares in the capital of Costa under the IPO Share Option Plan. Once issued, these C Class shares immediately convert to Costa Shares.

The availability of the Debt Acquisition Facilities provided by the MLAUBs on a customary 'certain funds' basis is subject to the satisfaction of certain conditions precedent including:

- certification that consummation of the acquisition of all of the Costa Shares by Bidco under the Scheme will occur in accordance with the terms of the Scheme Implementation Agreement (and related documentation);
- confirmation that there has been no termination of and there has been no waiver or amendment of any provision of the Scheme Implementation Agreement which would be adverse to the interests of the MLAUBs unless they have provided their prior written consent (not to be unreasonably withheld or delayed);
- execution of definitive long form syndicated facility documentation (and related definitive financing documentation) as described below; and
- the accuracy of certain representations identified in the Debt Commitment Letter made with respect to Bidco prior to funding of the Debt Acquisition Facilities.

It is expected that, as at the Second Court Date, the Debt Commitment Letter will be superseded by a definitive long form syndicated facility agreement and related definitive financing documentation required to be entered into as a condition precedent to initial borrowings under the Debt Acquisition Facilities among the parties thereto, the material terms and conditions of which are specified in the Debt Commitment Letter.

It is expected that the conditions to the Debt Acquisition Facilities will be satisfied on or before the Second Court Date (other than certain procedural conditions which are intended to be satisfied concurrently with, or prior to, the initial borrowings under the Debt Acquisition Facilities, including the payment of fees, costs and expenses).

As at the date of this Scheme Booklet, Bidco is not aware of any reason why, and has no basis to believe that, the conditions to the Debt Acquisition Facilities will not be satisfied so as to enable the relevant Debt Acquisition Facilities to be drawn for the purpose of funding part of the Scheme Consideration.

(d) Conclusion

On the basis of the funding arrangements described in this Section 5.5, Bidco is of the opinion that it has a reasonable basis for holding the view, and holds the view, that it will be able to satisfy its obligations to provide the Scheme Consideration as and when it is due under the terms of the Scheme.

5.6 Bidco's intentions if the Scheme is implemented

(a) Introduction

If the Scheme is implemented and completion occurs under the Conditional Transfer Agreements, Bidco will become the holder of all Costa Shares, and accordingly, Costa will become a wholly-owned Subsidiary of Bidco. As detailed in Section 7.4, there will be no outstanding Costa Share Rights on issue as at 5.00pm on the Effective Date.

This Section 5.6 sets out the current intentions of Bidco with respect to Costa, assuming Bidco acquires 100% of Costa Shares, based on information known to Bidco at the time of the preparation of this Scheme Booklet (including certain non-public information made available by Costa to Bidco prior to entry into the Scheme Implementation Agreement). It is important to recognise that the statements set out in this Section 5.6 are statements of current intentions only and may change as new information becomes available or circumstances change.

Bidco does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess all of the operational, commercial, tax and financial implications of its current intentions. Final decisions in relation to these matters will only be reached after Bidco has had an opportunity to undertake a detailed post-acquisition review following implementation of the Scheme, as referred to in Section 5.6(g), having regard to material information, facts and circumstances at the time of such review.

The intentions and statements of future conduct, and the ability of Bidco to implement its intentions, set out in this Section 5.6 must be read as being subject to:

- the law (including the Corporations Act);
- the legal obligation of Bidco's directors at the time to act in good faith in the best interests of Bidco and for proper purposes and have regard to the interests of all Bidco's shareholders; and
- the outcome of the post-acquisition review, referred to in Section 5.6(g), which may alter or prevent the achievement of certain intentions set out above.

(b) Costa's removal from the ASX

As set out in Section 3.18, following implementation of the Scheme, Bidco intends to arrange for Costa to apply for the termination of the official quotation of Costa Shares on the ASX and for Costa to be removed from ASX's official list, with effect on or around the Business Day immediately following the Implementation Date.

(c) Head office

Bidco currently intends for Costa to maintain its current head office following implementation of the Scheme.

(d) Board of directors

If the Scheme is implemented, the Costa Board and each of its Subsidiaries will be reconstituted, such that some or all of the Directors will be replaced, with effect on and from the Implementation Date, with the same directors that are to be appointed to the Holdco board of directors.

(e) Employees

Costa is a people driven business. Bidco considers that a well-trained and motivated workforce is critical to maintaining the high standards of the business, and that the retention and incentivisation of staff is an essential component to the future success of the Costa Group. Bidco intends to work with the management team to ensure the organisation is appropriately staffed to pursue the growth opportunities in the market.

(f) Changes to the Constitution

Bidco has no current intention to make material changes to Costa's constitution following implementation of the Scheme, other than to reflect that Costa will no longer be a publicly listed company following implementation of the Scheme. Following this time, any amendments to Costa's constitution may be considered from time to time, as deemed appropriate, as part of Bidco's broader review of Costa described in Section 5.6(g).

(g) Business, operations and assets

If the Scheme is implemented, Bidco intends to undertake a detailed review of Costa's assets and operations, including to evaluate their performance, prospects and strategic relevance. Bidco will only make final decisions following the completion of this review and having regard to material information, facts and circumstances at the time of the review.

Subject to the post-acquisition review referred to above, Bidco's current intention is to continue the current strategic direction of Costa, including actively pursuing growth opportunities available to Costa. In addition, Bidco's current intention is to continue to expand the strategic relationship between Costa Group and Driscoll's with respect to the global licensing, production, and marketing of berries.

5.7 Excluded Shareholders and Conditional Transfer Agreements

Bidco has entered into conditional transfer agreements with each of the sellers listed in the table below to acquire the Costa Shares in which PSP and Driscoll's (or any of their Associates) has a Relevant Interest ("**Conditional Transfer Agreements**"). These Costa Shares are held by the Excluded Shareholders.

#	Buyer	Seller	Number of Costa Shares	% of total issued Costa Shares[20]
1	Bidco	Driscoll's	21,505,156	4.63%
2	Bidco	Australian Football Holdings, LLC.	69,675,977	14.99%
	Total		**91,181,133**	**19.62%**

The sale and purchase of the Costa Shares is conditional on the Scheme becoming Effective and the Scheme Record Date having passed. Completion of the transfer of Costa Shares will occur on the Implementation Date at the same time as the Costa Shares are transferred to Bidco under the Scheme.

The amount of the purchase consideration under the Conditional Transfer Agreements for each Costa Share is equivalent to the Scheme Consideration for each Costa Share. The purchase consideration will be funded by loan notes issued by Bidco to the relevant seller entity which have an aggregate face value equal to the Scheme Consideration multiplied by the number of Costa Shares to be sold.

The Conditional Transfer Agreements will terminate if the Scheme Implementation Agreement is terminated.

5.8 Additional information

(a) Interests in Costa Shares

As at the date of this Scheme Booklet, the Consortium Members (together with their respective Associates) have a 19.62% Relevant Interest in Costa Shares. These Costa Shares are subject to the Conditional Transfer Agreements (see Section 5.7) and are held by the Excluded Shareholders, who will not vote these Costa Shares at the Scheme Meeting.

Upon implementation of the Scheme, Bidco's voting power in Costa will be 100%.

(b) Dealings in Costa Shares in previous four months

Except as set out in Section 5.7 and other than the consideration to be provided under the Scheme, during the period of 4 months before the date of this Scheme Booklet, neither Bidco nor any of its Associates have provided or agreed to provide consideration for any Costa Shares under a purchase, agreement or other transaction.

(c) Benefits to Costa Shareholders

Other than as set out in Section 5.7, during the four months before the date of this Scheme Booklet, neither Bidco nor any of its Associates have been given, offered to give or agreed to give a benefit to another person where that benefit that was likely to induce the other person or an Associate to:

- vote in favour of the Scheme; or
- dispose of Costa Shares,

where the benefit was not offered to all other Costa Shareholders.

(d) Benefits to Costa officers

Neither Bidco nor any of its Associates have made or will be making any payment or giving any benefit to any current officers of Costa or any of its Related Bodies Corporate as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices if the Scheme is implemented.

(e) Disclosure of interests in Costa Shares

As at the date of this Scheme Booklet, none of the directors of Bidco have a Relevant Interest in any Costa Shares.

(f) No other material information

Except as disclosed in this Scheme Booklet, there is no other information relating to Bidco or the Consortium that is material to the making of a decision by a Costa Shareholder on whether or not to vote in favour of the Scheme that is within the knowledge of any director of Bidco as at the date of this Scheme Booklet which has not previously been disclosed to Costa Shareholders.

20 *Based on the current 464,709,793 fully paid ordinary Costa Shares on issue.*

6. Tax implications of the Scheme

6.1 Taxation outline

The following is a general summary of the key Australian income tax, goods and services tax ("**GST**") and stamp duty consequences for certain Costa Shareholders (other than Excluded Shareholders) that may arise as a result of the disposal of their Costa Shares under the Scheme (assuming the Scheme becomes Effective). The tax consequences for each Costa Shareholder will vary depending on their specific profile, characteristics and circumstances. Accordingly, Costa Shareholders should obtain professional tax advice having regard to their particular circumstances.

This Section 6 is relevant to Costa Shareholders who are individuals, companies (other than life insurance companies), trusts and complying superannuation entities that hold their Costa Shares on capital account for Australian income tax purposes. This outline does not apply to all Costa Shareholders, including those who fall into the following categories:

- any Costa Shareholders who acquired their Costa Shares before 20 September 1985 and/or in circumstances in which rollover relief was obtained in respect of the acquisition;
- any Costa Shareholders who acquired their Costa Shares (or any rights in relation to their Costa Shares) pursuant to an employee share plan or employee option plan;
- any Costa Shareholders who hold their Costa Shares on revenue account or as trading stock (e.g. Costa Shareholders that carry on a business of share trading, banks);
- any Costa Shareholders subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to gains/losses on their shares;
- any Costa Shareholders subject to special tax rules applicable to certain classes of entities, including (but not limited to) tax-exempt organisations and insurance companies;
- any non-resident Costa Shareholders who hold (or have held at any time) their Costa Shares through a permanent establishment situated in Australia;
- any Costa Shareholders who are temporary residents of Australia for Australian tax purposes and/or who change their tax residence while holding Costa Shares;
- any Costa Shareholders subject to the 'investment manager regime' under Subdivision 842-I of the Income Tax Assessment Act 1997 (Cth) in relation to their Costa Shares; and
- any Costa Shareholders that dispose of their Costa Shares prior to the Implementation Date (and therefore are not Costa Shareholders on the Implementation Date).

This Section 6 is based on Australian tax law and guidance as at the date of this Scheme Booklet. However, it is general in nature and is not intended to be a complete description of all possible tax implications that might apply to the particular circumstances of a Costa Shareholder. Unless otherwise expressly stipulated, this Section 6 does not take into account or anticipate changes in Australian tax laws or guidance after the date of this Scheme Booklet. This Section 6 also does not take into account the tax laws of any country other than Australia.

6.2 Residents of Australia

This Section 6.2 applies to Costa Shareholders who are residents of Australia for Australian tax purposes.

(a) CGT event

Under the Scheme, Costa Shareholders will transfer their Costa Shares to Bidco. This will result in the disposal of those Costa Shares, which should trigger a capital gains tax (**"CGT"**) event A1 for Australian tax purposes.

The date of disposal of the Costa Shares for CGT purposes will be the Implementation Date.

(b) Capital gain or capital loss

Costa Shareholders should make a capital gain from the disposal of their Costa Shares to the extent that the capital proceeds received exceeds the cost base of their Costa Shares.

Conversely, Costa Shareholders should make a capital loss from their disposal of their Costa Shares to the extent that the capital proceeds received are less than the reduced cost base of their Costa Shares. A capital loss can be used to offset a capital gain made in the same income year or may be carried forward to offset a capital gain made in future income years, subject to the satisfaction of certain loss recoupment tests.

Any resulting net capital gain after the application of any available capital losses and any available CGT discount (see Section 6.2(e)) should be included in the Costa Shareholder's assessable income and subject to Australian income tax at the applicable tax rate.

(c) Capital proceeds

The capital proceeds received by Costa Shareholders in respect of their disposal of their Costa Shares should be their share of the Scheme Consideration.

(d) Cost base

The cost base of Costa Shares held by a Costa Shareholder will generally include the cost of acquisition and any incidental costs of acquisition and disposal that are not deductible to the Costa Shareholder. The reduced cost base of the Costa Shares is usually determined in a similar (but not identical) manner.

(e) CGT discount

Where the Costa Shareholder is an individual, trust or complying superannuation entity that has held their Costa Shares for at least 12 months prior to the Implementation Date, the amount of any capital gain arising in relation to the disposal of the Costa Shares (after the application of any available capital losses) may be reduced by a 'discount percentage'. No such reduction is generally available to Costa Shareholders that are treated as companies.

The amount of any 'discount percentage' is generally 50% (for individuals and trusts) or 33.33% (for complying superannuation entities). It is noted that the consequences for trusts can be complex. For example, whilst the benefit of the CGT discount may flow through to the beneficiaries, there are certain requirements that need to be satisfied. Trustees should seek advice on how the CGT discount provisions apply to them and their beneficiaries.

(f) CGT withholding

The Consortium, Bidco and/or Costa may require Costa Shareholders to undertake certain actions prior to the Implementation Date to prevent a portion of the Scheme Consideration being withheld under the foreign resident capital gains withholding (**"FRCGW"**) rules. These requirements are described in further detail in Section 6.3.

6.3 Non-residents of Australia

This Section 6.3 applies to Costa Shareholders who are not residents of Australia for Australian tax purposes (and who have not held their Costa Shares at any time in carrying on a business through a permanent establishment in Australia).

(a) CGT implications

Costa Shareholders who are not residents of Australia for tax purposes at the Implementation Date and who have not held their Costa Shares at any time in carrying on a business through a permanent establishment in Australia should disregard (for Australian income tax purposes) any capital gain or capital loss that arises on the disposal of their Costa Shares under the Scheme, unless their Costa Shares are 'indirect Australian real property interests'.

The Costa Shares held by a Costa Shareholder may be 'indirect Australian real property interests' and may therefore trigger Australian CGT implications upon completion of the Scheme if both of the following criteria are satisfied:

- the Costa Shareholder and its 'associates' (as defined under Australian income tax law) collectively hold an interest of at least 10% in Costa, either at the Implementation Date or for a period spanning at least 12 months during the 24 months before the Implementation Date (in which case the Costa Shares are referred to as 'non-portfolio interests'); and
- more than 50% of Costa's value as at the Implementation Date is attributable to direct or indirect interests held in Australian real property (as defined under Australian income tax law) (in which case the Costa Shares are said to pass the 'principal asset test').

The Costa Share Register indicates that there are no non-resident Costa Shareholders that (together with their associates) have held a 10% interest in Costa during the past 24 months, such that there should be no Australian CGT implications for non-resident Costa Shareholders as a result of the Scheme. However, non-resident Costa Shareholders should separately confirm this having regard to their own circumstances (including any associated entities).

(b) CGT withholding

Broadly, where a non-resident of Australia disposes of an asset that is an 'indirect Australian real property interest' (discussed above), the purchaser will be required to withhold an amount equal to 12.5% of the purchase price under the FRCGW provisions. In certain situations, Australian tax law may require the purchaser to make certain assumptions about the residency of the vendor and/or the status of the asset being transferred.

The Consortium, Bidco and Costa are in the process of agreeing how best to manage this legislative requirement. In due course, Bidco may seek a declaration from certain Costa Shareholders that the Costa Shareholder is and will be an Australian tax resident at the time of disposal of their Costa Shares under the Scheme or that the Costa Shares held by the Costa Shareholder are not 'indirect Australian real property interests'. Impacted Costa Shareholders will be notified in due course of the requirements in this regard and the relevant timeframes.

Where an impacted Costa Shareholder fails to comply with such a request in a timely manner, Bidco may withhold up to 12.5% of the Scheme Consideration payable to that Costa Shareholder and remit that amount to the ATO. Where this occurs, the amount payable to that Costa Shareholder will not be increased to reflect this withholding amount that has been withheld from the Scheme Consideration and paid to the ATO and the amount payable to the Costa Shareholder will be taken to be in full and final satisfaction of the amounts owing to the Costa Shareholder.

Any Costa Shareholder who has an amount of their Scheme Consideration withheld by Bidco under the FRCGW provisions should be entitled to a tax credit for the amount withheld by lodging an Australian income tax return.

(c) Former residents

The Australian CGT consequences may differ for a non-resident Costa Shareholder who has previously been a resident of Australia and who chooses to disregard a capital gain or capital loss on ceasing to be a resident. A non-resident Costa Shareholder in this position may be subject to Australian CGT consequences on disposal of the Costa Shares under the Scheme and should seek further advice having regard to their particular circumstances.

(d) Foreign tax implications

In addition to considering the Australian tax consequences of the Scheme, Costa Shareholders who are tax residents of a country other than Australia (whether or not they are also residents or temporary residents of Australia for tax purposes) should also take into account the tax consequences of the Scheme under the laws of their country of residence.

6.4 Goods and services tax (GST)

Costa Shareholders should not be liable for GST in respect of a disposal of those Costa Shares under the Scheme.

Costa Shareholders may incur GST on costs that relate to their participation in the Scheme and/or disposal of their Costa Shares (such as third party brokerage and adviser fees). Costa Shareholders that are registered, (or required to be registered) for GST may not be entitled to claim full input tax credits for any GST payable/ incurred on such costs, but may be entitled to reduced input tax credits for some acquisitions. This will depend on the individual circumstances of each Costa Shareholder.

6.5 Stamp duty

No stamp duty should be payable by Costa Shareholders in respect of the disposal of their Costa Shares under the Scheme.

7. Additional information

This Section 7 sets out additional statutory information, as well as some additional information that may be considered material to Costa Shareholders' decision as to how they should vote at the Scheme Meeting.

7.1 Substantial Costa Shareholders

As at the close of trading on the date of this Scheme Booklet, the following persons had notified Costa that they had voting power in 5% or more of Costa Shares:

Name	Number of Costa Shares in which they have voting power	% of Shares
Australian Football Holdings, LLC (established in Delaware, US) and various Associates Driscoll's, Inc. (established in California, US) Bidco Varese IRR GP Inc	91, 181, 133 total	19.62% total
UBS Group AG and its Related Bodies Corporate	28,294,861	6.09%

7.2 Marketable securities of Costa or the Consortium Members held by or controlled by Costa Directors

As at the date of this Scheme Booklet, no marketable securities of Costa are held or controlled by Costa Directors and no such persons are otherwise entitled to such securities other than as listed below:

Director	Class of securities	Number of securities
Harry Debney	Costa Shares	379,900[21]
Neil Chatfield	Costa Shares	464,242
Tim Goldsmith	Costa Shares	73,425[22]
Janette Kendall	Costa Shares	42,612
Dr Jane Wilson AO	Costa Shares	43,425
Peter Margin	Costa Shares	94,721[23]

Each Costa Director intends to vote the Costa Shares they hold or control in favour of the Scheme subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders) and in the absence of a Superior Proposal.

There are no marketable securities of the Consortium Members (or their Related Entities) held by or on behalf of Costa Directors as at the date of this Scheme Booklet, nor have there been any dealings by any Costa Director in any marketable securities of Costa or the Consortium Members in the four months preceding the date of this Scheme Booklet.

21 *346,547 of these Costa Shares are held directly by Harry Debney and 33,353 of these Costa Shares are held jointly by Harry Debney and Jane Debney as trustee for the Debney Super Fund.*

22 *These Costa Shares are held by Tim Goldsmith's spouse, Lorraine Goldsmith.*

23 *These Costa Shares are held by Margin Superannuation Investments Pty Ltd of which Peter Margin is a director.*

7.3 Benefits and agreements

(a) Benefits in connection with retirement from office

It is not proposed that any payment or other benefit be made or given to any director, secretary or executive officer of Costa (or of its Related Bodies Corporate) as compensation for loss of, or as consideration for, or in connection with their retirement from, office in Costa (or in any of its Related Bodies Corporate) as a result of the Scheme other than as set out in their existing employment agreement or as a result of them participating in the Scheme as a Costa Shareholder (other than an Excluded Shareholder).

(b) Deeds of indemnity, insurance and access

Costa has entered into deeds of indemnity, insurance and access with the directors and officers of Costa, on customary terms ("**D&O Deeds**"). The D&O Deeds include terms that provide for Costa to indemnify each of its directors and officers against all liability arising as a result of such persons acting as a director or officer, to the extent permitted by law.

Costa also pays premiums in respect of a directors and officers insurance policy for the benefit of its directors and executive officers, and is required under the D&O Deeds to use reasonable endeavours to maintain that insurance for seven years from the date on which the relevant director or officer retires from office. The Scheme Implementation Agreement permits Costa to, prior to the Implementation Date, enter into arrangements to provide run-off insurance coverage for all current directors and officers of Costa and other Costa Group members for seven years from the retirement date of each director and officer. Bidco is, under the Scheme Implementation Agreement, required to ensure that this directors' and officers' run-off insurance coverage is maintained for this same 7 year period.

(c) Agreements connected with or conditional on the Scheme

Except as set out below or otherwise disclosed in this Section 7.3:

- no Costa Director has any other interests in a contract entered into by a Consortium Member;
- there are no contracts or arrangements between a Costa Director and any person, including a Consortium Member in connection with or conditional on the outcome of the Scheme; and
- no Costa Director has a material interest in relation to the Scheme other than in their capacity as a Costa Shareholder.

(d) Employment incentive plans

Costa currently operates the following incentive plans. Treatment of the options and performance rights issued under these incentive plans in connection with the Scheme is set out in in Section 7.4.

(i) **IPO Share Option Plan**

Under the IPO Share Option Plan, certain Costa Directors and key members of management were offered options in connection with the initial public offering of Costa. Only one former Costa Director still holds unexercised options under the IPO Share Option Plan (being 50,000 options). Under this plan, each option gives a participant the right to receive one C Class share in the capital of Costa (non-voting shares)[24] for an exercise price of $1.45 per option. The IPO Share Option Plan also provides Costa discretion to buy-back and cancel any vested options in the context of the Scheme, in which case cash consideration will be paid to the option holder.

(ii) **CY21 LTI Plan and CY22 LTI Plan**

Under the CY21 LTI Plan and CY22 LTI Plan, Executive KMP and other members of senior management were granted options (being an option to acquire one Costa Share or to receive a cash payment of equivalent value), subject to achieving certain performance conditions.

Once vested, CY21 LTI Plan participants and CY22 LTI Plan participants have the right to exercise these options at the relevant exercise price.

24 Once issued, these C Class shares immediately convert to Costa Shares.

As at the date of this Scheme Booklet, there are:

- 810,173 unvested options with an exercise price of $3.95 under the CY21 LTI Plan held by nine current and former members of Costa management, including Costa's CFO; and
- 1,179,874 unvested options with an exercise price of $2.96 under the CY22 LTI Plan held by ten current and former members of Costa management, including Costa's CFO and Deputy CEO.

(iii) **CY23 LTI Plan**

Under the CY23 LTI Plan, Executive KMP and other members of senior management were granted performance rights (being a right to acquire one Costa Share or to receive a cash payment of equivalent value), subject to achieving certain performance conditions. The number of performance rights granted under the CY23 LTI Plan was calculated by dividing a certain percentage of the participant's total fixed remuneration by the share price of $2.63 per Costa Share.

There is no exercise price for the performance rights under the CY23 LTI Plan.

As at the date of this Scheme Booklet there are 595,159 unvested performance rights under the CY23 LTI Plan held by fourteen current and former members of Costa management, including Costa's CFO and Deputy CEO.

(iv) **CY23 STI Plan**

Under the CY23 STI Plan, Executive KMP and other members of senior management may be provided with a performance-based incentive which is calculated as a percentage of the CY23 STI Plan participant's total fixed remuneration. Whether CY23 STI Plan participants receive this incentive is conditional on Costa Group's financial and operational performance.

Following the end of CY23, performance will be tested against relevant performance hurdles for that period.

7.4 Treatment of Costa Share Rights

Each Costa Share Right under the IPO Share Option Plan, CY21 LTI Plan and CY22 LTI Plan will, if vested and exercised, give the holder the right to acquire one Costa Share (or in the case of the IPO Share Option Plan, one C Class share in the capital of Costa[25]) per exercised option in return for payment of the relevant exercise price for each option, or to receive a cash payment of equivalent value. Each Costa Share Right under the CY23 LTI Plan will, if vested and exercised, give the holder the entitlement to one Costa Share (or to receive a cash payment of equivalent value) for each exercised performance right.

Under the Scheme Implementation Agreement, Costa is required to ensure that, by no later than 5.00pm on the Effective Date, there are no outstanding Costa Share Rights, by causing the Costa Share Rights to be vested or cancelled. This will be satisfied by the following:

- the options issued under the IPO Share Option Plan will be cancelled with effect on and from the earlier of 4.59pm on the Effective Date and the Scheme becoming Effective and the holder of those options will be paid $1.75 for each option held (being the difference between the Scheme Consideration and the exercise price for those options) by way of a single cash payment on the Implementation Date;
- the options under the CY21 LTI Plan are expected to lapse, as the vesting conditions are not expected to be satisfied during the performance period ending on 31 December 2023; and
- with effect on and from the earlier of 4.59pm on the Effective Date and the Scheme becoming Effective, Costa will accelerate the vesting of the Costa Share Rights under the CY22 LTI Plan and CY23 LTI Plan and the exercise of those Costa Share Rights will be deemed to have been effective from that time and Costa will pay:
  - each participant under the CY22 LTI Plan $0.24 (less any applicable tax deductions) for each option held (being the difference between the Scheme Consideration and the exercise price for those options) by way of a single cash payment on the Implementation Date; and

25 *Once issued, these C Class shares immediately convert to Costa Shares.*

- each participant under the CY23 LTI Plan $3.20 (less any applicable tax deductions) for each performance right held, in three equal instalments commencing on the Implementation Date, with the second instalment 6 months following the Implementation Date and the third instalment 12 months following the Implementation Date,

subject to the participant under the relevant plan not having resigned or been dismissed for cause on the relevant payment date (and, if applicable, complying with any obligations agreed to at the time of termination of their employment).

No Costa Director holds or is otherwise entitled to any Costa Share Rights under the IPO Share Option Plan, CY21 LTI Plan, CY22 LTI Plan or CY23 LTI Plan.

7.5 Capital structure of Costa

As at the date of this Scheme Booklet, Costa has 464,709,793 ordinary shares, of which the Consortium Members, together with their respective Associates, have a Relevant Interest in 91,181,133 Costa Shares, being 19.62% of Costa Shares on issue. There are also 2,635,206 Costa Share Rights on issue.[26]

The Costa Shares in which the Consortium, together with its Associates, has a Relevant Interest are held either directly or pursuant to various arrangements including the Conditional Transfer Agreements, a transaction co-operation agreement and an agency arrangement.

7.6 Independent Expert

The Independent Expert has prepared the Independent Expert's Report set out in Annexure A of this Scheme Booklet advising as to whether, in its opinion, the Scheme is fair and reasonable and in the best interests of Costa Shareholders (other than Excluded Shareholders).

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Costa Shareholders (other than Excluded Shareholders) in the absence of a Superior Proposal.

7.7 Consents

The following parties have given and have not withdrawn, before the registration of this Scheme Booklet by ASIC, their written consent to be named in this Scheme Booklet in the form and context in which they are named:

- King & Wood Mallesons as legal adviser to Costa;
- UBS as financial adviser to Costa;
- Kroll as Independent Expert;
- KPMG as tax adviser to Costa;
- Link Market Services Limited as Costa's share registry;
- Bidco;
- Driscoll's;
- BCI; and
- PSP.

Kroll has also given and has not withdrawn, before the time of registration of this Scheme Booklet with ASIC, its written consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it is included and to all references in this Scheme Booklet to the Independent Expert's Report in the form and context in which they appear.

Bidco has also given and has not withdrawn, before the time of registration of this Scheme Booklet with ASIC, its written consent to the inclusion of the Bidco Information in the form and context in which it is included and to all references in this Scheme Booklet to the Bidco Information in the form and context in which they appear.

26 *50,000 of which are options to subscribe for C Class shares in the capital of Costa under the IPO Share Option Plan. Once issued, these C Class shares immediately convert to Costa Shares.*

7.8 Disclaimers

None of the persons referred to in Section 7.7 have authorised or caused the issue of this Scheme Booklet and do not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in the Scheme Booklet is based, other than those statements made in the capacity and to the extent the person has provided its consent, as referred to in Section 7.7.

To the maximum extent permitted by law, each person referred to in Section 7.7 disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any statements or material in or omissions from, this Scheme Booklet, other than as described in Section 7.7 with that person's consent.

The Bidco Information has been prepared by and is the responsibility of Bidco. Costa and its directors and officers do not assume responsibility for the accuracy or completeness of the sections of this Scheme Booklet that Bidco has prepared and has responsibility for.

7.9 Fees

Each of the persons named in Section 7.7 as performing a function in a professional, advisory or other capacity in connection with the Scheme and the preparation of this Scheme Booklet, will be entitled to receive professional fees charged in accordance with their normal basis of charging.

7.10 Foreign jurisdictions

The distribution of this Scheme Booklet outside of Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. Costa disclaims all liabilities to such persons. Costa Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed. No action has been taken to register or qualify this Scheme Booklet or any aspect of the acquisition in any jurisdiction outside of Australia.

7.11 Key terms of the Scheme Implementation Agreement

(a) Overview

Costa and Bidco entered into the Scheme Implementation Agreement on 22 September 2023. The Scheme Implementation Agreement sets out the steps required to be taken by Costa and Bidco to give effect to the Scheme. Key terms of the Scheme Implementation Agreement are summarised below.

(b) Conditions Precedent

The implementation of the Scheme is subject to certain Conditions Precedent[27] including:

- (**FIRB Approval**) Bidco obtains FIRB Approval before 5.00pm on the Business Day before the Second Court Date;
- (**Regulatory Approval – European Union**):
  - the European Commission notifies Bidco of a decision declaring the Transaction compatible with the internal market under applicable laws (without conditions or subject to conditions satisfactory to Bidco (acting reasonably)) or the European Commission does not notify Bidco of a decision, thus deeming to have declared the Transaction compatible with the internal market; or
  - a competent authority (if the approval is referred to a competent authority) adopts (or is deemed to adopt) a decision, finding or declaration approving the Transaction,

  before 5.00pm on the Business Day before the Second Court Date;

27 *The Scheme Implementation Agreement also includes a Moroccan regulatory approval Condition Precedent. However, as at the date of this Scheme Booklet, neither Costa nor the Consortium Members (either separately or cumulatively, as applicable) meet the Moroccan local revenue or market share thresholds applicable to trigger the filing requirement and it is anticipated that they will remain under the relevant threshold, as the analysis relates to the revenues in the last financial year. In these circumstances, the relevant Condition Precedent in the Scheme Implementation Agreement will not apply.*

- (**Regulatory Approval – SAMR**) Bidco obtains approval of the Transaction from the SAMR of the People's Republic of China or the Transaction is deemed to have been approved by the SAMR upon the expiry of the applicable statutory review period, before 5.00pm on the Business Day before the Second Court Date;
- (**Shareholder approval**) Costa Shareholders (other than the Excluded Shareholders) approve the Scheme by the Requisite Majority in accordance with the Corporations Act;
- (**Court approval**) the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- (**Regulatory intervention**) no Court or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Scheme, and no such order, decree, ruling, other action or refusal is in effect, as at 8.00am on the Second Court Date;
- (**ASIC and the ASX**) ASIC and the ASX have issued or provided such consents, confirmations or approvals or have done such other acts which the parties agree are reasonably necessary or desirable to implement the Transaction and those consents, confirmations, approvals or other acts have not been withdrawn or revoked as at 8.00am on the Second Court Date;
- (**Independent Expert**) the Independent Expert issues a report which concludes that the Scheme is in the best interests of the Costa Shareholders before the date on which the Scheme Booklet is lodged with ASIC and the Independent Expert does not change its conclusion or withdraw its report by notice in writing to Costa prior to 8am on the Second Court Date;
- (**No Costa Prescribed Event**) no Costa Prescribed Event occurs between 22 September 2023 and 8.00am on the Second Court Date; and
- (**No Material Adverse Effect**) no Material Adverse Effect occurs between 22 September 2023 and 8.00am on the Second Court Date.

Costa may waive the Condition Precedent above regarding the "Independent Expert" at its absolute discretion. Bidco may waive the Conditions Precedent above regarding "No Material Adverse Effect" and "No Costa Prescribed Event" at its absolute discretion. Both parties (acting jointly) may waive the Conditions Precedent above regarding "ASIC and the ASX" and "Regulatory intervention".

Costa must at the hearing on the Second Court Date, provide to the Court a certificate confirming whether or not the Conditions Precedent for which it is responsible (other than the condition relating to Court approval of the Scheme) have been satisfied (if applicable) or waived as required by the Scheme Implementation Agreement, and a certificate confirming the same matters provided by Bidco.

An update as to the status of the Conditions Precedent will be provided at the Scheme Meeting.

(c) Break fee

A fee of $14,900,000 (known as a "break fee") is payable by Costa to Bidco if the Scheme does not proceed because certain events occur, which include:

(i) any Costa Director making a public statement:

(A) withdrawing or adversely changing, qualifying or modifying, or that is inconsistent with their recommendation for, or voting intention in relation to, the Scheme; or

(B) supporting or endorsing a Competing Transaction;

(ii) there being a material breach of the Scheme Implementation Agreement by Costa; or

(iii) during the period ending on the earlier of the termination of the Scheme Implementation Agreement and 30 April 2024 (or such other date agreed between Costa and Bidco), a Competing Transaction is announced by any person and within 9 months either completes or otherwise results in a third party acquiring a Relevant Interest in, becoming the holder of, or directly or indirectly acquiring, more than 50% of Costa Shares and that acquisition is (or becomes) unconditional.

(d) Reverse break fee

A fee of $14,900,000 (known as a “reverse break fee”) is payable by Bidco to Costa if the Scheme does not proceed because certain events occur, which include:

(i) a material breach of the Scheme Implementation Agreement by Bidco; or

(ii) a failure by Bidco to pay the aggregate Scheme Consideration.

(e) Termination Events

The Scheme Implementation Agreement may be terminated:

(i) (**End Date**) by either Costa or Bidco, if the Scheme has not become Effective on or before the End Date;

(ii) (**lack of support**) by Bidco at any time prior to 8.00am on the Second Court Date if any Costa Director changes or withdraws their statement that they consider the Scheme to be in the best interests of Costa Shareholders (other than the Excluded Shareholders) or their recommendation to the Costa Shareholders (other than the Excluded Shareholders) that they vote in favour of the resolution to approve the Scheme or their intention to vote in favour of the Scheme, or otherwise makes a public statement indicating that they no longer support the Scheme;

(iii) (**material breach**) by either Costa or Bidco at any time prior to 8.00am on the Second Court Date, if the other party is in material breach of a term of the Scheme Implementation Agreement, provided that (except in circumstances where Costa has materially breached its obligations under the Scheme Implementation Agreement with respect to exclusivity or the Costa Board’s recommendation and intention regarding the Scheme) notice has been given to the other party stating an intention to terminate the Scheme Implementation Agreement, and the relevant circumstances continue to exist 5 Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given;

(iv) (**Competing Transaction**) by Costa at any time prior to 8.00am on the Second Court Date if:

(A) the Costa Board determines that a Competing Transaction is a Superior Proposal, provided that Costa has complied with its obligations with respect to exclusivity under the Scheme Implementation Agreement; or

(B) the Independent Expert provides a report to Costa that concludes that the Scheme is not in the best interests of Costa Shareholders (other than Excluded Shareholders) and either the Costa Board or a majority of the Costa Board changes, withdraws, modifies or qualifies their recommendation as a result, or, if this conclusion in the Independent Expert’s Report has been determined by the Independent Expert based on a Competing Transaction, after Costa has complied with its exclusivity obligations under the Scheme Implementation Agreement;

(v) (**consultation on failure of Condition Precedent**) by either Costa or Bidco if:

(A) there is breach or non-fulfilment of a Condition Precedent (which is not waived) or there is an act, failure to act or occurrence which will prevent a Condition Precedent being satisfied by the time or date specified in the Scheme Implementation Agreement for the satisfaction of that Condition Precedent; and

(B) the parties have engaged in consultation to determine whether the Scheme may proceed by way of alternative means or methods, the time for satisfaction of that Condition Precedent can be extended or the End Date (being 30 April 2024 or as otherwise agreed between Costa and Bidco) can be extended, but have been unable to come to an agreement within 5 Business Days after a notice has been given; however,

where the Condition Precedent is for the benefit of one party only, that party only is permitted to terminate the Scheme Implementation Agreement;

(vi) (**appeal process**) by either Costa or Bidco in circumstances where the Court refuses to make orders convening the Scheme Meeting or approving the Scheme and the parties have appealed the Court's decision to the fullest extent possible except to the extent that the parties agree otherwise or an independent senior counsel of the Victorian bar advises that, in their opinion, an appeal would have no reasonable prospect of success before the End Date; and

(vii) (**agreement**) if agreed to in writing by Bidco and Costa.

7.12 Regulatory

All regulatory approvals that are Conditions Precedent to the Scheme are set out in clause 3.1 of the Scheme Implementation Agreement.

As at the date of this Scheme Booklet, each of the regulatory approvals remain outstanding, however it is noted that PSP has received FIRB approval to acquire up to 100% of the Costa Shares.

Further, the Scheme Implementation Agreement also includes a Moroccan regulatory approval Condition Precedent. However, as at the date of this Scheme Booklet, neither Costa nor the Consortium Members (either separately or cumulatively, as applicable) meet the Moroccan local revenue or market share thresholds applicable to trigger the filing requirement and it is anticipated that they will remain under the relevant threshold, as the analysis relates to the revenues in the last financial year. In these circumstances, the relevant Condition Precedent in the Scheme Implementation Agreement will not apply.

In addition all the ASX and ASIC relief approvals or consents that Costa consider are necessary to implement the Scheme as at the date of this Scheme Booklet have been granted or obtained.

7.13 Deed Poll

Bidco has entered into the Deed Poll in favour of the Costa Shareholders under which Bidco has undertaken to deposit the Scheme Consideration into the Trust Account if the Scheme becomes Effective.

The Deed Poll may be relied upon by any Costa Shareholder despite the fact that they are not a party to it and each Costa Shareholder appoints Costa as its agent to enforce their rights under the Deed Poll against Bidco.

7.14 Registration of this Scheme Booklet

This Scheme Booklet was registered with ASIC on 11 December 2023 as required by sections 411(2)(b) and 412(6) of the Corporations Act.

7.15 No unacceptable circumstances

The Costa Directors believe that the Scheme does not involve any circumstances in relation to the affairs of Costa that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

7.16 Other information material to the making of a decision in relation to the Scheme

Except as set out in this Scheme Booklet, so far as your Directors are aware, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Director or any director of a Related Body Corporate of Costa which has not previously been disclosed to Costa Shareholders.

7.17 Supplementary information

Costa will issue a supplementary document to this Scheme Booklet if it becomes aware, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date:

(a) that a material statement in this Scheme Booklet is false or misleading in a material respect;

(b) that there is a material omission from this Scheme Booklet;

(c) that a significant change affecting a matter included in this Scheme Booklet has occurred; or

(d) that a significant new matter that has arisen which would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances, and subject to compliance with any relevant laws and/or obtaining any relevant approvals, Costa may circulate and publish any supplementary document by:

(e) making an announcement to the ASX;

(f) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;

(g) emailing (for those who have opted for email communications) or posting the supplementary document to Costa Shareholders to their email/postal address shown on the Costa Share Register; and/or

(h) posting a statement on the Costa website at https://investors.costagroup.com.au/investor-centre/,

as Costa, in its absolute discretion, considers appropriate.

8. Glossary

The following is a glossary of certain terms used in this Scheme Booklet.

1HCY23	Costa's financial half year commencing on 2 January 2023 and ending on 2 July 2023.
ACCC	the Australian Competition and Consumer Commission.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning given in section 12(2) of the Corporations Act.
ASX	ASX Limited, or the Australian Securities Exchange, as appropriate.
ATO	Australian Taxation Office.
BCI	British Columbia Investment Management Corporation.
Bidco	Chilli Buyer Pty Ltd (ACN 670 569 678).
Bidco Information	the information provided by or on behalf of Bidco to Costa being information regarding the Consortium and Bidco which is required under the Corporations Act, the Corporations Regulations or ASIC Regulatory Guideline 60. The Bidco Information does not include information about the Costa Group, except to the extent it relates to any statement of intention relating to the Costa Group following the Effective Date.
Break Fee Funding	has the meaning given in Section 5.5(b).
Business Day	(a) a business day as defined in the Listing Rules; (b) a day that banks are open for business in New York, United States; and (c) a day that banks are open for business in Victoria, British Columbia, except that a reference to a date in the Scheme timetable in this Scheme Booklet (other than the Implementation Date) will have the meaning given in limb (a) of this definition.
CF&L	Costa Farms and Logistics.
CGT	capital gains tax.
Chair	the chair of the Scheme Meeting.
Competing Transaction	any expression of interest, a proposal, offer (including a non-binding indicative offer or proposal), transaction, agreement or arrangement (whether by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, joint venture or otherwise) which, if completed substantially in accordance with its terms, would mean a person (other than Bidco or its Related Entities) whether alone or together with its Associates would: (a) directly or indirectly, acquire or have the right to acquire (other than as custodian, nominee or bare trustee): (i) an interest or Relevant Interest in; or (ii) a legal, beneficial or economic interest (including by way of an equity swap, contract for difference or similar transaction or arrangement) in, 20% or more of Costa Shares; (b) acquire control of Costa, within the meaning of section 50AA of the Corporations Act (but disregarding sub-section 50AA(4)); (c) directly or indirectly acquire or become the holder of, obtain a right to acquire, or otherwise obtain a legal, beneficial or economic interest in, or control of, all or a substantial part or a material part of Costa's business or assets or the assets of or business conducted by the Costa Group;

Competing Transaction (cont)	(d) otherwise directly or indirectly acquire, be stapled with, merge or amalgamate with, or acquire a controlling shareholding or economic interest in, Costa or any of its Related Bodies Corporate; or (e) require Costa to abandon, or otherwise fail to proceed with, the transaction contemplated in the Scheme Implementation Agreement, whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement, recapitalisation, refinancing or other transaction or arrangement.
Conditional Transfer Agreements	has the meaning given in Section 5.7.
Conditions Precedent	the conditions precedent in clause 3.1 of the Scheme Implementation Agreement, a summary of which are set out in Section 7.11(b).
Consortium	PSP, Driscoll's and BCI, and **Consortium Member** means any one of them.
Consortium Group	the Consortium Members and their Related Entities and Consortium Group Member means any member of the Consortium Group.
Corporations Act	the *Corporations Act 2001* (Cth).
Corporations Regulations	the *Corporations Regulations 2001* (Cth).
Costa	Costa Group Holdings Limited (ACN 151 363 129).
Costa Board	the board of directors of Costa.
Costa Directors or Directors	the directors of Costa.
Costa Group	Costa and its Related Bodies Corporate (and, when used in the context of any provision of the Scheme Implementation Agreement, has the meaning given in the Scheme Implementation Agreement).
Costa Information	the information regarding Costa, other than the Bidco Information and the Independent Expert's Report, contained in this Scheme Booklet.
Costa Prescribed Event	has the meaning given in the Scheme Implementation Agreement.
Costa Share	a fully paid ordinary share in Costa.
Costa Share Register	the register of Costa Shareholders maintained by Costa in accordance with the Corporations Act.
Costa Share Registry	Link Market Services Limited.
Costa Share Right	an option or performance right issued under the CY21 LTI Plan, CY22 LTI Plan, CY23 LTI Plan and IPO Share Option Plan.
Costa Shareholder	each person who is registered in the Costa Share Register from time to time as the holder of a Share.
Costa Shareholder Information Line	1800 009 918 (within Australia) or +61 1800 009 918 (outside Australia), between 8.30am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays).
Court	the Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act.
CY20	Costa's financial year commencing on 30 December 2019 and ending 27 December 2020.
CY21	Costa's financial year commencing on 28 December 2020 and ending on 26 December 2021.

CY21 LTI Plan	the Costa Group CY21 Long Term Incentive Plan.
CY22	Costa's financial year commencing on 27 December 2021 and ending on 1 January 2023.
CY22 LTI Plan	the Costa Group CY22 Long Term Incentive Plan.
CY23	Costa's financial year commencing on 2 January 2023 and ending on 31 December 2023.
CY23 LTI Plan	the Costa Group CY23 Long Term Incentive Plan.
CY23 STI Plan	the Costa Group CY23 Short Term Incentive Plan.
Debt Acquisition Facilities	has the meaning given in Section 5.5(c).
Debt Commitment Letter	has the meaning given in Section 5.5(c).
Deed Poll	the deed poll dated 5 December 2023 executed by Bidco under which Bidco covenants to carry out its obligations under the Scheme.
Driscoll's	Driscoll's, Inc.
Driscoll's Australia	the joint venture established by Costa and Driscoll's in 2010.
EBITDA-S	earnings before interest, tax, depreciation, amortisation, fair value movements in biological assets (SGARA) and material items.
Effective	the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) and 411(6) in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
End Date	30 April 2024.
Equity Commitment Letters	has the meaning given in Section 5.5(b).
Equity Funding	has the meaning given in Section 5.5(b).
Equity Funding Party	has the meaning given in Section 5.5(b).
Excluded Shareholder	(a) Citibank N.A., Hong Kong Branch – Agency & Trust in respect of the Costa Shares held on behalf of Australian Football Holdings, LLC, which as at the date of this Scheme Booklet is 69,675,977 Costa Shares; (b) Neweconomy.com.au Nominees Pty Limited (ACN 004 732 138) in respect of the Costa Shares held on behalf of Driscoll's, which as at the date of this Scheme Booklet is 21,505,156 Costa Shares; and (c) any Costa Shareholder who is a member of the Consortium Group, or any Costa Shareholder who holds any Costa Shares on behalf of, or for the benefit of, or as nominee for, any member of the Consortium Group or its Associates and does not hold Costa Shares on behalf of, or for the benefit of, or as nominee for, any other person, in each case, at the Scheme Record Date.
Executive KMP	includes the Costa CFO and Deputy CEO.
FIRB	the Foreign Investment Review Board.
FIRB Approval	has the meaning given to it in clause 3.1(a) of the Scheme Implementation Agreement.
First Court Hearing	the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act convening the Scheme Meeting is heard.

Foreign Regulatory Approvals	regulatory approvals from the relevant authorities in the European Union and the People's Republic of China, as set out in clause 3.1 of the Scheme Implementation Agreement and summarised in Section 7.11(b).
FRCGW	foreign resident capital gains withholding.
Government Agency	any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.
Headcount Test	has the meaning given in the Section entitled "Key information about the Scheme".
Holdco	Chilli Parent Pty Ltd (ACN 670 567 898).
HIN	Holder Identification Number.
Implementation Date	the 11th Business Day following the Effective Date, which is currently expected to be 26 February 2024.
Independent Expert or Kroll	Kroll Australia Pty Ltd (ACN 116 738 535).
Independent Expert's Report	the report of the Independent Expert, as set out in Annexure A.
IPO Share Option Plan	the Costa Group Employee Share Option Plan that was in place prior to Costa's listing on the ASX.
Last Practicable Date	5 December 2023.
Listing Rules	the official listing rules of the ASX and any other applicable rules of the ASX modified to the extent of any express written waiver by the ASX.
Material Adverse Effect	has the meaning given to it in the Scheme Implementation Agreement.
Midco	Chilli Midco Pty Ltd (ACN 670 569 392).
MLAUBs	has the meaning given in Section 5.5(c).
Online Scheme Meeting Platform	the online platform that Costa Shareholders can use to attend and vote at the Scheme Meeting, located at https://meetings.linkgroup.com/CGCSM24.
PSP	Paine Schwartz Partners, LLC.
PSP Fund VI	the fund comprising the following fund entities: (a) Paine Schwartz Food Chain Fund VI, L.P. (a Cayman Islands limited partnership); (b) Paine Schwartz Food Chain Fund VI-A, L.P. (a Cayman Islands limited partnership); (c) Paine Schwartz Food Chain Fund VI-B, L.P. (a Delaware limited partnership); and (d) Paine Schwartz Food Chain Fund VI-C, L.P. (a Delaware limited partnership).
Regulatory Authority	(a) ASX, ACCC, ASIC and the Takeovers Panel; (b) a Government Agency; (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; or (d) any regulatory organisation established under statute.
Related Body Corporate	has the meaning given to it in the Corporations Act.

Related Entity	has the meaning given in section 9 of the Corporations Act and, in the context of the Consortium, includes: (a) any entity, fund, partnership, managed account or similar investment vehicle advised or managed by a Consortium Member or a Related Entity of a Consortium Member; (b) any entity, fund, partnership, managed account or similar investment vehicle whose trustee, general partner or other operator is a Consortium Member or a Related Entity of a Consortium Member; and (c) any entity, fund, partnership, managed account or similar investment vehicle that is majority owned and/or controlled by any or more persons specified in section 9 of the Corporations Act or paragraphs (a) or (b) above.
Relevant Interest	has the meaning given to it in sections 608 and 609 of the Corporations Act.
Requisite Majority	in relation to the resolution to be put to the Scheme Meeting, the resolution being passed by a majority in number (more than 50%) of Costa Shareholders (other than Excluded Shareholders), who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative, and passed by at least 75% of the votes cast on the resolution.
Reverse Break Fee	has the meaning given to that term in the Scheme Implementation Agreement.
SAMR	State Administration for Market Regulation.
Scheme	the scheme of arrangement between Costa and the Costa Shareholders (other than Excluded Shareholders) as described in clause 4.1 of the Scheme Implementation Agreement and set out in Annexure B.
Scheme Booklet	this booklet.
Scheme Consideration	$3.20 in respect of each Costa Share, less the cash amount per Costa Share of any dividend declared or determined by the Costa Board, whether fully franked or otherwise and paid by Costa to Costa Shareholders after 22 September 2023 and prior to implementation of the Scheme.
Scheme Implementation Agreement	the scheme implementation agreement dated 22 September 2023 between Costa and Bidco relating to the implementation of the Scheme.
Scheme Meeting	the meeting to be convened by the Court pursuant to the Scheme.
Scheme Meeting Online Guide	set out at Annexure E, containing further details about the Online Scheme Meeting Platform.
Scheme Record Date	7.00pm on the second Business Day following the Effective Date.
Second Court Date	the first day of the Second Court Hearing.
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to sections 411(4)(b) and 411(6) of the Corporations Act approving the Scheme.
SRN	Securityholder Reference Number.
Subsidiary	of an entity means another entity which: (a) is a subsidiary of the first entity within the meaning of the Corporations Act; and (b) is part of a consolidated entity constituted by the first entity and the entities it is required to include in the consolidated financial statements it prepares or would be, if the first entity was required to prepare consolidated financial statements.

Superior Proposal	a genuine Competing Transaction which the Costa Board, acting in good faith and in order to satisfy what the Costa Board considers to be its fiduciary or statutory duties, and after taking advice from its legal and financial advisers, determines: (a) is reasonably capable of being valued and completed in accordance with its terms, having regard to confidentiality and taking into account all relevant legal, financial, timing, regulatory and other aspects of such Competing Transaction, including the capacity of the competing party to consummate the transactions contemplated by the Competing Transaction (including having regard to funding sources), in each case, to the extent known by the Costa Board; and (b) would, or would be reasonably likely to, result in a transaction more favourable to Costa Shareholders (other than Excluded Shareholders) than the Scheme if completed substantially in accordance with its terms, taking into account all aspects of the Competing Transaction, including its price and terms and conditions, after taking into account a qualitative assessment of the identity, reputation and financial condition of the person making such proposal and legal, regulatory and financial matters.
Transaction	the acquisition of all of the Costa Shares held by Costa Shareholders (other than Excluded Shareholders), including through implementation of the Scheme, in accordance with the terms of the Scheme.
Trust Account	the trust account operated by or on behalf of Costa to hold the Scheme Consideration on trust for the purpose of paying the Scheme Consideration to the Costa Shareholders (other than Excluded Shareholders) in accordance with the Scheme.
UBS	UBS Securities Australia Limited.
VWAP	volume weighted average price.

Interpretation

In this Scheme Booklet (other than the Annexures):

(a) except as otherwise provided, all words and phrases used in this Scheme Booklet have the meanings (if any) given to them by the Corporations Act;

(b) headings are for ease of reference only and will not affect the interpretation of this Scheme Booklet;

(c) words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. A reference to a person includes a reference to a corporation; and

(d) a reference to a Section or Annexure is to a Section in or Annexure to this Scheme Booklet, unless otherwise stated.

Annexure A – Independent Expert's Report

Kroll Australia Pty Ltd
Level 32, 85 Castlereagh St
Sydney NSW 2000
www.kroll.com

Ph: (02) 8286 7200
PO Box: Q113, Queen Victoria Building 1230
ABN: 73 116 738 535

The Directors
Costa Group Holdings Limited
Level 5, 818 Bourke St
Docklands VIC 3008

11 December 2023

Dear Directors

Part One – Independent Expert's Report

1 Introduction

On 22 September 2023, Costa Group Holdings Limited (**Costa**) announced that it had entered into a scheme implementation agreement with Chilli Buyer Pty Ltd (the **BidCo**), an entity controlled as at the implementation of the Scheme (**Implementation Date**) by a consortium led by Paine Schwartz Partners, LLC (**PSP**) and including Driscoll's, Inc (**Driscoll's**) and British Columbia Investment Management Corporation (**BCIC**) (the **Consortium** and each a **Consortium Member**) whereby the BidCo will acquire all of the issued shares in Costa (**Costa Shares**) the Consortium and their respective associates do not already own by way of a scheme of arrangement (**Scheme**).

Under the Scheme, Costa shareholders (**Costa Shareholders**) who hold Costa Shares at 7:00pm (Melbourne time) on the Scheme Record Date[1] (other than Excluded Shareholders, as defined in the Scheme Booklet but primarily comprising the Consortium members or their associates who currently hold Costa Shares) will receive total cash consideration of $3.20 for each Costa Share held on the Scheme Record Date, less the cash amount per Costa Share of any dividend declared or determined by the Costa board (noting that Costa is only permitted to declare or determine an interim dividend of up to $0.04 per Costa Share prior to the Implementation Date without BidCo consent under the Scheme Implementation Agreement) and paid to Costa Shareholders after 22 September 2023 and prior to the implementation of the Scheme (**Scheme Consideration**).

As at the date of this report, the Costa Board has not determined to pay any such cash dividend.

The Scheme is subject to certain conditions precedent as set out in Section 5.2 of this report. An update on the status of these conditions precedent will be provided at the Scheme Meeting.

Costa is Australia's leading grower, packer and marketer of fresh fruit and vegetables and operates principally in five core categories: berries, mushrooms, glasshouse-grown tomatoes, citrus and avocados. Operations include over 7,200 planted hectares of farmland, 40 hectares of glasshouse facilities and three mushroom growing facilities across Australia. Costa also has strategic foreign interests, with majority owned joint ventures covering six blueberry farms in Morocco and five berry farms in China, covering approximately 750 planted hectares. As at 30 June 2023, the last trading day immediately prior to market speculation around a possible change of control proposal, Costa had a market capitalisation of $1.26 billion.[2]

Upon implementation of the Scheme, the Costa Shares will be indirectly held by the Consortium Members as follows: Driscoll's, Inc., Varese IRR LP acting by its general partner Varese IRR GP Inc. and Varese IRR

[1] 12 February 2024.
[2] Calculated as the closing share price on 30 June 2023 of $2.72 multiplied by 464,709,793 Costa Shares on issue on that date.

1

GP Inc. (in its personal capacity), and PSP Chilli Holdings GP, LLC as general partner of PSP Chilli Holdings, LP.

PSP is a private equity firm which focuses exclusively on investment opportunities in the global food and agribusiness sectors. It has approximately US$5.7 billion assets under management. Driscoll's is a private company and fourth generation family business established in California, United States of America. Headquartered in Watsonville, California, Driscoll's is a leading global developer and marketer of fresh berries. BCIC is a Canadian Crown corporation which provides discretionary investment management services for the benefit of its clients, being the British Columbia public sector pension plan, public trusts, special purpose accident and insurance funds and other British Columbia public sector entities. BCIC is one of Canada's largest institutional investors and its activities finance the retirement benefits for over 725,000 public sector pension plan members and the compulsory insurance and benefit funds that cover British Columbia workers and motorists.

Entities affiliated with PSP and Driscoll's, Inc. have an interest in, in aggregate, approximately 19.62% of the Costa Shares currently on issue.

The Scheme is subject to approval by Costa Shareholders at a meeting (the **Scheme Meeting**), expected to be held on 30 January 2024. For the Scheme to proceed, the resolution approving the Scheme (**Scheme Resolution**) must be approved by at least 75% of all votes cast by eligible Costa Shareholders and more than 50% of all eligible Costa Shareholders present and voting (in person, online or by proxy, attorney or, in the case of a corporation, its duly appointed corporate representative) at the Scheme Meeting.

In order to assist Costa Shareholders in assessing the Scheme, the directors of Costa (**Costa Directors**) have appointed Kroll Australia Pty Ltd (**Kroll**) to prepare an independent expert's report setting out whether, in our opinion, the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders), in the absence of a superior proposal.

This report sets out Kroll's opinion as to whether the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders) and will be included in the scheme booklet issued by Costa in respect of the Scheme (**Scheme Booklet**) to be sent to Costa Shareholders.

Further information regarding Kroll, as it pertains to the preparation of this report, is set out in Appendix 1.

Kroll's Financial Services Guide is contained in Part Two of this report.

2 Scope of report

The transaction is to be implemented by way of a scheme of arrangement under Section 411 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and requires approval of Costa Shareholders. Section 412(1) of the Corporations Act requires, among other requirements, that an explanatory statement issued by a company in relation to a proposed members' scheme of arrangement includes information that is material to the making of a decision by a member as to whether or not to agree to the scheme resolution.

Even where an independent expert's report is not strictly required by the law or ASIC policy, it is not uncommon for directors of a company to commission one to ensure that they are providing the information that is material to the making of a decision by a member. It is a condition precedent of the Scheme becoming Effective that an independent expert concludes, and continues to conclude, that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders).

In undertaking our work, we have referred to guidance provided by ASIC in its Regulatory Guides, in particular, Regulatory Guide 111 'Content of expert reports' (**RG 111**) which outlines the principles and matters which it expects a person preparing an independent expert's report to consider.

Further details of the relevant technical requirements and the basis of assessment in forming our opinion are set out in Section 6 of this report.

3 Opinion

3.1 Background

Costa is a leading horticulture company within Australia's agriculture sector providing premium fresh fruits and vegetables across three operating segments:

- **Produce,** which includes five vertically integrated core categories: berries, mushrooms, citrus, glasshouse-grown tomatoes, and avocados;

- **Costa Farm & Logistics (CF&L),** which incorporates logistics, wholesale, and marketing operations; and
- **International,** which comprises berry farming in Morocco and China, and licensing of Costa's proprietary blueberry varieties across several regions including the Americas and Africa.

Since listing on the Australian Securities Exchange (**ASX**) in July 2015, Costa has doubled its planted hectares of farmland and glasshouse facilities in Australia and expanded its citrus and international blueberry operations in China and Morocco through a series of strategic capital investments and acquisition activity.

Although Costa's revenue and earnings have continued to grow over the last three years, with a CAGR[3] of 9.0% in revenue and 13.5% in EBITDA-S[4] from CY19 to CY22, performance has fallen short of expectations, impacted by extreme weather including drought and hail, project delays, unfavourable market pricing, and other one-off impacts. Labour shortages and rising input costs since the onset of the COVID-19 pandemic have also impacted earnings margins. Costa downgraded guidance in CY19, withdrew guidance in CY20 and gave limited guidance for CY21. The outlook for CY22 was downgraded on 17 October 2022 as adverse weather conditions impacted citrus quality levels across all regions, and on 24 August 2023 Costa announced an estimated $30 million EBITDA-S impact for CY23 due to deterioration in the outlook for citrus quality and tomato demand. At that time CY23 EBITDA-S was expected to be above that in CY22. Costa announced a further downgrade in outlook for CY23 in the Scheme Booklet, advising that full year EBITDA-S is expected to be below CY22, impacted by a continuation of unfavourable weather conditions in citrus and table grapes, and lower pricing in Produce as a result of high industry volumes of berries and tomatoes due to favourable weather conditions for those categories.

Productivity and financial performance in the horticulture and fresh produce industry is volatile in nature. This is principally due to exposure to weather variability, pests and diseases and water access across seasons and geographies. Costa has sought to minimise the volatility through product and geographic diversification, protected cropping, as well as ongoing development of more resilient blueberry genetics.

In order to achieve revenue and earnings growth, Costa invested over $400 million in capital expenditure between CY15 and CY18 without any equity injection, and a further $600 million between CY19 and CY22, funded by equity raisings and debt. The equity raisings in late 2019 and mid 2021 were to strengthen the balance sheet during the prolonged drought and fund the acquisition of the 2PH citrus business and assets. Despite the equity raisings, Costa's leverage ratio increased from 1.82 times to 2.46 times Net Debt to EBITDA-S, above its long term target of 1.5 to 2.0 times.

Costa's expansion and growth in revenue and earnings since listing have not, however, translated into growth in share price. Further, whilst Costa's market capitalisation has increased by approximately $750 million since listing, this is less than the capital invested over the same period. Costa's share price opened at $2.25 per Costa Share when admitted to the Official List of the ASX on 24 July 2015. It closed at a high of $8.98 in June 2018 driven by the successful execution of growth projects, however, subsequently declined to approximately $2.50 at the beginning of 2020 following the earnings downgrades and since January 2020, the share price has closed in the range of $2.00 and $4.83.

On 25 October 2022, one week after Costa's revised CY22 earnings guidance, PSP acquired a 13.78% relevant interest in Costa at a price of $2.60 per Costa Share.

Subsequent engagement between Costa and PSP in April 2023 related to a potential approach at a range of $3.20 to $3.30 per Costa Share, and on 4 July 2023, following a four week period of initial due diligence, PSP provided an offer of $3.50 per Costa Share.

In August 2023, PSP were advised of the latest trading conditions and revised CY23 outlook as part of due diligence, and on 18 September 2023, it was announced that PSP had revised the non-binding offer to $3.20 per share, indicating that this offer is the best and final price at which the PSP-led consortium can deliver the proposed transaction. As discussed, Costa has advised in the Scheme Booklet that weather conditions are expected to result in a further downgrade in outlook for CY23.

In evaluating the Scheme we have considered the growth and benefits expected from Costa's organic growth and future expansion as well as the risks and costs associated with achieving those benefits. Our assessment of the Scheme is based on current market conditions and the inherent risk associated with an agricultural business.

[3] Compound annual growth rate.
[4] EBITDA adjusted for fair value movements in biological assets (**SGARA**) and material items.

KROLL

3.2 Summary of opinion

In our opinion, the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders), in the absence of a superior proposal.

In arriving at this opinion, we have assessed whether the Scheme is:

- **fair**, by comparing the Scheme Consideration to our assessed value of a Costa Share on a controlling interest basis. This approach is in accordance with the guidance set out in RG 111; and
- **reasonable**, by assessing the implications of the Scheme for Costa Shareholders, the alternatives to the Scheme that are available to Costa, and the consequences for Costa Shareholders of not approving the Scheme Resolution.

We have assessed the Scheme to be fair and reasonable. Consequently, consistent with RG 111, we have concluded that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders), in the absence of a superior proposal.

We have assessed the value of a Costa Share on a controlling interest basis to be in the range of $2.62 to $3.28. As the Scheme Consideration of $3.20 per Costa Share falls within our assessed value range for a Costa Share, the Scheme is fair.

The range of values is relatively wide, mainly as a result of Costa's financial leverage and the potential variability of financial outcomes across Costa's segments given climate risks and market conditions.

In forming our view as to the value of Costa, we have considered a range of factors including Costa's plans and opportunities for growth and expansion across its produce categories and geographies, industry dynamics across domestic and export markets, and the risks inherent in horticultural production given climate risks and capital expenditure requirements. Lastly, we have considered synergies available to a pool of potential acquirers.

Our analysis of the fairness of the Scheme is detailed further in Section 3.3 of this report.

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the Scheme to be fair, it is also reasonable. Regardless of this requirement, we have considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme, including:

- the Scheme Consideration represents a substantial premium to trading prices of Costa Shares up until close on 25 October 2022, the last close prior to PSP acquiring a 13.78% stake, and a moderate premium up until close on 30 June 2023, the last trading day immediately prior to market speculation around a possible change of control proposal (**undisturbed trading prices**);
- the Scheme Consideration is in cash and provides certainty of the pre-tax amount that Costa Shareholders will receive;
- Costa Shareholders will not participate in any future increases in value of Costa, however, they will no longer be exposed to the risks facing the business;
- in the event that the Scheme Resolution is not approved or any other conditions precedent prevent the Scheme from being implemented, Costa will continue to operate in its current form and its share price is likely to fall, noting that there have been two earnings downgrades since 30 June 2023, the Australian Bureau of Meteorology has declared two major climate drivers linked to hot, dry conditions and the broader equity market has declined; and
- no alternative bidder has emerged since the announcement of the Scheme.

Other matters which Costa Shareholders should consider in assessing the Scheme include:

- Costa will incur transaction costs if the Scheme does not proceed;
- the outstanding conditions precedent which, if not satisfied, (or, if applicable, waived) will result in the Scheme not being implemented; and
- the tax implications of the Scheme.

Our analysis of the reasonableness of the Scheme is detailed further in Section 3.4 of this report. The decision to approve the Scheme Resolution is a matter for individual Costa Shareholders (other than Excluded Shareholders) based on their views as to value, expectations about future market conditions and their particular circumstances, including investment strategy and portfolio, risk profile and tax position. If in doubt, Costa Shareholders should consult their own professional adviser regarding the action they should take in relation to the Scheme.

KROLL

3.3 The Scheme is fair

3.3.1 Valuation of Costa

Kroll has assessed the value of Costa's equity to be in the range of $1,218.0 million to $1,522.2 million, which corresponds with a value per Costa Share in the range of $2.62 to $3.28 on a fully diluted basis. Our range of assessed values reflects 100% ownership of Costa and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect Costa Shares would trade on the ASX in the absence of the Scheme.

The value of Costa's equity has been determined utilising a sum-of-the-parts methodology, by aggregating our estimated fair value of each of Costa's operating segments (control basis) including 100% of the African Blue JV and China JV and Costa's 50% interest in the Driscoll's Australia JV, and deducting non-controlling interests in the African Blue JV and China JV and adjusted net borrowings (after the cash settlement of outstanding Performance Rights and options). The valuation is summarised as follows.

Costa Summary of Value ($ millions)

	Section Reference	Low	High
Produce[1]	9.3	1,181.3	1,365.6
CF&L	9.4	79.8	91.0
International (100% interests)[2]	9.5	1,163.3	1,293.8
Value of Costa's operating business (100% control basis)		**2,424.3**	**2,750.4**
Other assets/(liabilities)	9.6	nil	nil
Enterprise value (100% control basis)		**2,424.3**	**2,750.4**
Equity value of Driscoll's Australia JV (50% interest)	9.7	109.3	115.3
Adjusted net borrowings[3]	9.8	(1,051.2)	(1,051.2)
Non-controlling interests[4]	9.5	(264.3)	(292.3)
Value of Costa's equity (100% control basis)		**1,218.0**	**1,522.2**
Diluted number of shares outstanding (millions)[5]	8.8.2	464.7	464.7
Value per Costa Share – diluted (100% control basis) ($)		**$2.62**	**$3.28**

Source: Kroll analysis.
Notes:
1. Excludes equity accounted income from Costa's 50% interest in the Driscoll's Australia JV.
2. Reflects 100% of the African Blue JV and China JV, with non-controlling interests deducted separately.
3. Adjusted for cash to be paid on settlement of Costa Performance Rights and options that vest as a result of the Scheme.
4. Non-controlling interests include Dole's 10% interest in the African Blue JV and Driscoll's 30% interest in the China JV. The value attributed to the International operating business in Section 9.5 of this report has been allocated between the JVs and licensing based on their contribution to International's CY25 EBITDA-S, less their share of net debt and lease liabilities.
5. Based on 464,709,793 Costa Shares on issue (refer to Section 8.8.2).

The range of values is relatively wide as a result of Costa's financial leverage (including lease liabilities).

In forming our view as to the value of Costa Shares, we have considered a series of factors including:

- the volatile nature of productivity and financial performance in the horticulture and fresh produce industry, with exposure to weather variability, pests and diseases and water access across seasons and geographies, as highlighted by Costa's two earnings downgrades for CY23. There is also variability in consumer demand which is impacted by supply and demand dynamics across domestic and export markets, and a heavy reliance on labour and capital markets;
- the potential for greater variability of weather and more extreme weather events over time as a result of global warming;
- Costa's competitive advantages including premium and exclusive product varieties developed through Costa's own blueberry genetics program or licensed through long standing relationships with other leading developers, expansive protected cropping footprint and geographical diversification across Costa's own farms and third party grower network, enabling 52 week supply in Australia;
- the current operating environment with continued elevation in labour costs and input costs. Global market sentiment has been impacted by the conflict in the Middle East and surging fuel prices.

Australian quarterly inflation rebounded in the September quarter and the Reserve Bank of Australia raised the official interest rate in November 2023, which may further impact consumer sentiment;

- for domestic operations in Produce and CF&L:
  - stable demand for farm-to-table produce relative to the dampening effects of cost of living pressures;
  - the 2PH and Conaghan's citrus assets acquired included planted and prospective development hectares which are expected to deliver significant growth in the short to medium term as immature trees mature;
  - rising export demand for Australian fruit driven by recent free trade agreements with India and the United Kingdom;
- for International:
  - expansion of operations in China which has lower production costs, strong demand, and higher yields and margins than domestic operations. There is, however, a risk of increased competition in China which may impact Costa's ability to continue to achieve premium pricing in that market;
  - potential impact of replanting in Morocco;
- potential operating efficiency gains from technological advances and Sustainable Commercial Farming initiatives;
- Costa's maintenance and growth capital expenditure requirements and financial leverage; and
- synergies available to a pool of potential acquirers, which are reflected in the selection of a control multiple in the market approach.

As a cross-check, Kroll has compared the implied multiples of Costa's EBITDA-S to the implied multiples of EBITDA observed in recent comparable transactions.

Our valuation range of $2.62 to $3.28 per Costa Share reflects the following premia:

- 17.5% to 47.1% over the closing price of Costa Shares on 25 October 2022, the last close prior to PSP acquiring a 13.78% stake;
- 21.1% to 51.6% over the one-month volume weighted average price (**VWAP**) to 25 October 2022;
- (3.7%) to 20.6% over the closing price of Costa Shares on 30 June 2023, the last trading day immediately prior to market speculation around a possible change of control proposal; and
- (3.9%) to 20.4% over the one-month VWAP to 30 June 2023.

The premia reflect that our valuation of Costa includes a control premium, rather than the valuation of a minority interest in the company as traded on the ASX.

The premia over the closing price and one-month VWAP to 25 October 2022 are broadly consistent with premiums observed in completed transactions, which are generally in the range of 25% to 40% depending on the individual circumstances.[5] In this regard, we note that other than Dole and Driscoll's, Kroll has not identified any potential strategic acquirers of Costa with overlapping geographical operations and product categories that are of sufficient scale to acquire Costa such that they would be able to derive significant synergies as a consequence of the acquisition. Furthermore, there are likely dis-synergies for any competitor of Driscoll's as a result of change of control clauses in the Australia and China joint venture agreements. Consequently, synergies available to a pool of potential strategic acquirers are expected to be limited and would include public company and other corporate cost savings. Refer to Section 9.2.3 of this report for further discussion regarding control premium considerations for Costa.

Factors that may have impacted the premia over the closing price and one-month VWAP to 30 June 2023, which are below those observed in completed transactions, include:

- the Costa share price likely included a control premium from takeover speculation that followed PSP's acquisition of the 13.78% stake (refer to Section 3.4.1 of this report);

[5] 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

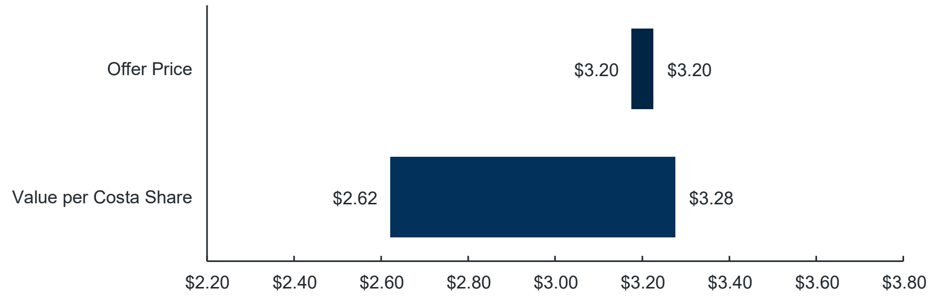
- Costa provided an earnings downgrade on 24 August 2023 as a result of the deterioration in the outlook for later season quality across the citrus category, which was expected to have a $30 million impact; and
- Costa provided a further earnings downgrade in the Scheme Booklet, advising that full year CY23 EBITDA-S results are expected to be lower than in CY22, impacted by a continuation of unfavourable weather conditions in citrus and table grapes, and lower pricing in Produce as a result of high industry volumes in berries and tomatoes.

Our valuation takes these earnings downgrades into account, however, trading over this period does not.

3.3.2 Assessment of fairness

A comparison of our assessed value per Costa Share, on a control basis, to the Scheme Consideration is illustrated as follows.

Fairness Assessment



Source: Kroll analysis.

According to RG111, the Scheme should be considered fair if the consideration offered to Costa Shareholders is equal to or greater than our assessed value of a Costa Share.

As the Scheme Consideration falls within the range of values for a Costa Share, **the Scheme is fair.** We consider the low end of the valuation range represents the relevant threshold for fairness. As such, any price above the low end of the range is fair and it is irrelevant where in the range an offer falls.

3.4 The Scheme is reasonable

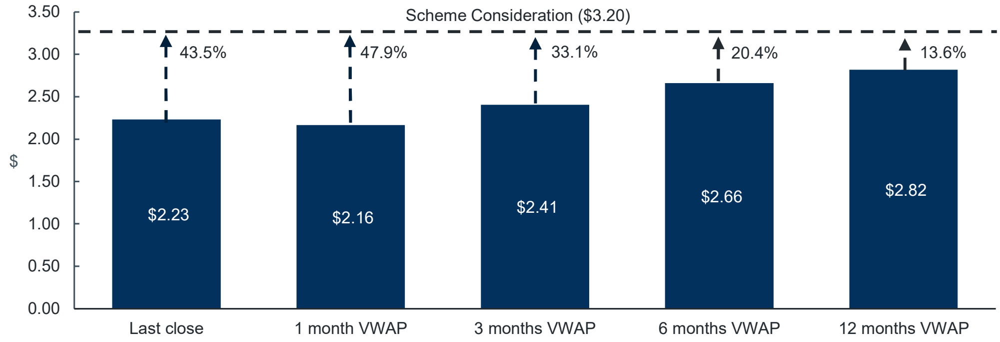
In accordance with RG 111, an offer is reasonable if it is fair. **As we have assessed the Scheme to be fair, it is also reasonable.** However, irrespective of the requirement to conclude the Scheme is reasonable, we have also considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme.

3.4.1 The Scheme Consideration represents a premium to the undisturbed trading prices of Costa Shares

The following charts illustrate the premium of the Scheme Consideration of $3.20 per share to Costa's closing share price and VWAP calculated over a range of periods:

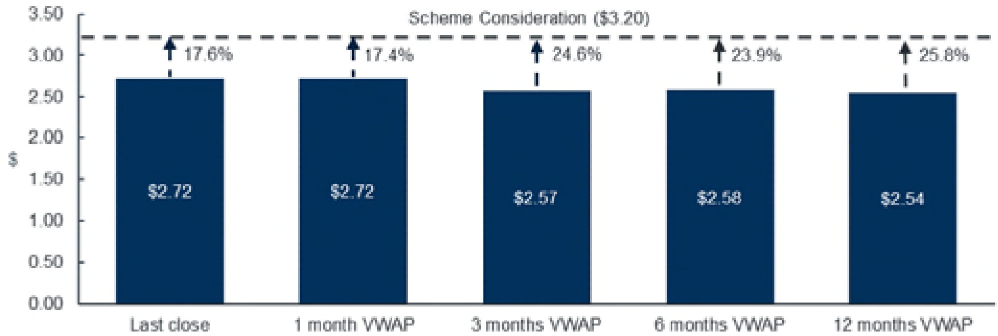
- up until close on 25 October 2022, the last close prior to PSP acquiring a 13.78% stake; and
- up until close on 30 June 2023, the last trading day immediately prior to market speculation around a possible change of control proposal.

Premium of Scheme Consideration over the Costa Share Price on 25 October 2022 prior to PSP acquiring a 13.78% Stake



Source: Kroll analysis.
Note: The premiums illustrated above have been calculated based on Costa's closing share price and VWAP up until close on 25 October 2022.

Premium of Scheme Consideration over the Costa Share Price on 30 June 2023 prior to Market Speculation



Source: Kroll analysis.
Note: The premiums illustrated above have been calculated based on Costa's closing share price and VWAP up until close on 30 June 2023.

The Scheme Consideration represents a substantial premium over Costa's trading prices over the period up to 25 October 2022 and a moderate premium to trading prices up until 30 June 2023. As noted in Section 3.3.1 of this report, observations from transaction evidence indicate that control premiums are broadly in the range of 25% to 40% for completed transactions depending on the individual circumstances.[6] However, in transactions where it was estimated the combined entity would be able to achieve significant synergies, the premium was frequently estimated to be in excess of this range. Conversely, there are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering. As noted in Section 3.3.1 of this report, other than Dole and Driscoll's, Kroll has not identified any potential strategic acquirers of Costa with overlapping geographical operations and product categories that are of sufficient scale to acquire Costa such that they would be able to derive significant synergies as a consequence of the acquisition. Furthermore, there are likely dis-synergies for any competitor of Driscoll's as a result of change of control clauses in the Australia and China joint venture agreements.

The existing relationship between Costa and Driscoll's results in Driscoll's likely having greater potential synergies than any other party assuming the acquisition of 100% of Costa (i.e. Driscoll's is likely to be able to eliminate licensing fees payable to Costa and potentially reduce the costs associated with research in relation to new varieties of berries). Acquiring Costa as part of a consortium, however, rather than acquiring 100% of Costa, may limit the potential benefits.

[6] 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

The premium is greater over the period of trading up to 25 October 2022, the last trading day prior to PSP acquiring a 13.78% stake than over trading up to 30 June 2023. Kroll notes that:

- PSP's acquisition of the 13.78% stake occurred shortly after the outlook for CY22 was downgraded on 17 October 2022, as Costa continued to face challenging operating conditions, including adverse weather and higher input costs;
- trading over the period up to 30 June 2023 has likely been impacted by takeover speculation which commenced following PSP acquiring the 13.78% stake in Costa.[7] The Costa share price increased by 10.8% on 26 October 2022, the date Costa announced the PSP share acquisition; and
- Costa provided an earnings downgrade on 24 August 2023 as a result of the deterioration in the outlook for later season quality across the citrus category, which was expected to have a $30 million impact. As a result, the offer price was reduced from $3.50 to $3.20, however, trading over the period to 30 June 2023 does not reflect this downgrade.

3.4.2 Certainty of value

The Scheme offers Costa Shareholders an opportunity to exit their investment in Costa at a price that is certain and which, as noted above, incorporates a control premium. Whilst trading of Costa Shares is sufficient to give Costa Shareholders confidence that they would be able to exit their investment at a time of their choosing, there is no certainty as to the price at which Costa Shareholders would realise their investment at that time, particularly given the risks to which Costa will continue to be exposed, including:

- the volatile nature of productivity and financial performance given exposure to:
  - climate and weather risk, including unexpected or extreme weather volatility, water security and the impact on growing conditions, plant and crop quality and other physical assets;
  - an expectation of increased variability of weather patterns over time due to global warming, partially offset by protected cropping and diversification;
  - risk of disease, insect infestation, contamination or spoilage and food safety issues which could also impact Costa's reputation. These risks are mitigated by Costa's quality monitoring processes; and
  - variability in consumer demand which is impacted by supply and demand dynamics across domestic and export markets;
- reliance on key relationships with strategic partners, customers and suppliers. Approximately two thirds of Costa's Australian Produce revenue in CY22 was derived from three customers;
- changes in the competitive landscape, including new market entrants or one or more competitors achieve greater scale or access to favourable genetic varieties that compete in the same categories as Costa;
- Costa's ability to access sufficient and desirable funding to meet operations and strategic objectives changes in investor sentiment and overall performance of the ASX;
- general economic conditions including changes in business and industry cycles, inflation, interest rates, exchange rates, prices of commodities and raw materials, the cost of energy and other utility costs, employment levels, sentiment in credit markets, and consumer demand;
- changes in government policies, intervention in export and import markets, or other political risk, including any resulting disruptions to supply and demand dynamics, particularly in the Asian and European markets which Costa has significant interests.

Furthermore, any future on-market sale by Costa Shareholders would likely incur brokerage costs, which would be avoided if the Scheme Resolution is approved.

3.4.3 By exiting their investment in Costa, Costa Shareholders will not participate in any future growth in the value of Costa

By exiting their investment in Costa, shareholders will not participate in any future growth in the value of Costa, over and above that already reflected in the Scheme Consideration. As noted in the Scheme Booklet, the Costa Directors believe the Scheme Consideration recognises the value of Costa's business, after taking

[7] For example, 'Costa Group back on the PE circuit, in good company' and 'Paine returns for Costa Group, Citi seeks 15pc stake', Australian Financial Review, Street Talk, 25 October 2022. 'What Paine raid means for Costa Group', Australian Financial Review, Street Talk, 26 October 2022.

9

into account its medium and longer-term potential and the ongoing execution risks relating to Costa's strategic plans in an uncertain operating environment. The Scheme also provides an opportunity for Costa Shareholders to realise an agreed value in cash in the near term which may not be achieved if the Scheme does not proceed.[8] Furthermore, Kroll's valuation of Costa, which overlaps with the Scheme Consideration, already includes the benefit of Costa's proprietary genetics and exclusive access to licensed genetics, expansion of Costa's footprint in China, replanting in Morocco, maturation of citrus and avocado bearer trees and easing of input pricing pressures.

On the other hand, shareholders will no longer be exposed to the risks associated with the business as discussed in Section 3.4.2.

3.4.4 Costa's share price will likely fall in the absence of the Scheme

The current share price of Costa reflects the terms of the Scheme and, therefore, includes a control premium. As such, in the absence of the Scheme, a superior proposal or speculation concerning a superior proposal, the Costa Share price is likely to fall, noting the following adverse events since 30 June 2023:

- the CY23 earnings outlook has been downgraded twice since 30 June 2023, with full-year EBITDA-S now expected to be below CY22 due to a continuation of unfavourable weather conditions on citrus and table grapes, and lower Produce pricing as a result of high industry volumes in berries and tomatoes;
- the Australian Bureau of Meteorology has declared two major climate drivers linked to hot, dry conditions as being underway in Australia, including El Nino and "positive" Indian Ocean Dipole;[9] and
- global market sentiment has been impacted by the conflict in the Middle East and surging fuel prices. Australian quarterly inflation rebounded in the September quarter and the Reserve Bank of Australia raised the official interest rate in November 2023, which may further impact consumer sentiment.[10] In the period from 30 June 2023 until 5 December 2023, the S&P/ASX 200 Index (**ASX 200 Index**) has decreased by 2.0%.

3.4.5 Likelihood of a superior proposal

Since the announcement of the Indicative Proposal on 4 July 2023, no alternative bidder has emerged. Whilst the opportunity for a superior proposal remains, currently we consider the likelihood of a superior proposal to be impacted by the following:

- the Consortium has a substantial interest in approximately 19.62% of Costa Shares as at 22 September 2022 upon entry into the scheme implementation agreement, an increase from the pre-bid stake of 13.78% acquired by PSP on 26 October 2022. The stake held is large enough to prevent another bidder from moving to compulsory acquisition under a takeover offer, and would likely effectively block a scheme depending on other shareholder votes. An alternative proposal is, therefore, likely to require Consortium support;
- the change of control clauses in the Australian and China joint venture agreements which allow Driscoll's to acquire Costa's interest in the event that a competitor acquires Costa;
- in their assessment of the Scheme, the Costa Directors considered potential alternative transactions in respect of Costa with third parties other than the Consortium. Following consideration of this and other alternatives, the Costa Directors unanimously concluded that the Scheme is the most attractive option for Costa Shareholders;
- it is open to Costa Shareholders to vote against the Scheme Resolution in the hope that the Costa Board will be able to extract a higher offer from the Consortium. However, the Scheme is a consequence of negotiations between the Board of Costa and the Consortium over an extended period of time. Following due diligence and the announcement of 1H23 results, PSP decreased the cash consideration offered from $3.50 per share to $3.20 per share and advised that the revised offer of $3.20 was the best and final price at which the Consortium could deliver the proposed transaction. As The Costa Board supports the Transaction in its current form (in the absence of a superior proposal), and as Costa has since announced a second downgrade to the CY23 earnings outlook in

8 Scheme Booklet Section 1.1 (a).
9 ABC Weather, 'Summer of severe heat predicted as Bureau of Meteorology declares El Nino', 19 September 2023. https://www.abc.net.au/news/2023-09-19/bom-officially-declares-el-nino-underway-2023/102495394
10 ABC News, 'Inflation rebound increases the risk of a Melbourne Cup Day interest rate rise' 25 October 2023. https://www.abc.net.au/news/2023-10-25/inflation-consumer-price-index-abs-september-2023/103018910

the Scheme Booklet, it is therefore unlikely that Costa would be able to obtain an increase in the offer from the Consortium;

- the Scheme Consideration represents a premium to Costa's undisturbed trading prices, and although the Scheme Consideration was reduced following the first earnings downgrade, the subsequent earnings downgrade in the Scheme Booklet may understate this premium. This is likely to limit the range of potential acquirers that would submit a competing bid exceeding this offer price;
- the Scheme Implementation Agreement contains customary exclusivity provisions on Costa that apply during the Exclusivity Period. In certain circumstances, Costa may be required to pay a break fee of $14.9 million. Although these provisions may be influential, we do not consider that they would prevent a superior proposal from being made.

3.4.6 Other considerations

In forming our opinion, we have also considered a number of other factors. Whilst we do not necessarily consider these factors to impact our assessment of the reasonableness of the Scheme, we have addressed them as follows.

One-off transaction costs

If the Scheme is implemented, the Consortium will bear all transaction costs. If the Scheme is not implemented, Costa will incur approximately $1.8 million (excluding GST) in transaction costs that will have been paid or committed prior to the Scheme Meeting.

The Scheme is subject to the satisfaction of a number of conditions

There are a number of conditions which, if not satisfied, will result in the Scheme not being implemented including FIRB, and other regulatory approvals. If any conditions precedent prevent the Scheme from being implemented, Costa Shareholders will continue to hold their existing Costa Shares. As at the date of the Scheme Booklet, the Costa Directors are not aware of any circumstances which would cause the conditions precedent not to be satisfied, noting that the second earnings downgrade announced in the Scheme Booklet is a result of weather conditions, and are not expected to have a sustained impact on the business. However, it is possible that the requirement for the required approval of a specified condition(s) may be delayed and that this may result in a delay to the date of the Scheme Meeting and/or implementation of the Scheme.

Taxation implications for Costa Shareholders

A summary of the key Australian tax implications for Costa Shareholders[11] who hold their Costa Shares on capital account for Australian income tax purposes are outlined in Section 6 of the Scheme Booklet.

Section 6.2 of the Scheme Booklet considers the taxation implications of the disposal of Costa Shares for Australian tax resident Costa Shareholders. In particular, this section indicates that the disposal of Costa Shares should trigger a capital gains tax event for Australian resident Costa Shareholders. This means that Australian resident Costa Shareholders will need to determine whether a capital gain or a capital loss arises in respect of their disposal of Costa Shares.

Section 6.3 of the Scheme Booklet considers the tax implications for the disposal of Costa Shares for non-Australian tax resident Costa Shareholders who have not held their Costa Shares in carrying on a business through a permanent establishment in Australia. This section indicates the circumstances under which the disposal of Costa Shares will generally result in Australian capital gains tax implications.

Section 6.4 and 6.5 of the Scheme Booklet further indicates that Costa Shareholders should not be liable for GST or stamp duty in respect of the disposal of their Costa Shares.

We note that Costa Shareholders should consider their individual taxation circumstances and review Section 6 of the Scheme Booklet for further information where it applies to their circumstances. Costa Shareholders should obtain their own independent professional advice on the tax consequences of disposing of their Costa Shares under the Scheme.

3.4.7 Consequences if the Scheme does not proceed

In the event that the Scheme Resolution is not approved or any conditions precedent prevent the Scheme from being implemented, Costa Shareholders will not receive the Scheme Consideration and Costa will continue to operate in its current form, remain listed on the ASX and execute upon its strategy. As a consequence:

[11] Refer to Section 6.1 of the Scheme Booklet for those Costa Shareholders that the tax outline does not apply.

- Costa will continue to operate in its current form and remain listed on the ASX;
- Costa Shareholders will continue to be exposed to volatility in Costa earnings due to weather variability, water access across season and geographies, market conditions and other risks as discussed in Section 3.4.2 of this report;
- Costa Shareholders will continue to share in the benefit of opportunities associated with an investment in Costa, including further expansion and efficiencies in Costa's production footprint and export markets, and potential future dividend stream;
- the Costa Share price will likely fall. The current price of Costa Shares reflects the terms of the Scheme (including the benefit of the Scheme Consideration offered by the Consortium) and includes a control premium to Costa's undisturbed trading prices. In addition, since the revised consideration was agreed, Costa management advised in the Scheme Booklet a second earnings downgrade, weather conditions have deteriorated and the broader sharemarket has declined. As such, in the absence of the Scheme, a superior proposal or speculation concerning a superior proposal, the Costa Share price is likely to fall (refer to Section 3.4.4 of this report);
- its growth prospects may continue to be impacted by availability of sufficient funding to invest in capital projects and strategic initiatives;
- a break fee of $14.9 million (excluding GST) may be payable by Costa to the Consortium in certain circumstances; and
- Costa will incur an estimated $1.8 million (excluding GST) of one-off transaction costs in relation to the Scheme.

4 Other matters

Our report has also been prepared in accordance with the relevant provisions of the Corporations Act and other applicable Australian regulatory requirements and has been prepared solely for the purpose of assisting Costa Shareholders in considering whether to vote in favour of the Scheme Resolution. We do not assume any responsibility or liability to any other party (other than Costa) as a result of reliance on this report for any other purpose.

This report constitutes general financial product advice and has been prepared without taking into consideration the individual circumstances of Costa Shareholders. This advice, therefore, does not consider the financial situation, objectives or needs of individual Costa Shareholders.

The decision of Costa Shareholders as to whether or not to vote in favour of the Scheme Resolution at the Scheme Meeting is a matter for individual Costa Shareholders who should, therefore, consider the appropriateness of our opinion to their specific circumstances. As an individual's decision to vote for or against the Scheme Resolution may be influenced by their particular circumstances, we recommend that individual Costa Shareholders, including residents of foreign jurisdictions, seek their own independent professional advice.

Our opinion is based solely on information available as at the date of this report. This information, and our limitations and reliance on information section, are set out in Appendix 2. We have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

References to financial years have been abbreviated to 'FY', references to calendar years have been abbreviated to 'CY' and references to half years have been abbreviated to 'HY'. For Costa, the financial year is based on trading weeks and ends on the last Sunday in December or the first Sunday in January and similarly half years are the period of approximately six months commencing at the beginning of the financial year and ending on the last Sunday in June or the first Sunday in July. All currencies are Australian dollars, unless otherwise specified.

Kroll has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the end of this report.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices.

KROLL

Yours faithfully

Ian Jedlin
Authorised Representative

Celeste Oakley
Managing Director

Table of Contents

KROLL

5 The Scheme

5.1 Overview

On 4 July 2023, Costa noted recent media speculation[12] in relation to a proposal to acquire Costa Group by PSP and confirmed that on 31 May 2023, it received an unsolicited, confidential, non-binding indicative proposal from PSP to acquire all of the issued shares in Costa which it did not already own by way of a scheme of arrangement (**Indicative Proposal**).

Under the Indicative Proposal, Costa Shareholders would receive cash consideration of $3.50 per Costa Share, with Costa Shareholders also entitled to any interim dividend declared in relation to the six month period to 2 July 2023 of up to $0.04 per Costa Share. Following a four week period of initial due diligence, PSP provided reconfirmation of the Indicative Proposal on 4 July 2023.

The Indicative Proposal followed PSP acquiring a 13.78% relevant interest in Costa on 25 October 2022 at a price of $2.60 per share, and subsequent verbal engagement between Costa and PSP in April 2023 in relation to a potential approach at a range of $3.20 to $3.30.

The Costa Board granted PSP an eight-week period of non-exclusive due diligence commencing 6 June 2023 to enable PSP to determine whether to put forward a binding proposal.

On 24 August 2023, Costa provided a trading update that indicated that there had been a deterioration in the outlook for later season quality across the citrus category, for which the impact was estimated at approximately $30 million, together with softening in consumer demand within the tomato category. Costa's unaudited EBITDA-S before material items for 1H23 was expected to be approximately $150 million. It advised that PSP had been informed of these trading conditions. On 31 August 2023, Costa announced the 1H23 results, which was in line with guidance.

On 31 August 2023, Costa announced that it would defer consideration of a dividend for 1H23 until it had more clarity in relation to the outcome of the discussions with PSP.

On 18 September 2023, Costa announced that PSP put forward a revised non-binding offer of $3.20 per Costa Share, reduced for any permitted dividend of up to $0.04 per Costa Share (if declared). PSP also advised that this offer was the best and final price at which the Consortium could deliver the proposed transaction.

On 22 September 2023, Costa announced that it had entered into a scheme implementation agreement with the BidCo, an entity controlled as at the Implementation Date by the Consortium, whereby the BidCo will acquire all of the Costa Shares the Consortium and its associates do not already own by way of the Scheme (**Scheme Implementation Agreement**).

Under the Scheme, Costa Shareholders who hold Costa Shares at 7:00pm (Melbourne time) on the Scheme Record Date[13] (other than Excluded Shareholders) will receive total Scheme Consideration of $3.20 for each Costa Share held on the Scheme Record Date, less the cash amount per Costa Share of any dividend declared or determined by the Costa board (noting that Costa is only permitted to declare or determine an interim dividend of up to $0.04 per Costa Share prior to the Implementation Date without BidCo consent under the Scheme Implementation Agreement) and paid to Costa Shareholders after 22 September 2023 and prior to the implementation of the Scheme.

The Scheme Is subject to a number of conditions precedent which are summarised in Section 5.2 of this report.

The Costa Board unanimously considers the Scheme to be in the best interests of Costa Shareholders (other than Excluded Shareholders) and recommends that Costa Shareholders (other than Excluded Shareholders) vote in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders). Each Costa Director intends to vote all of the Costa Shares that he or she holds or controls in favour of the Scheme, subject to those same qualifications.

---

[12] For example, "Crop that! Costa in final takeover talks with private equity investor," Australian Financial Review, Street Talk, 3 July 2023.

[13] 12 February 2024.

KROLL

5.2 Conditions precedent

Implementation of the Scheme is subject to certain conditions precedent as set out in Clause 3.1 of the Scheme Implementation Agreement. In summary, these include:

- the independent expert issuing an independent expert's report which concludes that the Scheme is in the best interests of Costa Shareholders (other than Excluded Shareholders) and not changing or withdrawing that conclusion;
- approval of FIRB for the Consortium acquiring all of the Costa Shares, noting PSP has already received approval to acquire up to 100% of Costa Shares;
- approval from the Chinese State Administration for Market Regulation, the Moroccan Competition Council and the European Commission;
- approval of the Scheme by Costa Shareholders at the Scheme Meeting by the requisite majorities;
- approval of the Federal Court of Australia in respect of the Scheme;
- approvals, consents or confirmations from ASIC and the ASX that are reasonably necessary to implement the transaction; and
- no material adverse effect to Costa, prescribed events and certain customary conditions.

An update on the status of the Conditions Precedent to the Scheme will be provided at the Scheme Meeting.

5.3 Exclusivity provisions

The Scheme Implementation Agreement contains customary exclusivity provisions on Costa that apply during the Exclusivity Period,[14] including 'no shop', 'no talk' and 'no due diligence' obligations (the 'no talk' and 'no due diligence' obligations are subject to a fiduciary carve out), notification obligations and a matching right regime that applies in respect of any superior proposal made or otherwise received by Costa. A break fee of $14.9 million may be payable by Costa to the Consortium in certain circumstances and a reverse break fee of $14.9 million may be payable by the Consortium to Costa in certain circumstances.

5.4 Transaction costs

If the Scheme is implemented, transaction costs of approximately $14.0 million will be borne by the Consortium as the ultimate controller of Costa following implementation of the Scheme. If the Scheme is not implemented, Costa expects to pay an aggregate of approximately $1.8 million (excluding GST) in transaction costs in connection with the Scheme, being costs that have already been incurred as at the date of the Scheme Booklet or are expected to be incurred even if the Scheme is not implemented (but excluding any break fee that may be payable by Costa).

6 Scope of the report

6.1 Purpose

The transaction is to be implemented by way of a scheme of arrangement under Section 411 of the Corporations Act and requires approval of Costa Shareholders. Section 412(1) of the Corporations Act requires, among other requirements, that an explanatory statement issued by a company in relation to a proposed members' scheme of arrangement includes information that is material to the making of a decision by a member as to whether or not to agree to the scheme resolution.

Even where an independent expert's report is not strictly required by the law or ASIC policy, it is not uncommon for directors of a company to commission one to ensure that they are providing the information that is material to the making of a decision by a member. It is a condition to the Scheme becoming effective that an independent expert concludes, and continues to conclude, that the Scheme is in the best interests of Costa Shareholders.

---

[14] The Exclusivity Period is the period from and including the date of the Scheme Implementation Agreement to the earlier of the termination of the Scheme Implementation Agreement in accordance with its terms and the End Date (being 30 April 2024 or such other date as is agreed by Costa and the Bidder).

KROLL

6.2 Basis of assessment

We have referred to guidance provided by ASIC in its Regulatory Guides, in particular, RG 111, which outlines the principles and matters which it expects a person preparing an independent expert's report to consider when providing an opinion on whether a scheme of arrangement is in the best interests of shareholders of a company.

RG 111 distinguishes between the analysis required for control transactions and other transactions. RG 111.18 states that where a scheme of arrangement is used as an alternative to a takeover bid to give effect to a control transaction, the form of analysis undertaken by the expert should be substantially the same as for a takeover bid. That form of analysis considers whether the transaction is 'fair and reasonable' and, as such, incorporates issues as to value. In relation to control transactions, RG 111.10 to 12 states:

- 'fair and reasonable' is not regarded as a compound phrase;
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer;
- the comparison should be made assuming 100% ownership of the target and irrespective of whether the consideration is scrip or cash;
- the expert should not consider the percentage holding of the bidder or its associates in the target when making this comparison; and
- an offer is 'reasonable' if it is 'fair'. An offer might be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.13 sets out the factors an expert might consider in assessing whether an offer is reasonable:

- the bidder's pre-existing voting power in securities in the target;
- other significant shareholding blocks in the target;
- the liquidity of the market in the target's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- any special value of the target to the bidder, such as particular technology, etc;
- the likely market price if the offer is unsuccessful; and
- the value to an alternative bidder and likelihood of an alternative offer being made.

RG 111.20 states that if an expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme is 'in the best interests' of the members of the company.

RG 111.21 states that if an expert would conclude that a proposal was 'not fair but reasonable' if it was in the form of a takeover bid, it is still open to the expert to also conclude that the scheme is 'in the best interests' of the members of the company.

RG 111.11 provides that an offer is fair if the value of the consideration is equal to or greater than the value of the securities the subject of the offer. This comparison should be made assuming 100% ownership of the target and irrespective of whether the consideration is scrip or cash and without regard to the percentage holding of the bidder or its associates in the target entity. That is, RG 111.11 provides that the value of the target should be assessed as if the bidder was acquiring 100% of the issued equity in the target (i.e. on a controlling interest basis). In addition, any special value of the target to a particular bidder (e.g. synergies that are not available to other bidders) should not be taken into account under the comparison.

Accordingly, when assessing the full underlying value of Costa, we have considered those synergies and benefits which would be available to more than one potential purchaser (or a pool of potential purchasers) of Costa. As such, we have not included the value of special benefits that may be unique to the Consortium.

KROLL

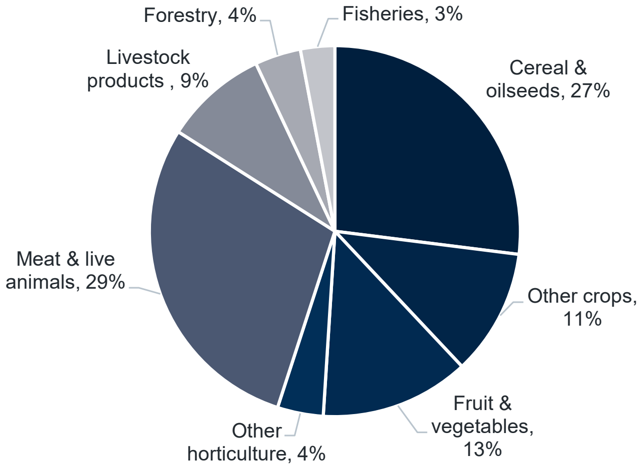
7 Industry

The following section provides an overview of Australian agriculture and horticulture, initially from the perspective of the key factors driving industry performance and subsequently focusing on the produce categories grown by Costa, being citrus, berries, mushrooms, tomatoes, avocados and bananas. We also provide an overview of the blueberry industries in Morocco and China where Costa has significant blueberry investments.

7.1 Overview of Australian agriculture and horticulture

Australian horticulture is Australia's third largest agricultural industry. It is comprised of farmers growing fruit, vegetables, nuts, flowers, turf and nursery products.[15] Agricultural production in Australia also includes a range of crop and livestock products as well as fisheries and forestry. The mix of products in Australian agriculture has changed over time, with livestock products such as milk and wool accounting for a smaller part of the total output than 50 years ago, to the benefit of horticulture, meat and live exports, and oilseed and pulses. The gross value of agricultural production[16] increased by 59.0% in the past 20 years to $93 billion in 2021–2022. The agricultural sector in general has experienced successive years of record production after the breaking of a three year long drought in the East Coast of Australia in 2020. Price increases have also benefited the sector.[17] The following figure presents agricultural value proportion by commodity in 2021–2022.

Australian Agricultural Value Proportion by Commodity 2021 – 2022



Source: Department of Agriculture, Fisheries and Forestry. ABARES insights, March 2023
Note: Fruit excludes wine grapes, which are included under other crops.

Horticultural products represented 17.0% of total Australian agricultural production in 2021-2022, with fruit and nuts accounting for 7.0% and vegetables for 6.0%.

7.1.1 Key factors

The performance and profitability of the agricultural and horticultural industries are driven by the following key factors.

Productivity

Productivity measures the efficiency of production in terms of gross value added. Productivity growth is a driver of profitability and, recently, it has been higher in Agriculture than in other Australian industries. In the latest release of estimates of industry productivity by the Australian Statistics Bureau (**ABS**), corresponding to 2021-2022, Agriculture recorded a strong gross value added growth of 21.0% for that year.[18] According to the ABS, this growth was underpinned by a strong grain harvest, somewhat offset by the impact on

[15] Department of Agriculture, Fisheries and Forestry
[16] Gross value added is calculated by subtracting the cost of intermediate inputs from the value of outputs.
[17] Department of Agriculture, Fisheries and Forestry. ABARES insights, March 2023.
[18] ABS Estimates of Industry Multifactor Productivity, 2021 – 2022 financial year.

vegetables, nuts and fruit of flooding in New South Wales and Queensland. The growth in gross value added was also driven by the relaxation of travel restrictions post the COVID-19 pandemic which enabled an increase in the industry output due to the availability of overseas workers.[19]

Productivity is driven by technology and the improvement of agricultural management practices. For example the adoption of protected crops increases plant density, protects the crops against birds, pests and weather, and results in higher yields.

Productivity is also driven by the response to consumers' demand. Increasing consumer incomes have created demand for higher quality and more varied products (e.g., fruit and vegetables), a historical trend which has benefited the horticulture industry. The development of new, higher quality agricultural produce varieties in Australia is significant. Research from IP Australia estimates that the net present value of added economic output linked to new varieties is approximately $1.5 billion annually.[20] The same report finds that the end-uses where new cultivars[21] are likely having the largest impact are those with the largest value of output and achieving the highest yield gain.

Demand, domestic and export markets

Australia exports approximately 70% of its total agricultural production, with wheat and beef particularly being export focused sectors (67% and 78% of production exported, respectively) while dairy products (39% exported) and fruit and nuts (33% exported) being primarily consumed internally given their low relative value and perishability.[22]

Major wholesalers and supermarket retailers are the main customers for fruit and vegetables growers in Australia. Supermarkets seek to cater to the increasing demand from customers for high-quality, fresh produce, which benefits produce grown in greenhouses, given that form of cultivation yields better looking and tasting produce. Other key customers include food processors, and local markets.

Labour

Labour is a key input to Australian agriculture, which employed an average of 300,000 people in the four quarters to November 2022. This figure excludes overseas workers, which are estimated at 25,000 for the same period.[23] The number of casual and contract workers employed on farms peaks in late summer, with horticultural farms employing more workers per farm than other sectors. The COVID-19 pandemic generally impacted the availability of overseas workers. However, the horticulture industry was identified as an essential industry, meaning there were reduced COVID-19 pandemic related restrictions on their operations during the height of the pandemic, which assisted Costa being able to meet its workforce needs. According to the Department of Agriculture, Fisheries and Forestry (**DAFF**) the number of overseas workers has now recovered to close to pre-COVID-19 pandemic levels.

Climate variability

While variations in climate can be different depending on geographies and farm types, overall cropping farms face greater climate risk than beef farms, given they are subject to significant decline in production in drought years while beef farms can take temporary initiatives such as increasing livestock sales. Modelling from the Australian Bureau of Agricultural and Resources Economics and Sciences (**ABARES**) estimates that changes in seasonal conditions over the period 2001 to 2020, relative to 1950 to 2000, have reduced overall broadacre farm profits by 23%.[24] The modelling shows that impacts were larger in south eastern and south western Australia, and more modest in northern Australia and coastal higher rainfall zones.

Produce that is grown undercover, such as mushrooms, tomatoes and berries are less severely impacted by the change in climate and weather conditions, given the location of the farms can be more flexible. Undercover operations can enable the recycling of drain water in order to optimise water usage. Over 60% of undercover vegetable growers are located along Australia's eastern seaboard.[25]

---

19 Department of Agriculture, Fisheries and Forestry. Overseas workers mainly consist of working holiday makers and Pacific Australia Labour Mobility workers, a scheme that allows Australian businesses to hire workers from nine Pacific Island countries and Timor-Leste.
20 Hegarty, S., Thomson, R. & Webster, E. (2022). The economic impact of plant breeder's rights in Australia. IP Australia, Commonwealth of Australia.
21 A plant variety that has been produced in cultivation by selective breeding.
22 Department of Agriculture, Fisheries and Forestry. ABARES insights, March 2023.
23 Department of Agriculture, Fisheries and Forestry. ABARES insights, March 2023.
24 Department of Agriculture, Fisheries and Forestry. ABARES insights, March 2023.
25 Undercover Vegetable Growing in Australia, IBISWorld, June 2023.

El Niño Southern Oscillation (ENSO)

Rainfall in Australia is impacted by the ENSO, the oscillation between El Niño, the extensive warming of the central and eastern Pacific Ocean and La Niña, the opposite phenomenon, which Australia experienced in 2021, 2022 and the start of 2023. El Niño occurs every three to eight years and is associated with drier conditions in eastern Australia.[26] The Australian Bureau of Meteorology indicates the current El Niño is likely to continue at least until the end of February 2024.

Sustainability

In relation to Australian horticulture, a report by Hort Innovation[27] provides key insights into the most important sustainability factors to stakeholders of the sector. The report indicates that there is an increased demand from consumers and investors to demonstrate how producers are meeting their sustainability commitments against the backdrop of the development of international policies focussing on emissions reduction, pesticide and fertiliser reduction, waste reduction, deforestation prevention and sustainable agriculture practices. The report indicates a Horticulture Sustainability Report is being developed to gather evidence.

Given the reporting on sustainability measures has become increasingly important, a report by ABARES Insights written to address this topic[28] indicates that the development of agri-environmental measures should account for the significant variations in natural environments and production systems between countries. The report states that Australia measures favourably in the areas of land expansion and land management practices, having reduced agricultural land area while raising productivity and production, and maintaining long term productive capacity. In addition the report indicates that Australia has relatively low application of fertilisers and pesticides on a kilogram per hectare basis.

Land-intensive companies can set their sustainability targets on the basis of guidance such as the Forest, Land and Agriculture Science Based Target-Setting Guidance.

Competition

The competitive environment varies depending on the product category. The market share concentration for citrus fruit and nuts is relatively low, with the four largest companies in Australia representing 24.8% of the market.[29] In relation to undercover fruit and vegetables such as the tomato varieties sold by Costa, and mushrooms, the market share concentration is high with the four largest firms representing 82.5% of the market.[30] The leading tomato producing companies include Costa, Sundrop Farms, Perfection Fresh Australia and Flavorite. In mushrooms, Costa is the leading producing company in Australia.

Large fruit and vegetable growers are in a more favourable competitive position due to their scale economies. However their pricing power is subject to the buying power of retail chains where competition between growers produce is elevated. Some of the factors that can have an impact on price are the supply of produce, with excess supply in the domestic market often leading to a reduction in price, and product substitution, as cheaper alternatives to premium glasshouse grown produce are abundant.

7.2 Horticulture industry performance

7.2.1 Historical performance of Costa categories

The Australian horticultural sector comprises numerous categories of fruit and vegetables which are grown across Australia. The following section describes the domestic production and international trade in the main Costa fruit and vegetables Australian categories from 2020 to 2022.

Citrus

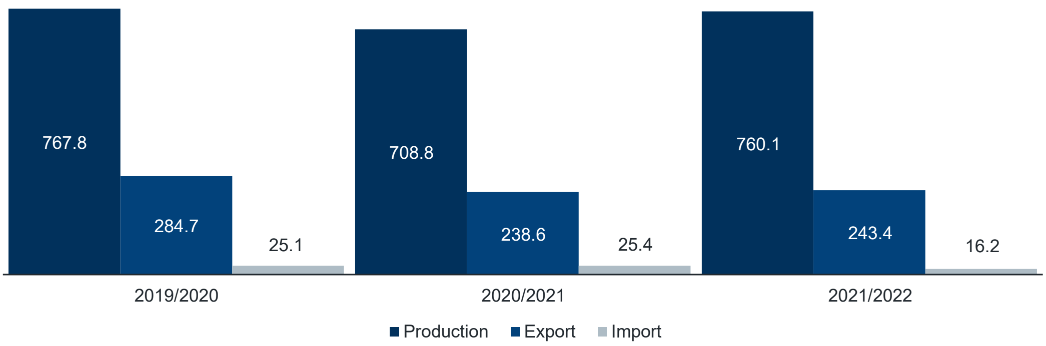
Approximately 40% of Australia's citrus production was exported in 2021-2022 with mandarins and oranges being the main exported categories while grapefruit and lemons were mainly consumed domestically. Mandarins are produced in most states in Australia and grow during the winter months. Oranges are grown predominately in the southern states and are available during winter (Navel oranges) and summer (Valencia oranges). Citrus trees are non-bearing until they reach four years of age. They begin producing fruit between

---

26 Australian Bureau of Meteorology.
27 Materiality Update, Emerging market and policy drivers for sustainability and data relevant to Australian horticulture, May 2023.
28 ABARES, Environmental sustainability and agri-environmental indicators – international comparisons, July 2023.
29 Citrus Fruit, Nut and Other Fruit Growing in Australia, IBISWorld, June 2023.
30 Undercover Vegetable Growing in Australia, IBISWorld, June 2023.

the ages of five and 12 and continue to do so until they reach approximately 39 years of age, after which they enter a period of decline.[31] However, Costa and other large growers tend to rotate trees on a shorter cycle, 20 to 25 years to maximise production. Approximately 30% of the production of citrus was sold to processing and imports were minor. Most of the supply of fresh citrus is sold to retail consumers. The value of the 760.1 thousand tonnes of citrus produced in 2021-2022 was $910.2 million. The following chart presents the Australian citrus production and international trade from 2019-2020 to 2021-2022.

Australian Citrus Production and International Trade (Thousand Tonnes)

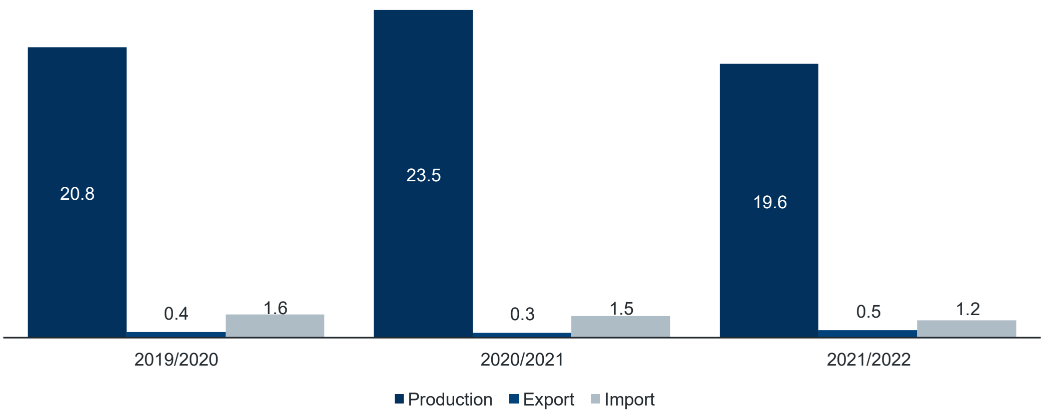


Source: Hort Innovation Australian Horticulture Statistics Handbook 2021/22

Blueberries

While there are a number of regions where blueberries are grown in Australia, with fresh blueberries available all year-round, production is centred in the Coffs Harbour region, which produces primarily over the spring and summer months. The majority of the production of blueberries in Australia is consumed domestically, with most of it being sold to retail customers. Blueberry bushes grown in soil take two to three years before reaching production stage and six years to reach full maturity. Blueberries planted in substrate can yield a commercial crop in the second year of planting and have a commercial life of five to six years. The value of the 19.6 thousand tonnes of blueberries produced in 2021–2022 was $407.1 million. The following chart presents the Australian blueberries production and international trade from 2019-2020 to 2021-2022.

Australian Blueberries Production and International Trade (Thousand Tonnes)



Source: Hort Innovation Australian Horticulture Statistics Handbook 2021/22

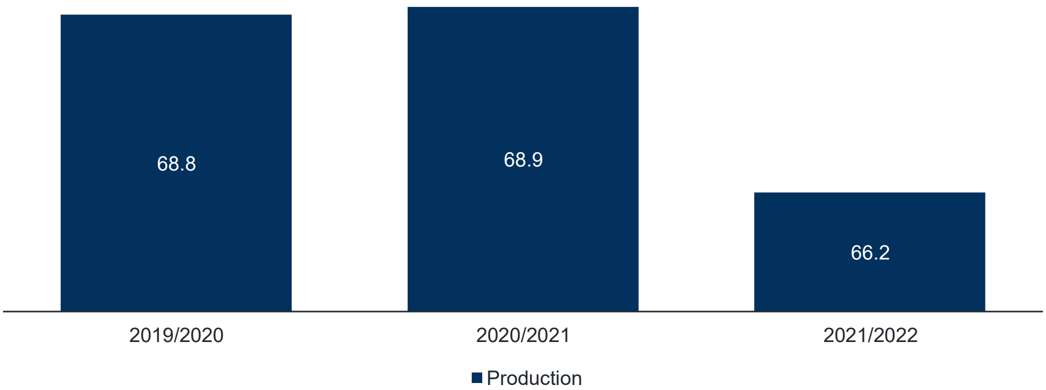
Mushrooms

Mushrooms produced in Australia are mainly consumed domestically, with fresh mushrooms produced all year around in indoor facilities which can be located close to cities. Approximately 74% of mushroom

[31] Citrus Australia, Australian Citrus Tree Census 2019

produced was sold to retail consumers and 26% was sold to food processors in 2021–2022. The value of the 66.2 thousand tonnes produced in that year was $434.2 million. The following chart presents the Australian mushrooms production and international trade from 2019-2020 to 2021-2022. International mushroom trade is insignificant and has not been presented.

Australian Mushrooms Production (Thousand Tonnes)

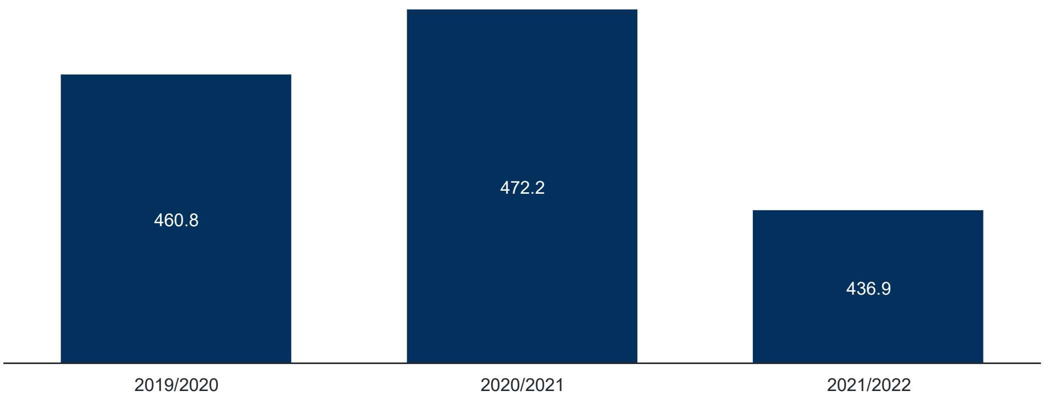


Source: Hort Innovation Australian Horticulture Statistics Handbook 2021/22

Tomatoes

Tomatoes produced in Australia are consumed domestically, with approximately half of the production sold to be consumed fresh and half sold to be processed. Tomatoes are grown in most states in Australia, with the majority of production occurring in Victoria and South Australia. While they have been grown traditionally outdoors, more recently the proportion of tomatoes grown in glasshouses has increased. Tomatoes are sensitive to temperature and outdoor crops are usually grown in temperate climates. Temperature, light and humidity conditions can be better controlled in glasshouses. Maturity can range from 60 to 95 days depending on the location and conditions.[32] The value of the 436.9 thousand tonnes produced in 2021 – 2022 was $645.1 million. The following chart presents the Australian tomatoes production from 2019-2020 to 2021-2022. International tomato trade is insignificant and has not been presented.

Australian Tomatoes Production (Thousand Tonnes)



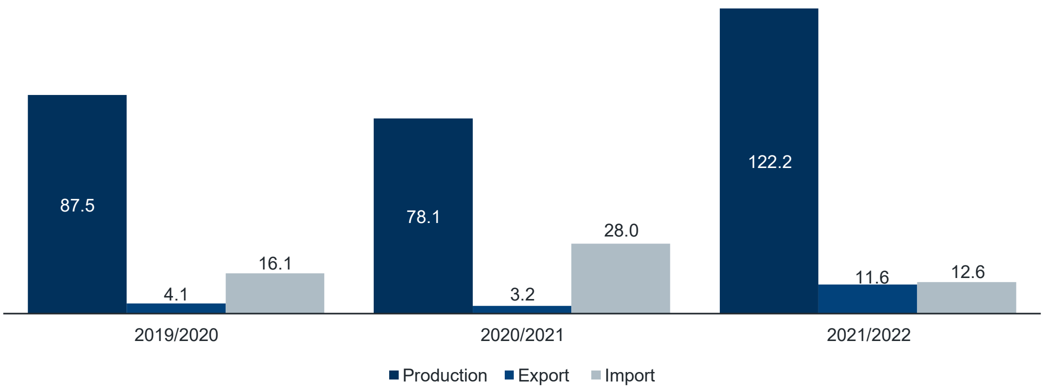
Source: Hort Innovation Australian Horticulture Statistics Handbook 2021/22

[32] Yara Australia, agronomic principles in tomato production.

Avocados

Avocado production occurs mainly in Queensland and Northern New South Wales during the winter and Western Australia during the summer. Avocados produced in Australia are mainly consumed domestically, fresh, with some imports complementing the domestic supply. The value of the 122.2 thousand tonnes produced in 2021–2022 was $363.8 million and the value of the 12.6 thousand tonnes imported was $43.1 million ($184.7 million in 2020–2021). The following chart presents the Australian avocados production and international trade from 2019-2020 to 2021-2022.

Australian Avocados Production and International Trade (Thousand Tonnes)

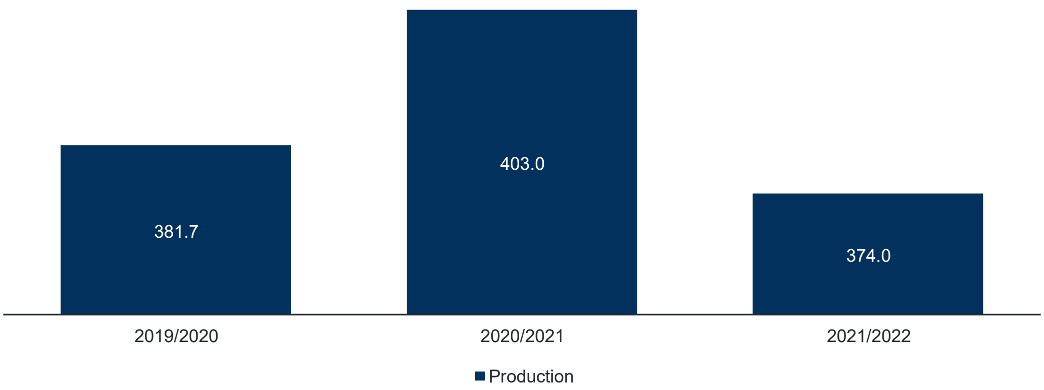


Source: Hort Innovation Australian Horticulture Statistics Handbook 2021/22

Bananas

Banana production occurs mainly in the north of Australia and there is insignificant international trade. All production was sold to be consumed fresh in 2021-2022. The value of the 374.0 thousand tonnes produced in 2021–2022 was $501.6 million. The following chart presents the Australian banana production from 2019-2020 to 2021-2022. During that period there was no international trade in bananas.

Australian Bananas Production (Thousand Tonnes)



Source: Hort Innovation Australian Horticulture Statistics Handbook 2021/22

7.2.2 Outlook for 2023 and long term

A report on the mid-year outlook of Australian horticulture by Rural Bank[33] indicates that the second half of 2023 should see strong production and rising export demand. While decreasing rainfall is forecast, high water storage levels are moderating its price and decreased likelihood of rain damage is expected to support

[33] Australian Agriculture Mid-Year Outlook 2023, Rural Bank.

KROLL

the quality of the production. Prices are expected to moderate somewhat but will be driven by exports, domestic demand and production costs, with labour costs expected to remain above pre-COVID-19 pandemic levels.

Exports of Australian fruit should be supported by higher quality produce. In addition, the recent free trade agreements with India and the United Kingdom are expected to drive additional demand. Domestic demand is expected to remain stable, although it may be dampened by cost of living pressures, impacting premium products such as berries.

Citrus production has increased this season, with mandarin production expected to be 15% to 30% higher than last season. Similarly, orange exports are expected to return to average levels of 185,000 tonnes after the quality issues faced last year. Australian oranges are expected to be exported to Asian markets, supported by below average production in the United States of America.

Avocado production is expected to be almost as strong as last season and will continue to increase as additional planted trees reach maturity. In order to support the avocado price, the Australian government is working with industry bodies to open additional international markets, given the current level of exports is relatively small.

Tomato production is expected to increase from the first half of 2023, recovering from flood and storm events especially in central Victoria where over 60% of the total national output is produced.

In the long term consumer health consciousness, including demand for farm-to-table produce is expected to continue to drive demand for fresh and high quality produce. Large companies are expected to benefit from technological advances, such as automation, increasing operating efficiencies.

7.3 Water availability

Australian water markets involve buying and selling of water rights between agricultural users and more recently has included water managers, utilities and investors. The trading of water rights occurs within and between water systems.[34] The rights, or products, can be classified within three broad categories, including:

- water access entitlements. A perpetual or ongoing entitlement to exclusive access to a share of water from a specified consumptive pool as defined in the relevant water resource plan. An entitlement trade is defined as the transfer of an entitlement between two parties with or without change of location. It includes the transfer of a water licence;
- water licences. An ongoing right to take or hold water from a water resource; and
- water allocation. The specific volume of water allocated to water access entitlements in a given water year, or allocated as specified within a water resource plan. An allocation trade is an assignment of an allocation from one authorised water user to another.

The scale of water markets in Australia can range from small unconnected systems to extensive connected systems, such as the Southern Murray Darling Basin. The supply of water is influenced by factors such as rainfall, water in storages and how much water is allocated to water users. Given the 2020–2021 rainfall, Australia saw improvements in storage levels throughout most of the Murray Darling Basin, which resulted in a decrease in water allocation prices for 2020–2021. During that year, high water demand was driven in the lower Murray region by high value horticultural crops, causing water to trade at a premium relative to the upper Murray. This increased demand is expected to continue into the future.[35]

Water usage efficiency in Australia is essential to reduce consumption and improve yields. Efficiency is achieved when technologies that can offer improvements are combined with appropriate management of farming systems.[36]

7.4 International blueberry sector overview

Given Costa produces blueberries in Morocco and China, we have provided an overview of the blueberry industry in those countries, followed by a brief outlook of the global blueberry sector.

34 Australian Bureau of Meteorology, Australian Water Markets Report 2020-2021.
35 Australian Bureau of Meteorology, Australian Water Markets Report 2020-2021.
36 Australian Academy of Technological Sciences and Engineering Limited, submission to the Standing Committee on Agriculture and Water Resources Inquiry into Water Use Efficiency in Australian Agriculture, March 2017.

KROLL

7.4.1 Morocco blueberry industry overview

Morocco has become the 15th largest fruit exporter in the world by value. Morocco's fruit exports have increased considerably over recent years due to the rise in global demand.[37] Morocco is establishing itself as one of the main suppliers of fruit and vegetables for the European markets, and exports citrus, avocados vegetables and berries benefiting from its climate which is favourable for year-round supply of fresh produce.[38] Morocco's fruit exports were US$1.7 billion in 2022 with Spain being the largest importer representing 27% of Morocco's total exports in the prior five years. Blueberries contribute nearly a third of total revenue from Spain's imports.[39]

In 2022, Morocco became the fourth largest exporter of fresh blueberries in the world, exporting 53,000 tonnes, behind Peru (277,000 tonnes), Chile (105,000 tonnes) and Spain (87,000 tonnes).[40]

Morocco's investments in transportation infrastructure enable perishable items to transit from the southern Sahara region to Spain within 48 hours of packing. Along with having the largest container port in the Mediterranean, Morocco is developing a new deep-water port in Dakhla in the Sahara region, projected to be operational by 2027. Morocco is the only country in Africa with which the United States of America has a free trade agreement.

7.4.2 China blueberry industry overview

In 2021 China became the world's largest blueberry producer and importer, according to a report by the United States Department for Agriculture (**USDA**).[41] Domestic volume more than quintupled between 2018 and 2021 and imports doubled over the same period.[42] Consumption of blueberries in China is expected to continue to grow in the short to medium term, supported by an increasing standard of living and increased awareness of the health benefits of fresh fruit. While blueberries are planted in the majority of Chinese provinces, Yunnan is the main producing area for fresh blueberries given its climatic and geographic conditions, and is where significant investment have been made historically. According to the USDA, the main challenge facing producers in Yunnan is expanding the planting area given China's measures to protect arable land.

Blueberries main markets are large cities such as Beijing and Shanghai due to the pricing premium blueberries can achieve, with jumbo, firm and sweet-tasting berries attracting the highest prices. However, demand has been increasing in the northeast of China, which has supported the expansion of planted areas. The primary exporters of blueberries to China are Peru and Chile and while demand has grown significantly, other exporting countries (such as Mexico or Argentina) have not increased their exports to China significantly due to freight costs and attractive pricing in closer markets.

7.4.3 Outlook for the global blueberry sector

Blueberry production is expected to continue increasing in coming years driven by production expansion in countries such as Mexico, Peru and Morocco. While at the end of 2022 demand was expected to be impacted by cost of living pressures with fresh food purchases, including fresh fruit, having decreased in 2022,[43] the consumption of blueberries in key markets has remained robust.[44] This is attributed to an increase in quality, with producers replacing old varieties with higher quality new varieties. Other practices that are expected to be adopted include moving production closer to export markets, utilising larger pack sizes to reduce the use of plastic and developing automated harvesting.

In relation to climate impact, the 2023 to 2024 season is expected to see a reduction in global exports due to a decline in shipments from Peru as a result of a warm winter and delayed harvests. However in the long run, global exports are expected to be resilient and to reach 1 million metric tons by the 2026 to 2027 season.

---

[37] United States Department of Agriculture, Spotlight: Morocco Fruit Exports, November 2022.
[38] Food and Agriculture Organisation of the United Nations, Sustainability drives trends in trade of Moroccan fresh produce, July 2021.
[39] Blue Berries Consulting Magazine, July 2023.
[40] East Fruit, Morocco has overtaken the US in blueberry exports to become the world's fourth largest exporter! March 2023.
[41] Blueberry Annual Voluntary 2023, United States Department of Agriculture, Foreign Agricultural Service, April 2023
[42] Global State of the Blueberry Industry Report 2023, International Blueberry Organisation.
[43] Rabo Research, The Global Berry Sector: Changes for the Better Beyond 2023, December 2022.
[44] Rabo Research, Blueberry update 2023: Operational efficiency and premiumization will transform the blueberry industry, October 2023.

KROLL

8 Profile of Costa

8.1 Background

Costa is Australia's leading horticultural company, operating across the core categories of berries, mushrooms, glasshouse-grown tomatoes, citrus and grapes, and avocados and bananas. Produce is primarily grown in Australian farms, glasshouses, and mushroom production facilities, with berry farming also present in Morocco and China, as well as a diverse network of third-party growers in the Americas, China and Africa producing Costa's proprietarily licensed blueberry varietals.

In the 1960s Costa expanded from its origins as a single retail fruit and vegetable business in Geelong, Victoria and began selling wholesale fruit and vegetables to supermarket chains. It commenced its blueberry breeding program in the 1980s and 1990s. In 2007, it established African Blue, a Moroccan blueberry joint venture and in 2010, it entered into a partnership with Driscoll's to form Driscoll's Australia, a berry marketing business.

In July 2015, Costa was listed on the ASX with the objective of pursuing growth opportunities, repaying debt and providing a liquid market in its shares.[45] At the time of listing, Costa's operations included approximately 3,000 planted hectares of farmland, 20 hectares of glasshouse-grown tomatoes and seven mushroom growing facilities in Australia, a 49% interest in a Moroccan berry growing joint venture, African Blue, and was establishing a China joint venture with Driscoll's. In Australia, it produced berries, mushrooms, glasshouse-grown tomatoes and citrus.

Since listing, Costa has completed a series of acquisitions and undertaken strategic investments in order to expand its growing capacity, increase the breadth of its produce and acquire additional genetics IP, including:

- **China joint venture with Driscoll's:** on 20 January 2016, Costa and Driscoll's agreed to form a joint berry production company in China, with Costa holding a 70% interest;
- **African Blue:** on 2 November 2017, Costa announced that it was increasing its interest in African Blue from 49% to 90%. This gave Costa majority ownership of an entity which was growing blueberries using Costa's genetics intellectual property (**IP**);
- **avocados:** establishing the avocado business through a joint project with Macquarie Agricultural Funds Management for Avocado Ridge, announced on 2 December 2016 and the 5 July 2017 announcement of the acquisition of Lankester Avocado;
- **tomatoes:** the tomato glasshouse footprint increased from 20 to 40 hectares of glasshouses. The last upgrade was announced in August 2018 with a capital cost of $87 million, up from an original expectation of $67 million due to drought related project delays and additional water asset additions, to add 10 hectares of glasshouse capacity, bringing capacity up to 40 hectares;
- **mushrooms:** a $90 million upgrade at the Monarto mushroom facility in 2018 to double mushroom production capacity to 240 tonnes per week. The success of this facility led to the 2020 closure of aged and higher cost mushroom facilities in Queensland and Tasmania;
- **Nangiloc Colignan Farm:** announced on 16 November 2018, this was an expansion of citrus capacity in the greater Sunraysia district of North West Victoria, and allowed Costa to reduce its reliance upon any individual growing region whilst opening up additional growth opportunities; and
- **2PH:** in June 2021, Costa undertook a $190 million capital raise (pre-costs) to acquire the business assets of 2PH Farms Pty Ltd (**2PH**) in order to increase its citrus and grape production footprint and export supply, acquire proprietary intellectual property, and increase diversification. The acquisition came with the option to acquire the Conaghan's property in July 2023 for a further $35 million, which Costa exercised in September 2023.

Today, Costa operates over 7,200 planted hectares of farmland, 40 hectares of tomato glasshouses, three major mushroom production facilities and approximately 750 hectares of planted berries across Morocco and China. The operations carried out by Costa are either owned by Costa or owned by a joint venture in which Costa is a partner, including the 50% ownership in the Driscoll's Australia JV, the 90% ownership in African Blue JV and 70% ownership in the China JV.

[45] CGC ASX Prospectus Initial Public Offering 24 July 2015.

The main brands which Costa operates under are Driscoll's, African Blue, 2PH, Vitor, Perino, and Mushboom. Other brands which Costa utilises include Lovacado, Kangara, Blush and many others. As at 30 June 2023, being the last day on which Costa Shares traded on the ASX before Costa announced that it had received the Indicative Proposal, Costa had a market capitalisation of $1,264.0 million.[46]

8.2 Strategy

Costa's strategy is focused on:

- investing in technology, leadership, and capability development to deliver the vision of being the leader in sustainable commercial farming of premium quality fresh produce;
- expanding its leading go-to market models to win in international markets;
- leveraging its superior agronomic expertise and genetics to deliver competitive advantages;
- executing the optimised yield program to deliver superior produce quality and volume; and
- driving long term return on capital employed (**ROCE**) and maintaining a strong balance sheet.

8.3 Business model

Costa's business model is built on the optimisation of a diverse portfolio of integrated farming and packing assets, and marketing initiatives. It is focused on five key areas:

- **genetics:** Costa's Variety Improvement Program (**VIP**) is a proprietary blueberry breeding program which has produced a number of unique, highly successful varieties over the last 25 years. In particular, the VIP aims to produce one to two new varieties of blueberries of commercial value each year, with one of the most well-known varietals to come from this program being the Arana blueberry.[47] The Arana blueberry has been bred to have a number of superior characteristics including larger size, flavour, texture and quality which enables Costa and other licensed growers to receive a premium over competitors' products;
- **protected cropping:** allows growers to reduce the impact of seasonal changes on the growing cycles of produce, and refers to growing produce undercover in greenhouses; indoors (as is the case for mushrooms), under tunnels (berries) or permanent netting rather than in open fields. For example, as discussed in Section 8.1 of this report, Costa has expanded its glasshouse tomato operations from 20 hectares to 40 hectares since listing. This has allowed it to grow high quality produce year-round, in a manner that mitigates climate and weather risks;
- **product and geographic diversification:** Costa has adopted a plan focusing on diversifying growing regions to both mitigate its exposure to changing climate and growing conditions in any specific region and to aid with its focus on achieving a 52-week growing cycle across the majority of their produce categories. In addition to this, Costa has diversified its produce range, adding avocados and broadening the range of varieties within other categories;
- **advance agronomic and farming IP:** Costa has been investing in multiple avenues of improved technology to enhance its crop growing capabilities, including:
  - mechanised production systems and harvest assist technology;
  - remote moisture sensing technology to monitor seedlings to adjust climate and irrigation strategies to maximise efficiency and optimise water use;
  - crop mapping technology, which assists in tree crop mapping and yield forecasting in the citrus and avocado categories with minimal manual effort; and
  - ChillSafe sachets, which release low dose hydrogen peroxide vapour, being used during storage and transit to reduce bacteria and which extends the shelf-life of produce; and
- **year-round supply:** Costa's agronomic practices and operational and third party grower footprint enable it to provide 52-week supply across many categories. This has been successfully achieved in Australia for avocado, banana, citrus, mushroom, tomato, blueberries, and raspberries, whilst

[46] Calculated as the closing share price on 30 June 2023 of $2.72 multiplied by 464,709,793 Costa Shares on issue on that date.
[47] https://costagroup.com.au/our-categories/berries-international/variety-improvement-program/

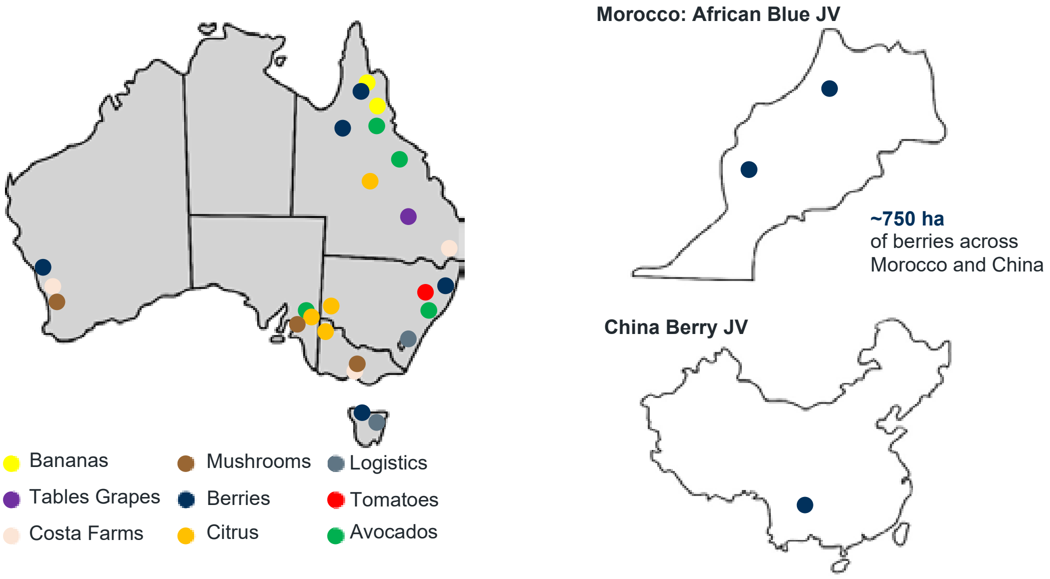
Morocco has its non-growing period supported by third-party grower network agreements. Whilst work continues, this has not yet been achieved with respect to Australian blackberries and China berries.

8.4 Operations

8.4.1 Overview

Costa's agricultural operations are located in key growing regions which have the appropriate climate and weather for their corresponding crop to ensure high quality produce whilst also being close to transportation infrastructure. The following figure illustrates the global locations of Costa's agricultural operations and assets across its various segments.

Costa's Global Agricultural Operations



Source: Costa Management Report.

8.4.2 Operating segments

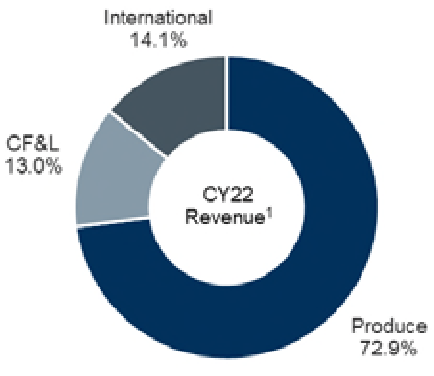
Costa operates across three segments:

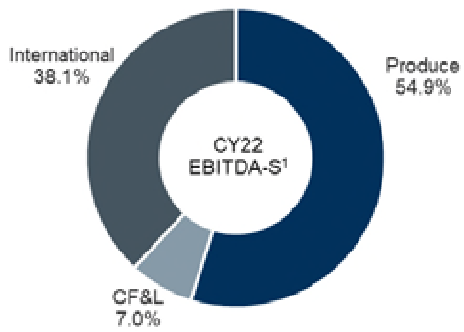
- **Produce**, which includes five vertically integrated core categories: berries, mushrooms, citrus, glasshouse-grown tomatoes, and avocados;
- **Costa Farms and Logistics (CF&L)**, which incorporates logistics, wholesale, and marketing operations; and
- **International**, which comprises berry farming in Morocco and China, and licensing of Costa's proprietary blueberry varieties across several regions including the Americas and Africa.

Produce is the largest segment and in CY22, contributed 72.9% of revenue and 54.9% of EBITDA-S. International has higher margins and contributed 38.1% of EBITDA-S but only 14.1% of revenue. The share of revenue and EBITDA-S of Costa's operating segments in CY22 is shown in the following charts.

KROLL

Costa Share of Revenue[1] and EBITDA-S[2] by Segment in CY22

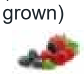




Source: Costa CY22 Annual Report.
Notes:
1. Presented segment revenue excludes inter-segment revenue.
2. EBITDA-S reflects earnings before interest, tax, depreciation, amortisation, self-generating and regenerating assets, and material items. Proportion calculated before corporate expenses and inter-segment eliminations.

8.4.3 Produce

Produce generates earnings from the farming, packing and marketing of several product categories in Australia. Costa's products are predominantly grown and sourced from its own footprint of domestic farms, supplemented with produce sourced from third party growers to enable it to provide 52-week supply across categories. An overview of Produce categories is provided in the following table.

Category	Products	Brands	Growing Regions	Sales Channels/ Markets
Berries (Australian grown) 	Blueberries, Raspberries, Strawberries, Blackberries	Driscoll's; Blueberries; Blueberries	Costa has more than 720 ha of land for five farming operations across Australia. Key Costa farm locations include Corindi NSW; Atherton Tablelands (Walkamin, Rangeview and Tolga) QLD; Northern Tasmania; and Gingin WA.	Driscoll's Australia is a partnership between Costa and Driscoll's, Inc (US). It markets Costa-grown berries throughout Australia and New Zealand. Premium berries are exported throughout Asia including Singapore, Thailand, Hong Kong and Indonesia.
Citrus 	Oranges, Lemons, Limes, Grapefruit, Tangelos, Mandarins	Vitor; 2PH	Costa is the largest citrus grower in Australia with an operational footprint of 4,912 ha including related crops. Costa owns and leases farming and packing facilities. Key locations include the Riverland district SA; Sunraysia region VIC; Central and North QLD.	Costa's citrus fruit is distributed to leading Australian retailers, wholesalers and food producers. Costa is the largest exporter of citrus in Australia with key navel and mandarin markets in China, Japan and South Korea. Other export markets include the United States of America, Europe and the Middle East. Through the acquisition of 2PH citrus business, Costa has exclusive perpetual and royalty free rights to commercialise Amorette and Phoenix mandarin varieties in Australia, China, India and Africa, and first right to commercialise certain future

Category	Products	Brands	Growing Regions	Sales Channels/ Markets
				varieties developed by the 2PH breeding program.
Grapes 	Table and wine grapes	Vitor	Costa grows grapes across various regions around Australia with 557 ha for table grapes and 135 ha for wine grapes. Costa import grapes from the United States of America when locally grown grapes are not in season to ensure year-around supply. Approximately 75% of proprietary table grape volumes are from varieties licensed from global grape breeder and licensor SunWorld.	Australia. Grapes are also exported.
Mushrooms 	White and brown Agaricus mushrooms, including exclusive use of Amycel USA's strain genetics in Australia	MUSH ROOM! Costa Mushrooms	Costa operates three farming operations across Australia including Mernda VIC; Monarto SA; Casuarina WA	Australia
Tomatoes 	Premium vine ripened glasshouse tomatoes across the cocktail, snacking and truss segments	Perino Sweet Berry, Blush, Sampari	40 ha of glasshouses and a 2.5 ha nursery. Costa has exclusive rights to the seeds for Perino and Perino Gold varieties in Australia. Costa tomatoes are grown in one of Australia's largest glasshouse facilities in Guyra, NSW. Grower alliance partners have facilities in SA, Tasmania, QLD and WA	Costa tomatoes are predominantly sold in Australia, with some produce exported to Singapore.
Avocados 	Hass, Shepard and Maluma avocados	LOVACADO	Costa grows avocados on 613 ha and sources avocados from over 45 other Australian farms. Costa farms are located in Childers and the Atherton region QLD; Mid North Coast NSW; Riverland SA.	Australia
Bananas 	Cavendish and Lady Finger bananas	lady fingers	277 ha across two farms in Tully and Walkamin on the Atherton Tablelands, QLD.	Sales are predominantly made by Costa and third parties in the Australian market.

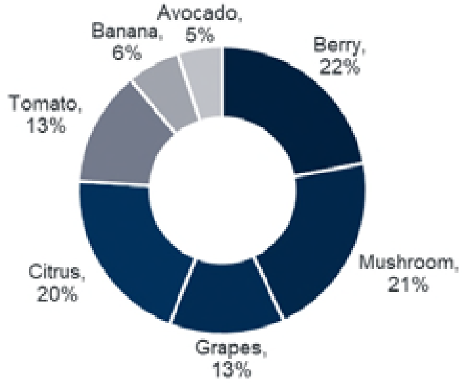
Source: Costa.

Major Australian food retailers including Woolworths Ltd, Coles Supermarkets Australia Pty Ltd, ALDI Stores A Limited Partnership, and Costco Wholesale Australia Pty Ltd are the primary domestic sales channel for Produce. Costa's top three customers comprised just over two thirds of Australian Produce revenue in CY22, making Costa heavily reliant on those customers.[48] Costa enters into contractual arrangements where possible with its major customers, which typically cover supply periods for one season or one to two years. Within Australia, however, the nature of the market means that most customer arrangements are uncontracted. Pricing is typically negotiated on a short term basis according to supply and demand.

[48] Costa CY22 Annual Report, p.30

Revenue growth for each product category is impacted by variables that are specific to each product type, including weather and seasonal conditions, and quality and volume yields. Competition and industry volumes impact average pricing and demand in export markets. The contribution of each of the products to CY22 revenue is presented in the following chart.

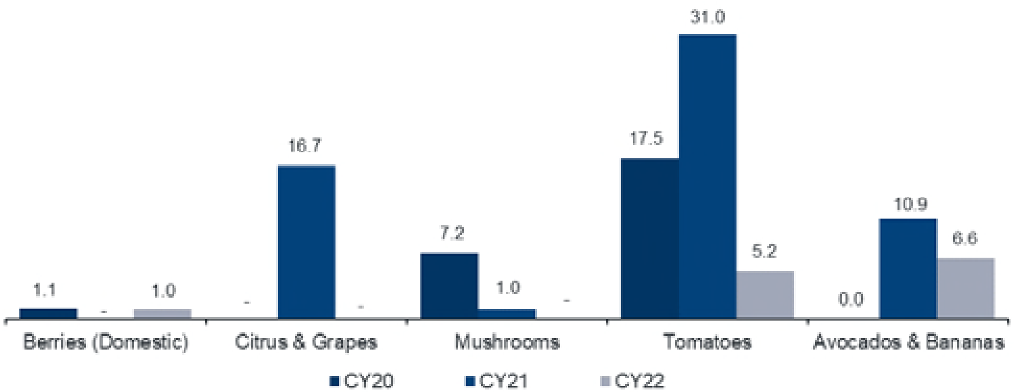
Produce Share of Revenue in CY22



Source: Costa CY22 Results Presentation.

The following chart illustrates growth capital expenditure for Produce since CY20 by category.

Produce Growth Capital Expenditure ($ Millions)



Source: Costa Annual, Half Yearly Reports and Presentations, Kroll analysis

We note the following regarding Produce growth capital expenditure since CY20:

- **berries:** primarily driven by berry redevelopment programs including berry substrate conversions;
- **citrus and grapes:** in 2021, Costa invested $16.7 million in orchards;
- **mushrooms:** included the expansion of capacity to 100% at the Monarto production facility in South Australia,
- **tomatoes:** expenditure in CY21 included the completion of the new tomato glasshouse facility (Tomato Glasshouse 4) and expansion of the nursery at the New England site; and
- **avocados:** Costa has trialled and commercialised a substrate trellis crop program.

No major growth capital expenditure was incurred during 1H23.

In addition to the growth capital expenditure shown above, Costa acquired the businesses of 2PH and KW Orchards for $237.0 million[49] and $40.7 million respectively in 2021, which added 1,304 ha of citrus and 245 ha of grapes. Further expansion in Citrus 2PH following the exercise of the acquisition of Conaghan's property in September 2023.[50]

A review of the avocado portfolio led to the sale of Gunalda QLD farm, reducing avocado production by 40ha.

Future capital expenditure is targeted towards improving harvest productivity across all product categories.

Whilst citrus, grapes, tomato and avocado hectares have increased or decreased since CY20 as a result of the acquisition activity, new facilities and portfolio rationalisation, hectares for berries, mushrooms and bananas have remained flat as shown in the following table.

Planted and Production Hectares

	27 December 2020	26 December 2021	1 January 2023	2 July 2023	CAGR
Berries (Domestic)	730	721	727	721	(0.5%)
Citrus	2,517	4,592	4,764	4,799	29.5%
Grapes[1]	563	835	811	692	8.6%
Mushrooms[2]	108	108	108	108	0.0%
Tomatoes	30	35	40	40	12.2%
Avocados[3]	756	761	773	726	(1.6%)
Bananas	277	277	277	277	0.0%

Source: Costa Annual, Half Yearly Reports and Presentations, Costa Management, Kroll analysis
Notes:
1. Grapes hectares include table grapes and wine grapes. The balance of wine grapes as at the end of June 2023 decreased to 135 ha from 261 ha as at end of December 2022 as a result of removal of underperforming blocks.
2. Mushroom hectares are presumed to have remained constant at 108 ha as presented in the CY21 Results Presentation.
3. Avocado hectares as at the end December 2020 and 2021 include 113 ha of Riverland/Sunraysia plantings, and avocado hectares as at the end of December 2022 and June 2023 include 132 ha of Riverland/Sunraysia plantings. Avocado hectares as at the end of June 2023 also accounts for the sale of Gunalda QLD Avocado farm in 1H23.

Production volumes since CY20 have grown for citrus, mushrooms and tomatoes. Grape production was however significantly impacted by the New Year's day hailstorm in 2021 at Colignan farm (Sunraysia, VIC). Production volumes for all categories are subject to seasonal yields and fruit size, and market demand. Production volumes by category are shown in the following table.

Production Volumes (tonnes)[1]

	CY20	CY21	CY22	1H23	CAGR (CY20 to CY22)
Berries (Domestic)	10,439	10,294	10,694	6,504	1.2%
Citrus	80,490	120,188	157,391	44,670	39.8%
Grapes	24,487	19,928	22,009	17,607	(5.2%)
Mushrooms	25,915	27,257	28,208	14,111	4.3%
Tomatoes	16,420	16,815	21,388	11,777	14.1%
Avocados (trays)	2,927,321	4,147,112	3,530,735	1,871,186	9.8%

Source: Costa Annual, Half Yearly Reports and Presentations, Kroll analysis
Note 1: Production volumes for bananas have not been provided in the Results Presentations. Avocado volume is presented in number of trays, and includes Costa avocado production and marketed third party avocado production.

1H23 volumes reflect between 50% and 80% of CY22 volumes, however as earnings are seasonal, most product sales occur in the second half of the year.

49 Includes cash consideration of $200 million, and transaction, business acquisition and integration costs.
50 Costa 1H23 Results Presentation, p.17.

8.4.4 CF&L

CF&L incorporates Costa's interrelated Australian logistics, wholesale, and marketing operations, which share common infrastructure such as warehousing and ripening facilities, to provide marketing services, supply chain management and logistics solutions for retail and fast moving consumer good (**FMCG**) companies.

The operations of CF&L are segmented as follows:

Sub-segment	Overview	Facility Locations
Costa Farms	Costa Farms is a wholesale market business that facilitates the sale of fresh produce to the independent food and grocery sector.	Operates in QLD, SA, VIC and WA.
Costa Logistics	Costa Logistics specialises in distribution centre operations, particularly temperature controlled for cold and ambient storage. Services include pick and pack, cross dock handling, warehouse storage and ripening.	Operates in NSW, Tasmania and WA, with ripening and warehousing in VIC, SA and QLD.

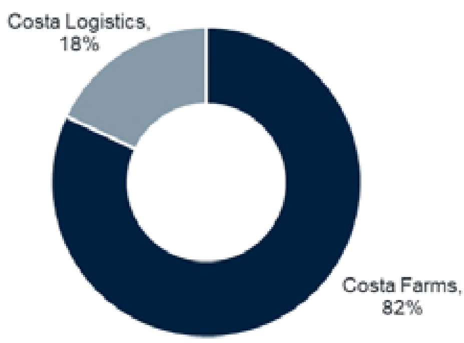
Source: Costa.

CF&L purchases fruit from Produce and third parties to sell to independent retailers. The intercompany sales between CF&L and Produce are undertaken on arms-length terms and aligned with movements in market pricing.

In July 2021, CF&L acquired Select Fresh Group, a Western Australian wholesale distribution business, for $12.9 million. Minimal maintenance capital expenditure has been required for CF&L with annual investments of approximately $1 million since CY20.

Costa Farms generates the majority (82% in CY22) of CF&L revenue as shown in the following chart.

CF&L Share of Revenue in CY22



Source: Costa CY22 Results Presentation.

8.4.5 International

International generates revenue from international berry farming operations in Morocco and China through its 90% interest in the African Blue JV and 70% interest in the China JV, and royalty income from licensing of Costa's blueberry varietals in Australia, the Americas, China and Africa.

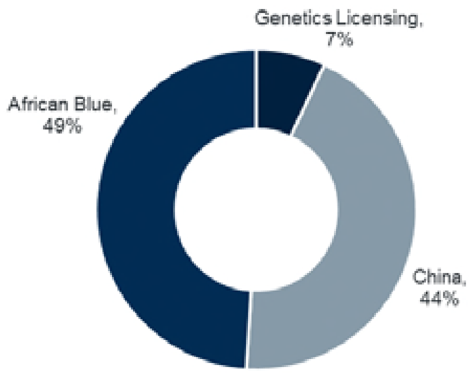
An overview International is provided in the following table.

Category	Product	Brands	Growing Regions	Sales Channels/ Markets
African Blue 	Blueberries of various varieties including newly planted Cascade, Breeze, Eterna and Velvet		Costa operates approximately 335 ha in six blueberry farms across North and South Morocco. The harvest period is from late November to June.	African Blue is a joint venture in Morocco between Costa and Dole (UK) that was established in 2007. African Blue supplies berries to a number of international markets including the UK Europe and Asia.
China 	Blueberries, Raspberries, Blackberries		Costa operates approximately 400 ha of production facilities in five berry joint venture operations across three main growing regions in Southern China (Honghe, Xishuangbanna and Baoshan). Harvest months are from November to May.	Costa China is a joint venture that was established in 2016 between Costa and Driscoll's Inc. All sales are within China.
Genetics Licensing	Licensing of Costa's proprietary blueberry varieties developed through Costa's VIP		Licensed regions include Australia, Americas, China and Africa	

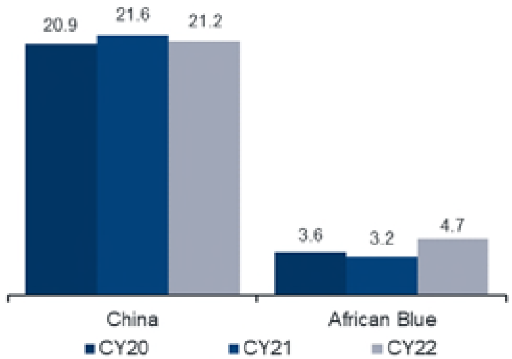
Source: Costa.

The China and African Blue joint ventures are the predominant drivers of International revenue as shown in the following chart. Growth capital expenditure supporting China and African Blue revenue is illustrated in the neighbouring chart.

International Share of Revenue in CY22[1]



Growth Capital Expenditure ($ Millions)[1]



Source: Costa Annual, Half Yearly Reports and Presentations, Kroll analysis
Note 1: Revenue and capital expenditure reflect 100% of the China and African Blue joint ventures.

Costa has continued to invest in expanding its operations in China to meet growing blueberry demand, with plantings/production of 245 ha in CY20 growing to 400 ha in CY22. Costa continues to evaluate new opportunities including expediting planting of more premium varieties and growing blueberries in a cooler climate north of existing operations to achieve season extension. New land acquisition/hectare development in China is scheduled to recommence in CY24, and Costa is targeting planting to reach 700 ha in China by CY26.

In CY21, Costa commenced progressive replanting of northern Morocco farms with Costa VIP purpose bred superior genetics blueberry varieties, including replacing soil plants that are at least 10 years old. Marketed volumes have increased due to increasing tonnes from third party growers in Morocco, South Africa and

Zimbabwe. Additional expansion in Agadir, Morocco is forecast to grow plantings from 347 ha to 370 ha in CY24.

The production hectares and volumes for China and African Blue are shown in the following charts.

Planted and Production Hectares

	27 December 2020	26 December 2021	1 January 2023	2 July 2023	CAGR
China	245	296	400	400	21.7%
Morocco	347	345	347	335	(1.4%)

Source: Costa Annual, Half Yearly Reports and Presentations, Kroll analysis

Production Volumes (tonnes)

	CY20	CY21	CY22	1H23	CAGR (CY20 to CY22)
China	3,371	4,450	6,281	8,015	36.5%
Morocco	8,258	9,965	10,806	7,903	14.4%

Source: Costa Annual, Half Yearly Reports and Presentations, Kroll analysis

1H23 volumes reflect 127.6% and 73.1% of CY22 volumes for China and Morocco respectively, reflecting the strong growth in production in China with the newly planted Agripark development, Baoshan and Banna farms producing volumes ahead of expectations.[51] Majority of the annual harvest volumes fall in the first half of the year, hence volumes are much lower in the second half of the year.

Royalties from emerging regions are anticipated to continue to grow with increased plantings in Zimbabwe and South Africa, and potential new regions such as India, Namibia and Laos.

8.4.6 Impact of the COVID-19 pandemic

The COVID-19 pandemic reduced the consumption of fresh produce within the hospitality industry due to the closure of venues. However, the response to this was an increase in household cooking and food consumption inside the home. This increased the retail demand for fresh produce, creating a net benefit for the horticulture industry. However, due to the Australian border closures, Costa needed to draw upon more local seasonal workers and Pacific Island workers who needed to stay in-country for longer. Positively, the horticulture industry was identified as an essential industry, meaning there were reduced COVID-19 pandemic related restrictions on their operations during the height of the pandemic, which assisted in Costa being able to meet its workforce needs.

8.4.7 Water rights

Water requirements vary by product category and water sources vary by region. Costa relies on water allocations held by Costa (in the case of owned properties) or its landlords (in the case of leased properties), supplemented as required by spot purchases of water.

Water access across Costa's farms include a mix of surface water licenses (rivers and dams), scheme water access, groundwater bores and potable mains water. Scheme water leases are either leased with the land or seasonal. Costa holds permanent water licenses under long term leases and ownership that provide entitlements to water volumes of between 5ML and 16,865ML depending on the region, with portions of scheme water volumes classed as high, medium and low priority. The entitlement volume varies in any given year according to the level of allocation by relevant government authorities under each license. Allocations may change during drought conditions.

As at 31 December 2022, the water allocation in Costa's citrus regions, including 2PH was at 100%.[52]

Costa actively monitors its water security position and water prices across its properties and enters into fixed price and volume forward contracts to hedge against future market movements.

Water rights incur associated costs at acquisition and annual license fees. As at 31 December 2022, Costa recorded a book value of water rights of $11.6 million.

51 Costa 1H23 Results Presentation, p.10.
52 Costa CY22 Results Presentation.

KROLL

8.4.8 Sustainability

Costa's vision is to be a leader in Sustainable Commercial Farming (**SCF**) of premium quality fresh produce. To realise its overarching objective, Costa has established ten SCF principles:

1. **Water use and security.** Costa seeks to leverage new and existing technology to optimise water use and reduce inputs while increasing crop yields. The new 2.5 hectare glasshouse tomato nursery in Guyra, for example, recycles 100% of its drain water. Costa has also installed a trial irrigation system on a 1 hectare blueberry block at the Xishuangbanna Berry farm in Guangmen, China, enabling the reuse of drain water;
2. **Climate change.** Costa has committed to achieving net-zero carbon emissions by 2050. Costa has previously stated that it intends to outline targets in 2023 to align with new global Forest, Land and Agriculture Science Based Target-Setting Guidance targets launched in September 2022. Costa commissioned a floating array of 160 solar panels in its largest dam at the Corindi Berry farm in 2022, and continues to invest in protected cropping to help mitigate risk from climate change and in particular extreme weather events;
3. **Waste reduction.** Costa aims to minimise waste to landfill and create a circular, closed loop waste management system. Costa has committed to the Australian Government's 2025 National Packaging Targets regarding single use plastics and recycled content of packaging;
4. **Nutritional inputs.** Costa endeavours to use organic and biological crop nutritional inputs where practical, and eliminate or reduce any migration of applied nutrients beyond farm boundaries. Costa has developed a 1.5 hectare Test Plot at the Corindi Berry farm to monitor and enhance production practices for new berry varieties developed through Costa's VIP;
5. **Biodiversity,** retaining a rich variety of plant life, native insects and soil microorganisms with chemical free pest control and integrated pest management;
6. **Production yield.** Costa will continue to develop and embrace agronomic technology and practices to increase crop yields for each hectare farmed;
7. **Productivity and efficiency,** with a focus on the development of harvest and post-harvest automation initiatives to ensure long-term cost efficiency and pricing competitiveness;
8. **Workforce** development, training, health and safety;
9. **Community** involvement; and
10. **Health and wellbeing.** Costa does not add anything artificial to products after harvest.

The Costa Well Grown Seed Fund was established in 2022, designed to encourage ideas or projects related to any of Costa's 10 SCF principles. Six projects received funding covering areas including improved safety, reducing plastic waste, utilising organic waste for compost, process improvements in fruit handling, biodiversity and efficiency.

KROLL

8.5 Financial performance

8.5.1 Historical financial performance

The following table summarises the financial performance of Costa for CY20, CY21, CY22, 1H22 and 1H23.

Costa Financial Performance ($ Millions)

	CY20 audited	CY21 audited	CY22 audited	1H22 reviewed	1H23 reviewed
Revenue:					
Produce	930.2	929.5	1,028.9	485.4	493.3
CF&L	150.4	159.4	184.6	90.7	95.6
International	136.7	177.7	190.9	156.1	207.3
Adjustments and eliminations	(52.4)	(45.9)	(46.9)	(23.6)	(25.5)
Revenue	**1,164.9**	**1,220.6**	**1,357.6**	**708.7**	**770.7**
Operating Expenses:					
Raw materials, consumables and third party purchases	(408.2)	(407.7)	(418.6)	(218.7)	(226.7)
Employee benefits expense	(378.6)	(420.3)	(491.6)	(246.4)	(268.7)
Other operating expense	(189.9)	(184.3)	(243.3)	(109.5)	(131.3)
Share in profit of associates	9.1	9.9	10.7	6.0	6.3
EBITDA-S:					
Produce	124.9	126.6	117.8	45.5	21.2
CF&L	14.8	14.6	15.2	8.3	5.3
International	57.5	77.0	81.8	86.3	123.7
EBITDA – S[1]	**197.2**	**218.2**	**214.8**	**140.1**	**150.2**
Fair value movements in biological assets	8.0	(7.5)	8.7	0.5	(14.4)
Material items (before tax)	-	(19.2)	(0.7)	-	(0.6)
EBITDA	**205.2**	**191.5**	**222.8**	**140.6**	**135.2**
Depreciation and amortisation	(96.6)	(108.5)	(129.4)	(65.5)	(69.6)
Profit/(loss) on sale of assets and investments	(1.8)	0.5	(0.1)	0.0[3]	0.2
(Impairment)/reversal	-	2.4	(2.2)	(2.2)	(1.1)
Reported EBIT	**106.8**	**85.9**	**91.2**	**72.9**	**64.7**
Net interest expense	(25.6)	(25.0)	(42.6)	(19.2)	(27.2)
Net profit before tax	**81.2**	**60.9**	**48.6**	**53.6**	**37.5**
Income tax expense	(13.8)	(8.7)	(1.6)	(5.0)	6.5
Net profit after tax	**67.4**	**52.2**	**47.0**	**48.6**	**44.0**
Non-controlling interest	(6.7)	(10.8)	(13.4)	(10.8)	(18.3)
NPAT	**60.7**	**41.4**	**33.6**	**37.8**	**25.7**
NPAT-S[2]	**55.1**	**64.0**	**30.2**	**40.3**	**37.8**
Growth					
Revenue growth	*11.2%*	*4.8%*	*11.2%*	*15.7%*	*8.8%*
EBITDA – S growth	*34.1%*	*10.7%*	*(1.6%)*	*12.6%*	*7.2%*
Profitability					
EBITDA – S margin	*16.9%*	*17.9%*	*15.8%*	*19.8%*	*19.5%*
Per share metrics					
Weighted average number of shares (basic) (million)	*400.8*	*437.3*	*464.5*	*464.5*	*465.3*
Basic EPS (cents)	*15.2*	*9.5*	*7.2*	*8.2*	*5.5*
Underlying EPS (cents)[4]	*13.7*	*14.6*	*6.5*	*8.7*	*8.1*
Dividends per ordinary share (cents)	*9.0*	*9.0*	*9.0*	*4.0*	*-[7]*
Dividend payout ratio[5]	*65%*	*61%*	*138%*	*46%*	*0%*
Other					
Net interest cover (times)[6]	*7.7*	*8.7*	*5.0*	*7.3*	*5.5*

37

(continued)
Source: Costa Annual, Half Yearly Reports and Results Presentations; Costa Management; Kroll analysis. Minor variances to reported figures may be due to rounding.
Notes:
1. EBITDA adjusted for fair value movements in biological assets (SGARA) and material items.
2. Net profit attributable to members of Costa before fair value movements in biological assets and material items. This also excludes material costs in relation to the impairment of goodwill.
3. Less than $0.05 million.
4. Calculated as NPAT-S divided by weighted average number of shares.
5. Calculated as dividends per ordinary share (cents) divided by underlying EPS (cents).
6. Calculated as EBITDA-S divided by net interest expense.
7. No interim dividend was declared for 1H23.

With regard to financial performance, we note the following:

- Costa recorded revenue growth over the last three full calendar years, with larger increases of 11.2% recognised in CY20 and CY22. Strong International performance, underpinned by production and pricing improvements, has been a key driver of this trend. Acquisitions as well as domestic growth across Tomato, Berry and Mushroom categories in CY22 also positively impacted revenue growth. Revenue in 1H23 was marginally higher than in 1H22. Strong contributions from China and Morocco drove a 32.8% increase in International revenue and offset weakened domestic performance, which was negatively impacted by the delayed citrus harvest and subdued pricing;
- operating expenses increased over the period from CY20 to CY22. Costs of raw materials, consumables and third-party purchases were elevated in CY22, largely driven by input cost inflationary pressures and higher volumes stemming from the business' expanding footprint. In addition, employee related expenses increased by 10.7% in CY21 and 17.3% in CY22. Recent acquisitions of 2PH, KW Orchards and Select Fresh, along with the establishment of the tomato glasshouse and nursery placed upward pressure on labour costs. Finally, other operating expenses were also significantly higher in CY22, predominately due to a $31 million increase in freight costs as well as a number of other underlying factors such as chemical, fertiliser, insurance, diesel and travel costs. Small savings of $4.0 million were recorded in CY22 off the back of the re-negotiated lease agreements with Macquarie Asset Management for the Vitalharvest properties, with no variable rent operating expenses being recognised for these leases as the new arrangements moved to fixed rent leases;
- a combination of rising wages, supply constraints, input cost inflation across packaging and fertilisers and an increase in energy costs lead to a heightened level of operating expenses in 1H23 compared to 1H22;
- share in profit of associates increased by approximately $0.8 million each year as the Driscoll's Australia joint venture benefited from an increase in blueberry pricing. The joint venture is a partnership and consequently, the share of profits does not include tax;
- EBITDA-S rose significantly in CY20, mainly related to International which saw improved earnings off the back of Costa's continued expansion and ideal growing conditions in China. This upward trend continued through to CY21, before contracting by 1.6% in CY22 mainly due to quality issues and export costs in citrus, and lower avocado and African Blue pricing. Costa's 1H23 EBITDA-S was $10.1 million higher than in 1H22. Outstanding International earnings performance, evidenced by the 43.5% increase compared to the prior corresponding period, offset a decline in Produce earnings which was negatively impacted by the late citrus harvest;
- the fair value movement in biological assets resulted in a $14.4 million loss in 1H23 as gains from domestic citrus orchards were offset by reversals from International, which includes the additional 100 ha Agripark farm in China;
- increasing depreciation and amortisation expenses can be attributed to Costa's expanding footprint in China, acquisitions in CY21, the commencement of the tomato glasshouse facility and additional right of use assets relating to the Macquarie Asset Management leases. In isolation, the new lease agreement resulted in a $6.7 million increase in depreciation costs;
- net interest expenses were elevated in CY22 due to a $9.6 million increase in interest on lease liabilities, following the new lease agreement with Macquarie Asset Management, as well as higher bank interest costs stemming from rising cash rates and domestic debt levels;

- non-controlling interests includes Dole's 10% interest in the African Blue JV and Driscoll's 30% interest in the China JV and increased in line with growth in International; and
- Costa maintained strong dividend payout ratios despite the decline in NPAT-S from CY21 to CY22. As a result of ongoing discussions with PSP in relation to a potential transaction, no dividend was declared for 1H23.

8.5.2 Produce

The following table summarises the financial performance for Produce for CY20, CY21, CY22, 1H22 and 1H23.

Produce Financial Performance ($ Millions)

	CY20 audited	CY21 audited	CY22 audited	1H22 reviewed	1H23 reviewed
Transacted sales[1]	1,371.0	1,374.8	1,490.0	725.5	738.7
Revenue	930.2	929.5	1,028.9	485.4	493.3
Operating expenses:	(805.4)	(802.9)	(911.0)	(439.9)	(472.1)
EBITDA-S	**124.9**	**126.6**	**117.8**	**45.5**	**21.2**
Growth					
Transacted sales growth	*6.2%*	*0.3%*	*8.4%*	*15.6%*	*1.8%*
Revenue growth	*7.0%*	*(0.1%)*	*10.7%*	*17.6%*	*1.6%*
EBITDA-S growth	*17.9%*	*1.4%*	*(6.9%)*	*26.4%*	*(53.4%)*
Profitability					
EBITDA-S margin	*13.4%*	*13.6%*	*11.5%*	*9.4%*	*4.3%*

Source: Costa Annual, Half Yearly Reports and Presentations.
Note 1: Transacted sales is a non-IFRS operating measure and comprises statutory sales revenue, gross invoiced value of agency sales of third-party produce, royalty income from the licensing of Costa blueberry varieties in Australia, the Americas and Africa and 100% of the Driscoll's Australia joint venue sales after eliminating Costa's produce sales to the Driscoll's Australia JV.

We note that:

- EBITDA-S includes equity accounted earnings from the Driscoll's Australia JV;
- earnings are seasonal with slightly more revenue being generated in the second half (2H22 revenue comprised 52.8% of CY22 revenue) due to the harvest seasons for citrus (a majority of which is harvested between June and September) and berries (large blueberry volumes between July and November, blackberries are harvested mostly in October and November and raspberries are mainly harvested in winter). Production of tomatoes and mushrooms is more evenly spread throughout the year;
- growth in transacted sales and revenue has varied between years, reflecting weather patterns, competition and consumer demand. In particular, CY21, CY22 and 1H23 were impacted by adverse weather resulting from three consecutive La Nina's in CY21, CY22 and the start of CY23. The trends in each period include:
  - lower revenue growth in CY21 mainly reflects a 21.7% decline in avocado revenue due to the impact of record industry volumes on price combined with foodservice lockdowns and the impact of the New Year's day hailstorm in 2021 at Colignan farm (Sunraysia, VIC) on table grapes and citrus. This was partially offset by the impact of the acquisition of 2PH and KW Orchards from July 2021. Berry performance was improved on the prior year with Corindi (NSW) raspberry production returning to normal and generally favourable pricing across the four berry varieties; and
  - strong revenue growth in CY22 reflects continued earnings improvements in mushrooms, berries and tomatoes supported by favourable pricing, the first full year contribution of the 2PH crop and an additional 20 hectares of tomato glasshouse (GH4) from January 2023. Citrus pricing and export market was strong, but was ultimately impacted by adverse weather and higher crop input and freight costs, resulting in around a $40 million lower result compared to plan. In addition, avocado revenue declined as a result of adverse weather conditions. As a result, EBITDA-S margin declined from 13.6% in CY21 to 11.5% in CY22; and

KROLL

- in 1H23, revenue growth was lower, mainly reflecting an 11% decline in tomato revenue, which resulted from lower than expected pricing due to greater competition and lower sales volumes due to softer consumer demand for Costa's premium products. Berries and avocados experienced strong growth while citrus revenue was flat as table grape yields were affected by downy mildew and weather and the citrus season was delayed due to milder summer temperatures. Combined with higher input costs, EBITDA-S margin was lower at 4.3%, compared to 9.4% in 1H22.

8.5.3 CF&L

The following table summarises the financial performance for CF&L for CY20, CY21, CY22, 1H22 and 1H23.

CF&L Financial Performance ($ Millions)

	CY20 audited	CY21 audited	CY22 audited	1H22 reviewed	1H23 reviewed
Transacted sales	146.3	155.4	178.6	89.0	91.7
Revenue	150.4	159.4	184.6	90.7	95.6
Operating expenses:	(135.6)	(144.8)	(169.5)	(82.4)	(90.3)
EBITDA-S	**14.8**	**14.6**	**15.2**	**8.3**	**5.3**
Growth					
Transacted sales growth	*1.6%*	*6.2%*	*14.9%*	*25.7%*	*3.0%*
Revenue growth	*0.8%*	*6.0%*	*15.8%*	*25.0%*	*5.3%*
EBITDA-S growth	*(2.7%)*	*(1.5%)*	*4.1%*	*32.3%*	*(36.0%)*
Profitability					
EBITDA-S margin	*9.8%*	*9.1%*	*8.2%*	*9.2%*	*5.6%*

Source: Costa Annual, Half Yearly Reports and Presentations.

We note that:

- CF&L's margins are relatively low. Sales are spread fairly evenly throughout the year (1H22 revenue comprised 50.8% of CY22 revenue);
- revenue increased moderately in CY21, as COVID-19 pandemic related lockdowns impacted the foodservice/market industry, offset by the contribution of the Select Fresh WA acquisition from July 2021 and solid performance in logistics. EBITDA-S margin declined from 9.8% to 9.1%, reflecting additional sales from Select Fresh at lower average margin;
- revenue increased strongly in CY22 reflecting growth in Costa Farms as market trading conditions and servicing revenue were favourable over the 2H22. Select Fresh delivered steady performance over 2H22. EBITDA-S margin declined from 9.1% to 8.2%, reflecting additional sales from Select Fresh at lower average margin; and
- in 1H23, revenue increased by 5.3%, reflecting growth in servicing revenue driven by strong berry volumes, including from third party customers, and growth in logistics due to additional third-party warehousing volumes. Select Fresh performed below expectations, impacted by the underperformance of retail trade. Despite revenue growth, weakness in wholesale market margins and increased energy costs contributed to a 36.0% decline in EBITDA-S.

KROLL

8.5.4 International

The following table summarises the financial performance for International for CY20, CY21, CY22, 1H22 and 1H23.

International Financial Performance ($ Millions)

	CY20 audited	CY21 audited	CY22 audited	1H22 reviewed	1H23 reviewed
Transacted sales	133.7	174.6	188.5	155.4	206.4
Revenue	136.7	177.7	190.9	156.1	207.3
Operating expenses:	(79.2)	(100.7)	(109.2)	(69.9)	(83.6)
EBITDA-S	**57.5**	**77.0**	**81.8**	**86.2**	**123.7**
Growth					
Transacted sales growth	*45.8%*	*30.6%*	*8.0%*	*5.4%*	*32.8%*
Revenue growth	*49.1%*	*29.9%*	*7.5%*	*4.5%*	*32.8%*
EBITDA-S growth	*122.1%*	*33.9%*	*6.2%*	*5.1%*	*43.4%*
Profitability					
EBITDA-S margin	*42.1%*	*43.3%*	*42.8%*	*55.2%*	*59.7%*

Source: Costa Annual, Half Yearly Reports and Presentations.

We note that:

- earnings from the China JV and African Blue JV are consolidated;
- earnings are seasonal, with most product sales occurring in the first half of the year, while royalty income is mainly generated in the second half reflecting the harvest season in southern Africa. In CY22, 81.8% of revenue was generated in the first half;
- International has the highest margins, which mainly reflects significantly lower costs of production, as well as the timing of the harvests in Morocco and China in periods when there is less price competition and that earnings includes royalty income from licensing;
- International experienced strong, double digit earnings growth in all periods presented except for CY22:
  - in CY21, positive pricing, yield and demand were maintained over the entire China season, reflecting increased production footprint and demand for Costa's high quality products. Favourable earlier fruit timing and stronger pricing in Morocco was supported by increased contribution from expanded southern plantings at Agadir. In China, revenue increased by 47.8% reflecting 40.0% production volume growth and strong pricing. Moroccan revenue increased by 24.1% as a result of 21.7% growth in production volume and steady pricing. EBITDA-S margin increased from 42.1% to 43.3%;
  - in CY22, production volume increased strongly (China, 41.0% and Morocco, 8.4%). Prices increased in China, however, the timing of the Morocco season was delayed due to weather impacts that occurred in 1Q23, impacting pricing, such that Moroccan revenue declined by 10%. EBITDA-S margin declined marginally to 42.8%; and
  - in 1H23, China production volume continued to increase strongly (by 42.6%). Moroccan production volume declined by 17.3% in line with a decline in volume across the industry, however, revenue increased by 13% as a result of higher pricing. EBITDA-S margin increased from 55.2% in 1H22 to 59.7%.

8.5.5 Outlook

Business outlook

In conjunction with the release of its 1H23 results on 31 August 2023, Costa provided the following business outlook:

- deterioration in late season citrus quality and fruit size downgrades are expected to have a negative impact of approximately $30 million on CY23 EBITDA-S;
- softening of tomatoes demand is expected to continue in 2H23 due to strong production;

41

- earnings attributed to berries is expected to be strong based on stable weather and positive pricing over the early part of the main berry season; and
- CY23 EBITDA-S is expected to be higher than EBITDA-S of CY22.

In Section 4.8 of the Scheme Booklet, Costa management announced that it now expects the full year EBITDA-S result to be below CY22. Costa expects the remaining period of CY23 to be impacted by:

- a continuation of the unfavourable adverse weather conditions in late CY22 and early CY23 in the citrus category, which includes the CY23 QLD table grape crop; and
- lower forecast pricing in Produce due to significant industry volumes in Costa's berry and tomato categories as a result of recent favourable growing conditions on the Australian Eastern seaboard, combined with a current economic conditions influencing Australian consumer sentiments and purchasing behaviour.

Broker consensus

Costa does not provide specific earnings guidance for CY23 or beyond. In order to provide another indication of Costa's expected future financial performance beyond CY23, Kroll has considered broker forecasts.

As far as Kroll is aware, Costa is followed by 12 brokers, one of whom is advising on the Transaction. Of the remaining 11 brokers, one broker published a report following Costa's trading update on 24 August 2023 and the remaining ten published reports following the release of Costa's 1H23 financial results on 31 August 2023. Kroll has included all 11 brokers as the basis for the broker consensus.

The brokers consensus does not take into account the earnings downgrade announced by Costa in the Scheme Booklet. In this regard, Kroll notes that the second earnings downgrade was primarily a result of weather conditions and is not expected to have a sustained impact on earnings. In our valuation, Kroll has had greater reliance on CY24 earnings. We have, however, taken into consideration the two earnings downgrades, which highlights the risks to which Costa is exposed.

Costa's broker consensus for CY23 to CY25 is summarised as follows.

Costa Broker Consensus ($ Millions)

	Actual CY22	Broker Consensus		
		CY23	CY24	CY25
Revenue	**1,357.6**	**1,455.0**	**1,532.0**	**1,598.0**
EBITDA-S	**214.8**	**237.2**	**276.0**	**313.0**
EBIT-S	**85.4**	**96.9**	**144.0**	**172.0**
NPAT-S[1]	**30.2**	**25.7**	**55.0**	**73.0**
Growth				
Revenue growth	*11.2%*	*7.2%*	*5.3%*	*4.3%*
EBITDA-S growth	*(1.6%)*	*10.4%*	*16.4%*	*13.4%*
EBIT-S growth	*(22.1%)*	*13.4%*	*48.6%*	*19.4%*
Margin				
EBITDA-S margin	*15.8%*	*16.3%*	*18.0%*	*19.6%*
EBIT-S margin	*6.3%*	*6.7%*	*9.4%*	*10.8%*
Per share metrics				
Underlying EPS (cents)[2]	*6.5*	*6.1*	*12.3*	*16.0*
Dividends per ordinary share (cents)	*9.0*	*5.8*	*9.3*	*10.5*
Dividend payout ratio[3]	*138.4%*	*87.9%*	*75.2%*	*65.8%*

Source: Broker reports.
Notes:
1. NPAT-S presented is excluding non-controlling interests.
2. Underlying EPS is calculated based on NPAT-S.
3. Dividend payout is calculated based on the underlying EPS.

With regard to the Costa broker consensus summarised above, we note:

- following the release of Costa's 1H23 financial results, nine brokers revised down their CY23 EBITDA-S forecasts while eight brokers revised down their CY24 EBITDA-S forecasts. The revision is mainly due to citrus quality issues and an oversupply of tomatoes;

- brokers' median EBITDA-S forecast increases by 16.4% in CY24 and 13.4% in CY25. The growth in EBITDA-S in CY24 and CY25 is expected to be driven by several factors including the normalisation of quality related to citrus, improvement in pricing of tomatoes, and easing of inflationary pressure;
- following the release of the 1H23 results, brokers revised underlying EPS forecasts for CY23 and CY24 downwards due to higher depreciation and amortisation costs (related to lease) and interest costs; and
- the dividend payout ratio is expected to moderate from currently elevated levels.

The broker consensus forecast by Costa's business segment is set out as follows.

Costa Broker Consensus by Segment ($ Million)

	Actual	Broker Consensus		
	CY22	CY23	CY24	CY25
Segment revenue				
Produce	1,028.9	1,062.0	1,126.7	1,154.0
CF&L	184.6	192.0	197.0	201.7
International	190.9	246.0	240.1	279.0
Segment EBITDA-S				
Produce	117.8	108.1	155.0	173.5
CF&L	15.2	11.6	14.5	13.8
International	81.8	119.0	110.6	128.0
Revenue growth				
Produce	*10.7%*	*3.2%*	*6.1%*	*2.4%*
CF&L	*15.8%*	*4.0%*	*2.6%*	*2.4%*
International	*7.4%*	*28.9%*	*(2.4%)*	*16.2%*
EBITDA-S growth				
Produce	*(7.0%)*	*(8.2%)*	*43.4%*	*11.9%*
CF&L	*4.1%*	*(23.7%)*	*25.0%*	*(4.8%)*
International	*6.2%*	*45.5%*	*(7.1%)*	*15.7%*
EBITDA-S margin				
Produce	*11.4%*	*10.2%*	*13.8%*	*15.0%*
CF&L	*8.2%*	*6.0%*	*7.4%*	*6.8%*
International	*42.8%*	*48.4%*	*46.1%*	*45.9%*

Source: Broker reports

In relation to the above:

- nine brokers have provided estimates by segment;
- brokers expect EBITDA-S for Produce to decline by 8.2% in CY23 due to quality issues related to citrus and softening of demand for tomatoes, however, EBITDA-S is expected to grow by 43.5% in CY24 based on a recovery of demand for tomatoes and improvement in citrus quality. Brokers also expect EBITDA-S for Produce to increase in CY24 and CY25 as a result of better citrus tree health and ageing of the citrus tree portfolio leading to an increase in production volume;
- brokers expect EBITDA-S for CF&L to decline by 23.7% in CY23 due to increased energy and labour costs and weak wholesale margins in 1H23 which is expected to continue in 2H23. However, EBITDA-S is expected to grow by 25.0% in CY24 based on an easing of inflationary pressure and normalisation of market trends; and
- brokers expect continued strong growth in revenue and EBITDA-S for International in CY23 as a result of strong volume and pricing in China, followed by a decline in EBITDA-S in CY24 as pricing and demand rationalise. One broker expects a decline due to flat production in China resulting from management's decision to reduce planting in CY23 and the impact of replanting on Morocco.

.

KROLL

8.6 Financial position

The following table summarises the financial position of Costa as at 27 December 2020, 26 December 2021 and 1 January 2023, 3 July 2022 and as at 2 July 2023.

Costa Financial Position ($ Millions)

	27 December 2020 audited	26 December 2021 audited	1 January 2023 audited	3 July 2022 reviewed	2 July 2023 reviewed
Receivables	100.9	109.3	101.6	137.0	131.3
Inventories	27.0	30.5	40.0	38.6	50.1
Payables	(135.1)	(149.3)	(149.4)	(144.2)	(129.6)
Provisions	(30.9)	(46.7)	(45.9)	(46.5)	(47.6)
Net working capital	**(38.1)**	**(56.1)**	**(53.7)**	**(15.1)**	**4.2**
Property, plant and equipment	515.7	799.9	814.3	802.3	805.3
Intangible assets and goodwill	209.5	289.1	282.9	284.7	292.7
Biological assets	58.3	70.5	79.8	69.7	64.0
Equity accounted investments	21.6	27.2	31.3	29.9	34.8
Right-of-use assets	302.8	568.8	552.9	558.3	560.3
Derivatives	2.0	0.3	0.7	(1.2)	2.9
Prepayments	10.4	12.4	12.6	16.1	20.0
Assets held for sale	-	3.2	-	-	-
Net tax asset (liability)	(3.6)	(5.2)	17.7	1.0	(3.5)
Total funds employed	**1,078.5**	**1,710.2**	**1,738.6**	**1,745.7**	**1,780.7**
Cash	32.5	61.9	85.2	138.9	205.8
Lease liabilities	(318.1)	(583.1)	(571.0)	(570.3)	(582.9)
Borrowings	(176.3)	(361.1)	(437.2)	(467.0)	(555.9)
Net cash/(debt) (including leases)	**(461.9)**	**(882.3)**	**(923.0)**	**(898.4)**	**(933.0)**
Net assets	**616.6**	**828.0**	**815.6**	**847.3**	**847.7**
Contributed equity	580.7	768.1	768.5	768.5	769.0
Reserves[1]	100.9	114.2	92.5	122.3	105.9
Accumulated losses	(92.7)	(92.7)	(92.7)	(92.7)	(92.7)
Equity attributable to Costa Shareholders	**589.0**	**789.6**	**768.4**	**798.1**	**782.2**
Non-controlling interests	27.6	38.4	47.2	49.2	65.5
Total equity	**616.6**	**828.0**	**815.6**	**847.3**	**847.7**
Statistics					
ROCE[2]	*9.6%*	*8.5%*	*5.2%*	*8.1%*	*5.4%*
Net debt/ EBITDA ratio[3]	*0.99*	*1.85*	*2.46*	*1.94*	*2.31*
Gearing excluding leases[4]	*18.9%*	*26.5%*	*30.1%*	*27.9%*	*29.2%*
Gearing including leases[5]	*44.0%*	*52.8%*	*54.6%*	*53.0%*	*54.4%*

Source: Costa Annual, Half Yearly Reports and Presentations; Costa Management; Kroll analysis.
Notes:
1. Includes other equity reserves, other reserves and profit reserve.
2. Calculated as EBIT-S divided by average capital employed.
3. Calculated as net debt (excluding lease liabilities) divided by last 12 month EBITDA-SL.EBITDA -SL is defined as EBITDA before SGARA, less payment for leases.
4. Calculated as net debt (excluding lease liabilities) divided by the sum of net debt (excluding lease liabilities) and total equity.
5. Calculated as net debt (including lease liabilities) dividing by the sum of net debt (including lease liabilities) and total equity.

With regard to Costa's financial position, we note the following:

- Costa recorded net working capital deficits over the period from 27 December 2020 to 1 January 2023, which reflects reduced harvest activity and heightened capital inflows around this time. However, in the half year ending 2 July 2023, Costa recognised working capital build, highlighted by a $19.3 million uplift compared to 1H22 and surplus of $4.2 million. Net working capital was elevated in

KROLL

comparison to prior corresponding periods mainly due to the delayed start to the citrus harvest, which was negatively impacted by unfavourable growing conditions stemming from La Nina weather patterns;

- traditionally, Costa experiences net working capital increases in Q1 and Q3, and strong deficits in Q4. Working capital increases in Q1 is aligned with the timing of international harvests, which generally occur between November to June in Morocco and February to April in China. Similarly, Costa also records working capital increases in Q3 due to the timing of the citrus season, whereby harvest activity is concentrated between April and September. This trend has been magnified since CY21 following the acquisition of 2PH, which delivered significant growth within the citrus segment. On the other hand, Costa's recognises large working capital deficits in Q4, largely due to lower harvest activity and significant inflows from citrus receipts;
- provisions include current and non-current employee benefits, lease make good as well as other commitments. Other commitments relates to the put and call option entered into for the future acquisition of the Conaghan's property which was settled in September 2023. The balance as at 2 July 2023 was $15.9 million;
- Costa is a capital intensive business and maintains significant investment in property, plant and equipment . As at 2 July 2023, property, plant and equipment represented 45.2% of total funds employed. The total book value as at 1 January 2023 was predominately comprised of land and buildings ($310.3 million), plant and equipment ($265.2 million) and bearer plants ($122.4 million). In addition, a notable uplift of 55.1% was recorded as at 31 December 2021 following the acquisitions of 2PH, KW Orchards and Select Fresh;
- as at 2 July 2023, Costa recognised $292.7 million of intangible assets. This balance is primarily comprised of goodwill, but also includes brand names, capitalised software, customer relationships, lease premiums and water rights. A material increase in intangibles was recognised as at 26 December 2021 following the acquisitions of 2PH, KW Orchards and Select Fresh;
- as an agribusiness, Costa is heavily reliant on water for irrigation to grow fresh fruit and vegetables. Water rights are measured initially at their cost of acquisition. These rights have an indefinite life as there is no expiry date associated with the underlying assets in terms of its generation of future economic benefits. As such, they are tested for impairment annually under their respective CGU. The carrying amount is supported by a value in use calculation;
- Costa's biological assets are primarily hanging crops (citrus, grapes, avocados, tomatoes, blueberries, raspberries and bananas) and short-lived crops (mushrooms and strawberries). Hanging crops are from trees and bushes that have an annual crop production cycle and a reasonably stable development cycle. On the other hand, short-lived crops have short term development cycles of less than three months;
- hanging crops are measured at their fair value less costs to sell at each reporting date. The fair value is determined as the net present value of cash flows expected to be generated by these crops (including a risk adjustment factor). Net increments and decrements in the fair value of these assets are recognised as either income or expense in the Consolidated Statement of Profit and Other Comprehensive Income. Conversely, where fair value cannot be measured reliably, biological assets such as short-lived crops are measured at cost. This approach takes into account actual costs for preparation and cultivation; and
- equity accounted investments consists of the following:
  - Costa's 50% ownership interest in the Driscoll's Australia JV, an Australian berry marketing business, via a joint venture arrangement which has a book value of approximately $34.7 million as at 2 July 2023; and
  - Costa's 50% ownership interest in the Polar Fresh Partnership, a provider of cold storage, warehousing and distribution solutions, which is recognised as an associate. Importantly, Polar Fresh's final service contract was completed in October 2017 and operations have now ceased. The entity has common law claims pending after which it will initiate the process of winding down. The book value as at 2 July 2023 is approximately $0.1 million.
- right-of-use assets and lease liabilities consist of property, vehicle and equipment leases. A sizeable one-off increase in right-of-use assets and lease liabilities was recognised as at 26 December 2021 following the successful renegotiation of Vitalharvest leases with Macquarie Asset Management;

KROLL

- bearer plants are valued using the cost of acquiring the plants as well as any directly attributable costs incurred for planting. This includes soil preparation, labour, costs of pots and soil mix. The ageing profile of the plants are also taken into consideration to arrive at the final valuation. They are depreciated on a straight-line basis over their estimated useful life;
- during the year-ended 26 December 2021, Costa entered into an arrangement to sell a disused property. This was recognised as a $3.2 million asset held for sale on the balance sheet. The property was sold in the subsequent financial year; and
- a significant increase in cash occurred for the half year ending 2 July 2023, representing a 141.5% increase from 1 January 2023. This was largely driven by strong International results, an increase in borrowings, the timing of debt pay downs as well as cash repatriation from China. Refer to Section 8.6.2 for more detail on borrowings;
- as at 2 July 2023, Costa had $350.1 million of net debt, comprising of $555.9 million of borrowings and $205.8 million of cash, resulting in a leverage multiple of 2.31 times LTM EBITDA-SL. Whilst this represents a marginal improvement compared to 1 January 2023, it exceeded Costa's target of 1.5 to 2.0 times LTM EBITDA-SL.

8.6.1 Taxation

No tax losses were disclosed for the half year ending 2 July 2023.

8.6.2 Borrowings

As at 2 July 2023, Costa had $703.8 million committed loan facilities with $147.9 million of these facilities undrawn. Details of the financing facilities available and debt maturity profile of Costa as at 2 July 2023 are set out in the following table.

Costa Borrowings as at 2 July 2023 ($ Millions)

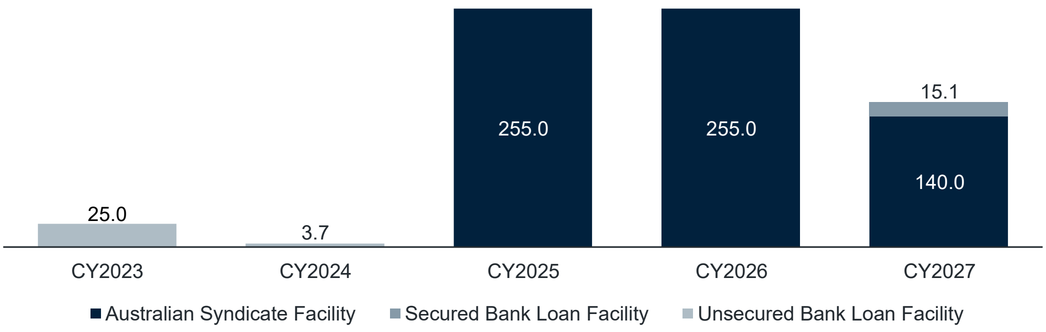
	Drawn	Undrawn	Limit	Currency	Maturity
Secured bank loan facility	7.1	8.0	15.1	MAD[1]	March '27
Australian syndicated debt facilities	526.8	123.2	650.0	AUD	June '25 – June '27
Unsecured bank loan facilities	22.0	16.7	38.7	CNY[2]/MAD	July '23 – July'24
Total loans and borrowings	**555.9**	**147.9**	**703.8**		

Source: Costa Half Yearly Report 2 July 2023
Notes:
1. Moroccan Dirham
2. Chinese Yuan

Unsecured bank loans consist of commercial bills. Costa expects and has the discretion to refinance or rollover the bank loans for at least 12 months after the end of the reporting period under the existing banking facility. The nominal rate for each facility consists of a floating cash rate plus a margin dependent on the amount of leverage. Lending covenants for both facilities include interest cover ratio and total leverage ratio. Costa Management has advised that the company was compliant with lending covenants as at 2 July 2023.

The secured loan facility of $15.1 million is secured over buildings and value-added tax (**VAT**) receivables and is denominated in MAD. Costa also has $38.7 million of unsecured loans, which are denominated in CNY or MAD. These facilities sit within and are used to fund its African Blue JV and China JV. The majority of Costa's borrowings are due in CY25 and beyond as illustrated in the following chart.

Debt Facility Maturity Portfolio as at 2 July 2023 ($ Millions)



Source: Costa 1H23 Report.

8.6.3 Derivatives

Costa enters into forward contracts to hedge some of its exposure against foreign currency risk stemming from operating activities and investments in foreign joint ventures. Specific activities that give rise to foreign exchange risk include bank loans, denominated in Moroccan Dirhams (**MAD**) and Chinese Yuan (**CNY**), importing, exporting of produce as well as purchases and capital expenditure and repatriation of China and Morocco JV dividends to Australia. As at 2 July 2023, Costa recognised $1.3 million in forward exchange contracts.

In addition, Costa manages its cash flow interest rate risk by entering into floating to fixed interest rate swaps for a portion of its variable rate borrowings. As at 2 July 2023, $1.6 million in interest rate swaps were recognised.

8.6.4 Contingent liabilities

Costa has not disclosed any contingent liabilities as at 2 July 2023.

KROLL

8.7 Cash flows

The following table summarises the cash flow statement of Costa for CY20, CY21, CY22, 1H22 and 1H23.

Costa Cash Flows ($ Millions)

	CY20 audited	CY21 audited	CY22 audited	1H22 reviewed	1H23 reviewed
EBITDA-S	**197.2**	**218.2**	**214.8**	**140.1**	**150.2**
Payment for leases	(52.6)	(61.5)	(79.3)	(43.7)	(37.3)
EBITDA-S, less payment for leases	**144.6**	**156.7**	**135.5**	**96.4**	**112.9**
Less: share of JV profit	(9.1)	(9.9)	(10.7)	(6.0)	(6.3)
Dividends received from JVs	4.2	4.2	6.7	3.4	2.8
Borrowing costs (excluding amortised costs)	(7.5)	(6.3)	(8.6)	(5.0)	(8.7)
Movement in working capital / non-cash items	5.4	(6.9)	(3.2)	(36.2)	(67.7)
Tax (payments)/refund	0.3	(23.1)	(24.5)	(11.0)	27.2
Cash flow from operating activities	**137.9**	**114.7**	**95.2**	**41.6**	**60.2**
Operating capital expenditure	(28.6)	(43.2)	(67.8)	(28.8)	(33.1)
Productivity & growth capital expenditure	(50.3)	(84.4)	(38.7)	(24.2)	(3.7)
Payments for business acquisitions (including material items)	-	(291.4)	(1.6)	-	(1.5)
Dividends paid to non-controlling interest	-	-	(4.5)	-	-
Other	1.1	1.0	4.3	4.5	3.2
Cash flow after investing activities	**60.1**	**(303.3)**	**(13.1)**	**(6.9)**	**25.1**
Payment of dividends	(24.0)	(38.6)	(41.8)	(23.2)	(23.2)
Issue of shares (net of transaction costs)	(0.3)	185.2	-	-	-
Loans and advances	-	1.7	2.2	1.1	-
Net debt movement	**35.8**	**(155.0)**	**(52.7)**	**(29.0)**	**1.9**
Opening net debt	***178.8***	***143.9***	***299.2***	***299.2***	***352.0***
Movement in net debt	*(35.8)*	*155.0*	*52.7*	*29.0*	*(1.9)*
Closing net debt	***143.9***	***299.2***	***352.0***	***328.2***	***350.1***
Statistics					
Cash conversion ratio[1]	*95.4%*	*73.2%*	*70.3%*	*43.2%*	*53.3%*

Source: Costa Annual, Half Yearly Reports and Presentations; Kroll analysis.
Note 1: Calculated as cash flow from operating activities divided by EBITDA-S, less payment for leases.

In relation to Costa's cash flows, we note the following:

- Costa recorded positive operating cash flows between CY20 and CY22. Despite this, operating cash flows have been declining in magnitude over that same period due to a combination of increasing lease payments, tax payments and negative movements in working capital/non-cash items in CY21 and CY22, which resulted in a decline in the cash conversion ratio in CY21 and CY22;
- cash flows from operating activities were higher in 1H23 relative to 1H22, resulting in an increase in Costa's cash conversion ratio. In 1H23, Costa benefited from a $27.2 million tax refund from CY22, which partially offsets a significant negative movement in working capital due to the delayed start to the citrus harvest which resulted in elevated inventories and receivables and reduced cash receipts;
- cash flow after investing activities were negative in CY21 due to a $291.4 million spend on the acquisitions of 2PH, KW Orchards and Select Fresh. Other significant contributing factors included heightened productivity and growth capital expenditure which facilitated the continuation of international expansion, completion of tomato GH4 and avocado protected substrate trellis crop programs, as well as organic growth in operating capital expenditure which reflects Costa's expanding portfolio. The 2PH acquisition was funded by net receipts from an equity raising of $185.2 million while other growth initiatives were funded by an increase in net borrowings;
- in CY22, lower cash flow from operations and significant capital expenditure resulted in negative cash flow after investing activities. Operating capital expenditure was elevated in comparison to prior periods due to Costa's growing portfolio as well as costs relating to immature bearer plants particularly in 2PH, berry replanting and soil conversion. Meanwhile, product and growth capital expenditure was

48

focussed on redevelopment and replanting in Morocco, as well as the completion of the new 100 hectare blueberry farm in China; and

- in 1H23, Costa recognised positive cash flow after investing activities, which was largely due to lower growth capital expenditure. Costa will incur significant growth capital expenditure in 2H23 as a result of the acquisition of Conaghan's property, which was exercised in September 2023, and to facilitate further expansion in China.

8.8 Capital structure and ownership

As at the date of this report, Costa has the following securities on issue:

- 464,709,793 Costa Shares on issue; and
- 2,635,206 options or rights to subscribe for Costa Shares.[53]

8.8.1 Costa Shareholders

As at 5 December 2023, Costa had 16,380 registered Costa Shareholders. The top 20 registered Costa Shareholders are primarily institutional nominees and accounted for 78.9% of Costa Shares on issue. Retail investors (investors holding 10,000 shares or less) accounted for 87.0% of total Costa Shareholders and 7.8% of Costa Shares on issue.

Costa has received substantial holding notices from the following Costa Shareholders as at 5 December 2023:

Costa Substantial Shareholders as at 5 December 2023

Substantial Shareholder	Date of notice	Number of shares	Percentage[1]
Australian Football Holdings, LLC[2]	26 September 2023	91,181,133	19.6%
Driscoll's[2]	26 September 2023		
Varese IRR GP Inc.[2]	26 September 2023		
Bidco[2]	26 September 2023		
UBS Group AG	20 November 2023	28,294,861	6.09%

Source: ASX Announcements.
Notes:
1. Percentage is based on percentage ownership as at the time of the latest notice.
2. Australian Football Holdings, LLC (established in Delaware, US) and various associates have a direct holding of 69,675,977 Costa Shares and Driscoll's has a direct holding of 21,505,156 Costa Shares. Varese IRR GP Inc., Driscoll's, Australian Football Holdings, LLC and Bidco have a relevant interest in 91,191,133 Costa Shares pursuant to various arrangements including a conditional transfer agreement, a transaction co-operation agreement and agency agreement.

8.8.2 Costa Performance Rights and other LTI awards

Costa operates employee incentive plans under which long-term incentives (**LTI**) and short-term incentives (**STI**) are offered to executives and other senior employees, with the current unvested awards granted under Costa's LTI plans (**LTIP**s) (broken down by performance year) being set out in the table below, and we note that no STI awards were granted for CY22:

Costa Options

LTI award	Exercise price	Vesting / Performance period end	Number unvested	Total
IPO Share Option Plan	$1.45	Vested	-	50,000
CY21 LTI Plan – options	$3.95	31 December 2023	810,173	810,173
CY22 LTI Plan – options	$2.96	31 December 2024	1,179,874	1,179,874
CY23 LTI Plan – performance rights	na	31 December 2025	595,159	595,159
Total			**2,635,206**	**2,635,206**

Source: Costa Management.

[53] 50,000 of which are options to subscribe for C Class shares in the capital of Costa under Costa's IPO Share Option Plan. Once issued, these C Class shares automatically convert to Costa Shares.

KROLL

One former Costa Director still holds IPO Share Option Rights, which are vested rights which can be exercised at any time until 30 October 2024. These Options have an exercise price of $1.45. In the event of the Scheme becoming Effective, these options will be cancelled with effect prior to 5pm on the Effective Date of the Scheme and $1.75 per option cash will be paid to the holder, being the difference between the Scheme Consideration and the exercise price for the options.

Under the LTIPs, Costa Options or Performance Rights were issued to Executive key management personnel and other members of senior management. The Costa Options and Performance Rights are subject to various vesting conditions, including time-based and performance-based conditions.

The CY21 LTI Options are expected to lapse as the performance conditions are not expected to be satisfied by 31 December 2023. However in the event that they do vest, they have an exercise price of $3.95. The LTI Options for CY22 have an exercise price of $2.96, and the CY23 LTI Performance Rights do not have an exercise price.

If the Scheme becomes Effective the CY22 LTI Options and CY23 LTI Performance Rights will undergo accelerated vesting. The CY22 LTI Options will be paid in a single cash payment on the Implementation Date, and the CY23 LTI Performance Rights will be paid in instalments over a twelve-month period, commencing on the Implementation Date.

Performance Rights and other LTI awards assuming Scheme Becomes Effective

LTI award	Exercise price ($)	Settlement method	Number Vesting	Cash payment per award ($)	Total cash payment ($ million)
IPO Share Options	1.45	Cash	50,000	1.75	0.1[1]
CY21 LTI – Options	3.95	na	-	na	-
CY22 LTI – Options	2.96	Cash	1,179,874	0.24	0.3[2]
CY23 LTI – Performance rights	na	Cash	595,159	3.20	1.9[3]
Total			**1,824,033**		**2.2**

Source: Costa Management.
Notes:
'na' means not applicable.
1. Calculated as 50,000 options being paid out at $1.75 per option for a total cash payment of $87,500.
2. Calculated as $0.24 cash payment, being the difference between the Scheme Consideration and the exercise price for the options, multiplied by the number of vested CY22 LTI Options.
3. Calculated as $3.20 cash payment multiplied by the number of vested CY23 LTI Performance Rights.

8.9 Share price performance

In assessing Costa's share price performance, we have:

- analysed price and volume performance of Costa Shares since 2 January 2020;
- considered Costa's share price movement relative to the ASX 200 Index, due to the prevalence of significant global economic impact events, and comparable domestic and international companies; and
- assessed the VWAP and trading liquidity of Costa Shares for various periods up until 30 June 2023, the last day on which Costa Shares traded on the ASX prior to announcing the receipt of the Indicative Proposal.

KROLL

8.9.1 Recent sharemarket trading

Costa's share price performance and the volume of shares traded from 2 January 2020 is illustrated as follows.

Costa Share Price and Volume (Millions) from 2 January 2020

Source: S&P Capital IQ; Kroll analysis.

The advent of the COVID-19 pandemic coincided with the stabilisation of weather in key growing regions and allowed for share price growth and a reduction in volatility. As discussed, the COVID-19 pandemic had a net positive impact upon the horticultural industry as the temporary closure of hospitality venues caused an increase in home cooking. Over the course of CY20, Costa's share price increased from a closing low of $2.41 on 6 January 2020 to close at a high of $4.10 on 2 December 2020.

On 28 August 2020, Costa announced the 1H20 results, which included the recommencement of dividends. The share price increased by 24.3% over four trading days.

The beginning of CY21 benefited from the continued momentum following the CY20 share price gains leading into the CY20 results announcement. The 27 May 2021 Annual General Meeting showcased the strong results despite the operational difficulties resulting from the COVID-19 pandemic.

However, there was a significant negative market reaction to the Annual General Meeting, with the share price declining by 24.1% from $4.44 to close at $3.37. This was driven primarily by the announcement that 1H21 performance would be marginally ahead of the prior comparable period whereas the market was expecting an improved first half result. In addition, management advised the following:

- pricing pressures on avocados were expected to continue through the year;
- Costa was experiencing short term labour shortages at the South Australia facility; and
- an update of damages caused by the November 2019 hailstorm, which the market had previously been alerted to.

From the $3.37 close, the Costa share price continued to drift lower and reached a low of $2.23 on 25 October 2022. During this time:

- in June 2021, Costa Management announced a capital raising to fund the 2PH and other acquisitions. The equity raise occurred at $3.00, a discount of 10.3% to the theoretical ex rights price of $3.35, putting further pressure on the share price. In all, $291.4 million was paid in CY21 for acquisitions, of which $190 million was funded through the capital raising, with an additional option to acquire Conaghan's property as part of the 2PH acquisition.[54] As a result of the acquisitions, the pro forma leverage[55] increased to 1.4 times at 30 June 2021, up from 0.99 times at 27 December 2020;
- the share price declined by 7.4% in the three days following the announcement on 26 August 2021 of the 1H21 results, which indicated that revenue and EBITDA-S for Produce had declined relative to 1H20 as a result of weak performance of citrus and tomatoes, and leverage was 1.4 times;

[54] Costa Annual Reports.
[55] Net debt/EBITDA-SL.

- there was a brief share price spike on 22 February 2022, the day of the CY21 results release, before the share price declined by 16.3% over the following four trading days. The results indicated that Produce earnings were relatively flat as a result of a significant decline in the avocado category due to oversupply across the industry, leverage had increased further to 1.85 times;
- on 26 August 2022, Costa Management announced the 1H22 results, which indicated that the prolonged La Nina had delayed the quality of the citrus crop and leverage had increased to 1.94 times;
- on 26 September 2022, the share price declined by 14.2% following the announcement that Costa's CEO and Managing Director would step down;
- on 17 October 2022, Costa Management provided a trading update, which indicated that CY22 EBITDA-S was expected to be marginally ahead of last year's results. The share price declined by 13.4% on that day.

PSP advised on 26 October 2022 that it had obtained a 13.78% interest in Costa at $2.60 per share. The Costa share price increased by 10.8% on the date of the announcement.

On 21 February 2023, Costa Management announced the CY22 results, which indicated a decline in Costa's EBITDA-S as a result of weak performance of Produce, with a $40 million lower result for citrus than plan and a 10% decline in avocado revenue, and leverage had increased to 2.46 times. The share price declined by 9.3% in the following two days.

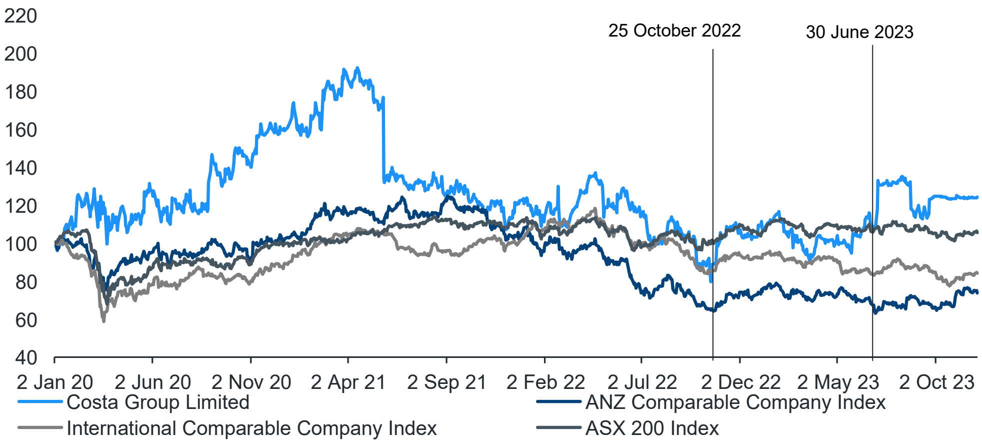
The share price increased by 10.9% in the two days following the announcement at the Annual General Meeting on 25 May 2023 of strong International results.

In the month leading up to 30 June 2023, Costa Shares traded in the range of $2.57 to $2.92, at a VWAP of $2.27, and closed at $2.72 on 30 June 2023.

8.9.2 Relative share price performance

Costa is a member of various indices including the ASX 200 Index, S&P/ASX 200 Consumer Staples Index, the S&P/ASX 200 Food Beverage and Tobacco Index, and the S&P/ASX 200 Industrial Index. During the period there were significant events that impacted the entirety of the global economy. We have deemed the ASX 200 Index to be an appropriate comparative to Costa in conjunction with comparable companies. For this, Kroll has created an Australia and New Zealand Comparable Company Index (**ANZ Comparable Companies**)[56] and an International Comparable Company Index (**International Comparable Companies**)[57] (rebased to 100).

Relative Performance of Indices since 2 January 2020



Source: S&P Capital IQ; Kroll analysis.

[56] Composed of Inghams Group Limited, Bega Cheese Limited, T&G Global Limited and Select Harvests Limited.
[57] Composed of Cal-Maine Foods Inc, Tyson Foods Inc, Ingredion Incorporated, Wilmar International Limited, Bunge Limited, Calavo Growers Inc, Tate & Lyle plc.

From January 2020 until May 2021, the Costa share price outperformed all three indices, then substantially underperformed following the Annual General Meeting in May 2021 and continued to underperform until early CY22. From then until 30 June 2023, the Costa share price broadly tracked the ASX 200 Index and International Comparable Companies, each of which outperformed the ANZ Comparable Companies, which continued to decline.

8.9.3 Liquidity

The following tables set out an analysis of the volume of trading in Costa Shares and VWAP for various periods up to:

- 25 October 2022, the last closing price prior to PSP acquiring a 13.78% relevant interest in Costa; and
- 30 June 2023, the last trading day immediately prior to market speculation around a possible change of control proposal.

Costa Share Price and Liquidity to 25 October 2022

Period	Price ($) Low	Price ($) High	Price ($) VWAP	Cumulative value ($ million)	Cumulative volume (million)	Percentage of issued capital
1 day	2.22	2.28	$2.25	5.1	2.3	0.5%
1 week	2.00	2.29	$2.16	46.4	21.5	4.6%
1 month	1.93	2.60	$2.16	144.7	66.9	14.4%
3 months	1.93	2.89	$2.41	341.6	142.0	30.6%
6 months	1.93	3.34	$2.66	803.8	302.3	65.1%
12 months	1.93	3.46	$2.82	1,623.4	576.4	124.1%

Source: IRESS; Kroll analysis.

Costa Share Price and Liquidity to 30 June 2023

Period	Price ($) Low	Price ($) High	Price ($) VWAP	Cumulative value ($ million)	Cumulative volume (million)	Percentage of issued capital
1 day	2.71	2.75	2.72	5.3	1.9	0.4%
1 week	2.68	2.81	2.73	15.9	5.8	1.3%
1 month	2.57	2.92	2.72	112.7	41.4	8.9%
3 months	2.34	2.98	2.57	289.2	112.6	24.2%
6 months	2.24	3.37	2.58	459.1	177.7	38.2%
12 months	1.93	3.37	2.54	1,265.4	497.4	107.1%

Source: IRESS; Kroll analysis.

In the 12 months to 25 October 2022, 124.1% of Costa Shares were traded, and in the 12 months to 30 June 2023, 107.1% of Costa Shares were traded. This level of trading indicates that Costa Shares are liquid.

9 Valuation of Costa

9.1 Summary

Kroll has assessed the value of Costa's equity to be in the range of $1,218.0 million to $1,522.2 million, which corresponds with a value per Costa Share in the range of $2.62 to $3.28 on a fully diluted basis.[58] Our range of assessed values reflects 100% ownership of Costa and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect Costa Shares would trade on the ASX in the absence of the Scheme.

The value of Costa's equity has been determined utilising a sum-of-the parts methodology, by aggregating our estimated fair value of each of Costa's operating segments (control basis) and Costa's 50% interest in

[58] Based on 464,709,793 Costa Shares on issue. All performance rights and options will undergo accelerated vesting and settled in cash if the Scheme becomes Effective (refer to Section 8.8.2).

the Driscoll's Australia JV, and deducting non-controlling interests in the African Blue JV and China JV and adjusted net borrowings (after the cash settlement of outstanding Performance Rights). The valuation is summarised as follows.

Costa Summary of Value ($ Millions)

	Section Reference	Low	High
Produce[1]	9.3	1,181.3	1,365.6
CF&L	9.4	79.8	91.0
International (100% interests)[2]	9.5	1,163.3	1,293.8
Value of Costa's operating business (100% control basis)		**2,424.3**	**2,750.4**
Other assets/(liabilities)	9.6	nil	nil
Enterprise value (100% control basis)		**2,424.3**	**2,750.4**
Equity value of Driscoll's Australia JV (50% interest)	9.7	109.3	115.3
Adjusted net borrowings[3]	9.8	(1,051.2)	(1,051.2)
Non-controlling interests[4]	9.5	(264.3)	(292.3)
Value of Costa's equity (100% control basis)		**1,218.0**	**1,522.2**
Diluted number of shares outstanding (millions)[5]	8.8.2	464.7	464.7
Value per Costa Share – diluted (100% control basis) ($)		**$2.62**	**$3.28**

Source: Kroll analysis.
Notes:
1. Excludes equity accounted income from Costa's 50% interest in the Driscoll's Australia JV.
2. Reflects 100% of the African Blue JV and China JV, with non-controlling interests deducted separately.
3. Adjusted for cash to be paid on settlement of Costa Performance Rights and options that vest as a result of the Scheme.
4. Non-controlling interests include Dole's 10% interest in the African Blue JV and Driscoll's 30% interest in the China JV. The value attributed to the International operating business in Section 9.5 of this report has been allocated between the JVs and licensing based on their contribution to International's CY25 EBITDA-S, less their share of net debt and lease liabilities.
5. Based on 464,709,793 Costa Shares on issue (refer to Section 8.8.2).

The range of values is relatively wide as a result of Costa's financial leverage (including lease liabilities).

Our valuation range of $2.62 to $3.28 per Costa Share reflects the following premia:

- 17.5% to 47.1% over the closing price of Costa Shares on 25 October 2022, the last close prior to PSP acquiring a 13.78% stake;
- 21.1% to 51.6% over the one-month VWAP to 25 October 2022;
- (3.7%) to 20.6% over the closing price of Costa Shares on 30 June 2023, the last trading day immediately prior to market speculation around a possible change of control proposal; and
- (3.9%) to 20.4% over the one-month VWAP to 30 June 2023.

The premia reflect that our valuation of Costa includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX.

The premia over the closing price and one-month VWAP to 25 October 2022 are broadly consistent with premiums observed in completed transactions, which are generally in the range of 25% to 40% depending on the individual circumstances.[59] In this regard, we note that other than Dole and Driscoll's, Kroll has not identified any potential strategic acquirers of Costa with overlapping geographical operations and product categories that are of sufficient scale to acquire Costa such that they would be able to derive significant synergies as a consequence of the acquisition. Furthermore, there are likely dis-synergies for any competitor of Driscoll's as a result of change of control clauses in the Australia and China joint venture agreements. Consequently, synergies available to a pool of potential strategic acquirers are expected to be limited and would include public company and other corporate cost savings (refer to Section 9.2.3 of this report).

59 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

Factors that may have impacted the premia over the closing price and one-month VWAP to 30 June 2023, which are below those observed in completed transactions, include:

- the Costa share price likely included a control premium as a result of takeover speculation that followed PSP's acquisition of the 13.78% stake (refer to Section 3.4.1 of this report);
- Costa provided an earnings downgrade on 24 August 2023 as a result of the deterioration in the outlook for later season quality across the citrus category, which was expected to have a $30 million impact; and
- Costa provided a further earnings downgrade in the Scheme Booklet, advising that full year CY23 EBITDA-S results are expected to be lower than in CY22, impacted by a continuation of unfavourable weather conditions in citrus and table grapes, and lower pricing in Produce as a result of high industry volumes in berries and tomatoes.

Our valuation takes into account these earnings downgrades, however, trading over this period does not.

In forming our view as to the value of Costa Shares, we have considered a series of factors including:

- the volatile nature of productivity and financial performance in the horticulture and fresh produce industry, with exposure to variability in weather, pests and disease and water access across seasons and geographies, as highlighted by Costa's two earnings downgrades for CY23, variability in consumer demand which is impacted by supply and demand dynamics across domestic and export markets, and a heavy reliance on labour and capital markets;
- the potential for greater variability of weather and more extreme weather events over time as a result of global warming;
- Costa's competitive advantages including premium and exclusive product varieties developed through Costa's own blueberry genetics program or licensed through long standing relationships with other leading developers, expansive protected cropping footprint and geographical diversification across Costa's own farms and third party grower network, enabling 52 week supply in Australia;
- the current operating environment with continued elevation in labour costs and input costs. Global market sentiment has been impacted by the conflict in the Middle East and surging fuel prices. Australian quarterly inflation rebounded in the September quarter and the Reserve Bank of Australia raised the official interest rate in November 2023, which may further impact consumer sentiment;
- for domestic operations in Produce and CF&L:
  - stable demand for farm-to-table produce relative to the dampening effects of cost of living pressures;
  - the 2PH and Conaghan's citrus assets acquired include planted and prospective development hectares which are expected to deliver significant growth in the short to medium term as immature trees mature;
  - rising export demand for Australian fruit driven by recent free trade agreements with India and the United Kingdom;
- for International:
  - expansion of operations in China, which has low production costs, strong demand and higher yields and margins than domestic operations . There is, however, a risk of increased competition in China which may impact Costa's ability to continue to achieve premium pricing in that market;
  - potential impact of replanting in Morocco;
- potential operating efficiency gains from technological advances and Sustainable Commercial Farming initiatives;
- Costa's maintenance and growth capital expenditure requirements and existing financial leverage; and
- synergies available to a pool of potential acquirers, which are reflected in the selection of a control multiple in the market approach.

As a cross-check, Kroll has compared the implied multiples of Costa's EBITDA-S to the implied multiples of EBITDA observed in recent comparable transactions.

9.2 Approach

9.2.1 Overview

Our valuation of Costa has been prepared on the basis of 'fair value'. The generally accepted definition of fair value (and that applied by us in forming our opinion) is the value agreed in a hypothetical transaction between a knowledgeable, willing, but not anxious buyer and a knowledgeable, willing, but not anxious seller, acting at arm's length. Fair value excludes 'special value', which is the value over and above the value that a particular buyer, which can achieve synergistic or other benefits from the acquisition, may be prepared to pay.

In the absence of direct market evidence, fair value is commonly derived by applying one or more of the following valuation approaches:

- the market approach;
- income approach; or
- cost approach.

These approaches are discussed in further detail in Appendix 4. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved. A secondary methodology is often adopted as a cross-check to ensure the reasonableness of the outcome, with the valuation conclusion ultimately being a judgement derived through an iterative process.

For profitable businesses, the market approach and income approach are commonly used as they reflect 'going concern' values, which typically incorporate some element of goodwill over and above the value of the underlying assets. For businesses that are either non-profitable, non-tradeable or asset rich (e.g. real estate investment trusts), a cost approach is often adopted as there tends to be minimal goodwill, if any.

9.2.2 Selection of methodology

A discussion of the rationale for the selection of the valuation methodologies is set out as follows.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

Costa has established a track-record of through the cycle earnings growth as a result of its product and geographical diversification and protected cropping practices. Furthermore, with continued investment in protected cropping practices, there is no basis to expect that the business will be unable to continue indefinitely. In addition, there are a number of publicly traded food producing companies in Australia and New Zealand with an exposure to global or major national markets, and transactions involving large horticultural and food processing companies from which to calculate meaningful multiples. Consequently, a market approach has been used as the primary valuation approach.

Application of this approach involves the capitalisation of the cash flows or earnings of a business or segment at a multiple that reflects both the risks and the future growth prospects of the income it generates. This methodology requires an element of professional judgement as to:

- the level of earnings or cash flows that are expected to be maintainable indefinitely, adjusted for non-recurring items and other known factors likely to impact on future operating performance; and
- an appropriate capitalisation multiple that reflects the risk and growth prospects associated with the level of earnings being capitalised. The capitalisation multiple is usually determined having regard to market evidence derived from comparable transactions and sharemarket prices for comparable companies, whilst also considering the specific characteristics of the business being valued.

The earnings base to which a multiple is commonly applied include revenue, EBITDA, EBIT and net profit after tax. The choice between parameters is usually not critical and should give a similar result. We note that we have used EBITDA-S which is commonly used in valuing fresh produce or agricultural companies. We have utilised historical and forecast EBITDA-S multiples where available, alternatively we have considered underlying EBITDA as an equivalent measure in our market approach.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them. In any event, we are not aware of any rules-of-thumb applicable to the agriculture industry.

Income approach

Under an income approach, the value of an asset or business is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history, there is a variable pattern of cash flow, or the asset or business has a finite life.

The most common application of the income approach is the DCF methodology. This methodology allows for cash flows to reflect a range of risks and opportunities and also allows for a range of scenarios to be modelled.

A DCF methodology can be applied to cash flows to the whole asset or business or cash flows to equity. Cash flows to the whole asset or business is most commonly used because an asset or business should theoretically have a single value that is independent of how it is financed or whether income is paid as dividends or reinvested.

Utilising the DCF methodology requires estimation of cash flows for a number of years and discounting those cash flows back to present value. Costa has provided a forecast for CY23, CY24 and CY25 for each of Costa's reporting segments that was prepared in May 2023. Whilst revised EBITDA-S forecasts were provided for CY23, forecasts for CY24 and CY25 were not updated and, therefore, do not, reflect the deterioration in outlook announced in August 2023. The forecasts would require a range of specific adjustments and updates to accurately reflect current estimates for each of the segments on a sufficiently reliable basis and accordingly, is not considered suitable for Kroll's valuation purposes. Consequently, Kroll has not undertaken a DCF analysis.

Cost approach

A cost-based approach is most appropriate for businesses where the value lies in the underlying assets and not in the ongoing operations of the business (e.g. real estate holding companies). This approach does not capture growth potential or internally generated intangible value associated with a company such as Costa.

9.2.3 Control premium

Consistent with the requirements of RG 111, we have assumed 100% ownership of Costa and, therefore, our valuation includes a control premium.

Successful transactions are commonly completed with an implied acquisition premium to the pre-trading equity price of the target in the order of 25% to 40% depending on the individual circumstances.[60] In considering the evidence provided by actual transactions, it is important to recognise that the observed premium for control is an outcome of the valuation process, not a determinant of value, and that each transaction will reflect to varying degrees the outcome of a unique combination of factors, including:

- the acquirer's capacity to realise full control over the strategy and cash flows of the target entity;
- the magnitude of synergies available to all acquirers, for example, the rationalisation of costs related to duplicated functions, or the removal of costs associated with the target being a listed entity;
- uncertainties related to the timing of full realisation of target synergies;

[60] 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

- the expected costs to migrate and integrate the business;
- the nature of the bidder (i.e. whether the acquirer is a financial investor or a trade participant);
- synergistic or special value that may be unique to a particular acquirer;
- the interest acquired in the transaction with consideration to the bidder's pre-existing shareholding in the target;
- the prevailing conditions of the economy and capital markets at the time of the transaction with consideration to the position in the overall market cycle;
- desire (or anxiety) for the acquirer to complete the transaction;
- whether the acquisition is competitive; and
- the extent the target company's share price already reflects a degree of takeover speculation.

The premium that is ultimately applied must have regard to the circumstances of each case. In some situations, it may be appropriate to apply no premium for control, for example, there are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering. Accordingly, an assessment as to an appropriate control premium (if any) is, essentially, a matter of judgement.

The multiples derived for listed comparable companies generally reflect prices at which portfolio interests (i.e. minority interests) are traded and consequently, do not include a control premium. They may also be impacted by the level of liquidity in trading of the particular security. Accordingly, when valuing a business as a whole (i.e. Costa on a 100% basis), or when valuing the main undertaking of a business, it is appropriate to reference the multiples achieved in recent transactions, where a control premium and breadth of purchaser interest are more fully reflected.

Any potential acquirer of Costa is likely to be able to save all public company costs. Public company costs include directors fees, director and officer insurance and other corporate costs including Board, ASX listing and other fees, share registry, annual general meeting, annual report and audit fees and taxation services.

Acquirers with common product categories and geographical overlap in comparison to Costa could potentially derive additional synergies including savings in corporate overheads, procurement, regulatory and distribution costs. However, given that horticultural operations are often linked to specific product categories and geographies (due to the benefits of proximity to the most suitable growing areas and consumer markets and the perishability of fresh produce), a majority of these synergies will be dependent on the acquirer and Costa having an overlapping product category and geographical footprint.

Other than Dole and Driscoll's, Kroll has not identified any potential strategic acquirers of Costa that have overlapping geographical and product categories that are of sufficient scale to acquire Costa such that they would be able to derive significant synergies as a consequence of the acquisition.

Fresh Del Monte produces and distributes a range of fruit and vegetables globally, but does not have operations in Australia, limiting the potential for synergies given the perishability of fruit and vegetables. Other global fruit and vegetable growers tend to overlap with Costa in a single product category only, limiting the potential synergies. For example, there are some large Californian citrus growers, however, they would not be able to derive significant synergies from citrus farming operations given the geographical distance between the two countries nor it is not feasible to ship substantial fresh produce between the United States and Australia to gain marketing synergies.

Dole produces and distributes a range of fruit and vegetables globally, including berries in Europe where Costa's African Blue JV operates, and has only minor berry, citrus and grape operations in Australia. Access to Costa's genetics program could potentially accelerate its growth of berries, however, there would be dis-synergies to the extent that Costa already directly sells fruit or licenses its genetics on an exclusive basis to third parties in most regions. Furthermore, in the event that a competitor of Driscoll's acquires Costa, Driscoll's would have the right to acquire Costa's interests in the Australian JV and China JV.

Driscoll's markets berries globally, which includes operations in Australia and China through joint ventures with Costa. The existing relationship between Costa and Driscoll's results in Driscoll's likely having greater potential synergies than any other party. Assuming the acquisition of 100% of Costa, Driscoll's is likely to be able to eliminate licensing fees payable to Costa and potentially reduce the costs associated with research in relation to new varieties of berries. Acquiring Costa as part of a consortium, rather than acquiring

100% of Costa, may limit potential benefits. In any event, it is a single acquirer and does not constitute a 'pool of potential acquirers'.

Accordingly, it is considered unlikely that a pool of potential acquirers would have access to significantly more than public company and other corporate cost savings.

In valuing Costa utilising a market approach, we have placed greater reliance on transaction multiples which include a premium for control.

9.3 Valuation of Produce

9.3.1 Summary of value

Kroll has assessed the value of Produce using a market approach having regard to capitalisation of multiples for selected listed food producing companies in Australia and New Zealand with an exposure to global or major national markets; and transactions involving large horticultural and food processing companies. This assessment requires consideration of an appropriate level of maintainable earnings (refer to Section 9.3.2 of this report) and capitalisation multiples (refer to Section 9.3.3 of this report). The selected maintainable earnings level is based on an assessment of maintainable revenue and maintainable EBITDA-S margin.

We have determined the value of Produce to be in the range of $1,181.3 million to $1,365.6 million as follows. This value range includes the value attributed to the $200 million 2PH acquisition, the benefit of which is not fully reflected in historical earnings but which is expected to be realised over time as the citrus trees mature (refer to Section 8.4.3).

Value of Produce ($ Millions)

	Section	Valuation Range	
	Reference	Low	High
Maintainable revenue	9.3.2	1,050	1,150
Maintainable EBITDA-S margin	9.3.2	12.5%	12.5%
Maintainable EBITDA-S		**131.3**	**143.8**
Capitalisation multiple (control basis)	9.3.3	9.0	9.5
Value of Produce (control basis)		**1,181.3**	**1,365.6**

Source: Kroll analysis.

9.3.2 Maintainable earnings

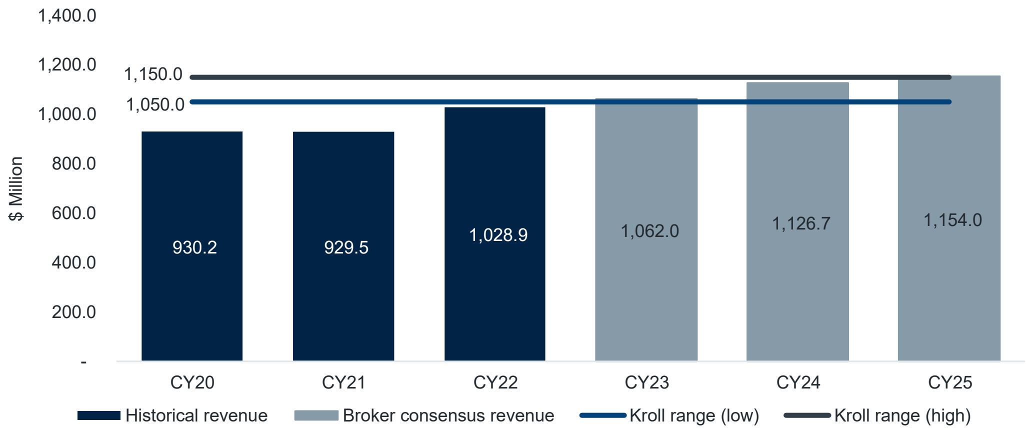
Maintainable earnings should reflect the earnings that can be achieved by a business or segment in the future on an ongoing basis. It is an estimation of the earnings or cash flows that a hypothetical purchaser would utilise for valuation purposes, having regard to historical and forecast operating results, non-recurring items of income and expenditure, and other known factors that are likely to have an impact on the business' operating performance.

The selected maintainable earnings level is based on an assessment of maintainable revenue and maintainable EBITDA-S margin.

Maintainable revenue

Total revenue of Produce is comprised of the revenues corresponding to the citrus, grapes, berries, mushrooms, tomatoes, avocados and bananas categories. EBITDA-S has been adjusted to exclude equity accounted income from Costa's 50% interest in the Driscoll's Australia JV, which has been valued separately. Kroll has selected maintainable revenue for Produce in the range of $1,050 million to $1,150 million. The following figure shows Produce revenue from CY20 to CY25 and Kroll's selected maintainable revenue range.

Produce Revenue



Source: Kroll analysis
Note: CY20 to CY22 revenue is based on actual Produce results (refer to Section 8.5.2 of this report). CY23 to CY25 revenue reflects the broker's consensus revenue (refer to Section 8.5.5 of this report).

In relation to revenue we note the following:

- the brokers consensus revenue does not reflect the earnings downgrade announced in the Scheme Booklet, Section 4.8. Forecast pricing in Produce is expected to be below Costa's previous expectations for the remainder of CY23, impacted by the continuation of unfavourable weather in the citrus category and high industry volumes in berry and tomato categories. The significant industry volumes are due to recent favourable growing conditions on the Australian Eastern seaboard. We note that these are predominantly weather-related impacts rather than structural changes to Produce's operating environment;
- we consider CY24 to be the most appropriate reference year for Produce given it reflects a full year of recovery in revenue and margins after CY23, which has been impacted by adverse weather and trading conditions and higher input costs. In addition, CY24 includes the full year impact of the 2PH crop and the additional 10 hectares of Tomato Glasshouse 4 and, therefore, represents a reasonable basis to determine maintainable revenue; and
- CY25 revenue is forecast to be higher than in CY23 and CY24 reflecting the continued recovery of the citrus price and of the demand for tomatoes and the further maturing of the 2PH orchards. While brokers expect this recovery to occur given the extraordinary nature of the CY22 issues, CAGR over CY23 to CY25 is a modest 4.2%, which reflects the risk perceived by brokers arising from weather conditions, pests and disease, cost of living pressures in both Australia and overseas combined with the availability of alternative, less expensive produce. Brokers also take into account execution risk associated with delivering the expected citrus growth projects. The range of the brokers forecasts is relatively narrow, with a consistent difference of approximately 9.0% between the minimum and maximum forecasts for each year over CY23 to CY25; and
- long term citrus volumes beyond the forecast period will also depend on the maturing of the Conaghan's orchards, which were purchased by Costa on 29 August 2023, and are not expected to reach maturity until after CY25.

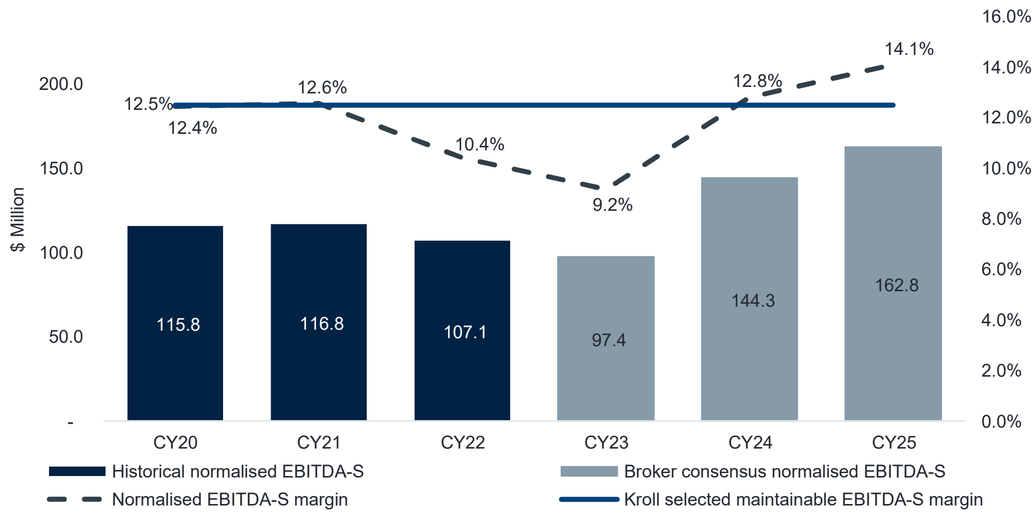
Having regard to the above factors, and acknowledging the uncertainty involved in forecasting the Produce revenues growth, which is highly dependent on variable but known factors, Kroll has selected a maintainable revenue in the range of $1,050 million to $1,150 million, which straddles the brokers' consensus revenue for CY24. The volatility of Produce's earnings, as highlighted by the two recent earnings downgrades for CY23, is reflected in the selection of a range of multiples.

Maintainable EBITDA-S margin

A maintainable EBITDA-S margin was applied to the maintainable revenue to determine a maintainable EBITDA-S. Kroll has selected a maintainable EBITDA-S margin of 12.5%.

The following chart shows Produce's normalised EBITDA-S and EBITDA-S margin from CY20 to CY25 and Kroll's selected maintainable EBITDA-S margin.

Produce Normalised EBITDA-S and EBITDA-S Margin



Source: Kroll analysis
Note: CY20 to CY25 EBITDA-S has been adjusted to exclude equity accounted income from Costa's 50% interest in the Driscoll's Australia JV. Kroll has assumed that income from associates for CY23 to CY25 is consistent with that in CY22.

In relation to the normalised EBITDA-S and EBITDA-S margin we note the following:

- CY20 and CY21 Produce EBITDA-S margin was stable at 12.4% and 12.6% and benefited from strong demand and pricing supported by the COVID-19 pandemic lockdowns;
- Produce EBITDA-S margins decreased considerably in CY22 to 10.4%, impacted by the citrus produce category quality issues, reduced exports and high inputs costs (e.g. labour, freight); and
- brokers expect EBITDA-S margin to decline further to 9.2% in CY23 due to quality issues related to citrus and softening of demand for tomatoes, before recovering in CY24 and CY25 as a result of a recovery of demand for tomatoes, improved citrus quality, maturation of citrus trees and easing of inflationary pressure, with the margin forecast to increase to 12.8% in CY24 and 14.1% by CY25.The broker consensus does not take into account the second CY23 earnings downgrade announced by Costa in the Scheme Booklet. As discussed, Kroll notes that the second earnings downgrade was primarily a result of weather conditions and is not expected to have a sustained impact on earnings. In our valuation, Kroll has had greater reliance on CY24 earnings.

Having regard to these factors, Kroll has selected a maintainable EBITDA-S margin of 12.5%, which is slightly below the broker consensus EBITDA-S margin for CY24, as well as EBITDA-S margins that were historically achieved in CY20 and CY21. As discussed, we have taken into account the risks to which Costa is exposed, as highlighted by the recent two earnings downgrades for CY23, the selection of the maintainable EBITDA-S multiple.

9.3.3 Capitalisation multiples

In determining an appropriate range of capitalisation multiples to apply to the maintainable earnings for Produce, we have considered:

- the multiples implied by recent transactions involving large horticultural and food processing companies in Australia; and

- trading multiples of listed dairy, protein and other food producing companies in Australia with an exposure to global or major national markets.

Australian transaction evidence

The following table sets out the EBITDA multiples implied for recent transactions for which sufficient financial and transactional data is publicly available.

Australian Transaction Evidence

Announcement date	Target	Enterprise value (100%) ($ million)	LTM EBITDA ($ million)	EBITDA margin (%)		Enterprise value/ EBITDA (times)	
				LTM	NTM	LTM[1]	NTM
26 Nov 2020	Lion-Dairy & Drinks Pty Ltd	534.0	56.0	3.5%	na	9.5	na
13 Aug 2018	Capilano Honey Limited	210.6	16.2	11.7%	13.2%	13.0	11.6
23 Jun 2021	Business and Assets of 2PH	200.0	29.0	38.7%	na	6.9	na

Source: S&P Capital IQ, Mergermarket, Company financial statements, ASIC company filings; Kroll analysis.
Notes:
1. Last twelve months (**LTM**) EBITDA multiples are calculated based on EBITDA of the last 12 months prior to the transaction announcement date.
2. Next twelve months (**NTM**) EBITDA multiples are calculated based on CapIQ estimates.
3. 'na' means not available.

A description of these transactions is included in Appendix 5.

In relation to these transactions we note the following:

- the multiples range from 6.9 to 13.0 times LTM EBITDA. A NTM multiple is available for only one transaction and is 11.6 times;
- Lion-Dairy & Drinks Pty Ltd (**LDD**) is engaged in the production, marketing, and distribution of food, dairy, and beverage products. Whilst LDD's products are different from those of Produce, the value-add operations of LDD are akin to the genetics value-add operations of Produce, and both products are premium, perishable household consumable products that are subject to climate-related quality fluctuations. The combined business was expected to generate significant synergies and strengthen Bega's core dairy footprint. On the other hand, the LTM EBITDA margin for LDD (3.5%) is significantly below the CY22 EBITDA margin for Produce (10.4%) and LDD is also smaller than Produce. The transaction occurred at a multiple of 9.5 times LTM EBITDA;
- Capilano Honey Limited (**Capilano**), which packages and sells Honey in Australia, was acquired by China-focused Wattle Hill RHC Fund and Roc Partners. Capilano's honey quality is dependent upon similar factors to Produce, as both bees and the flowers from which they seek pollen are highly sensitive to changing weather conditions. The transaction occurred at relatively high multiples of 13.0 times LTM EBITDA and 11.6 times NTM EBITDA. This reflects the benefit that the acquirers expected to achieve by expanding Capilano's brands in growing markets such as China as a producer of premium health products. The transaction also reflects the renewed interest from Chinese and China-focused investors in Australian agricultural produce amid the mounting trade tensions with the United States of America at the time of the transaction. On the other hand, Capilano is substantially smaller than Produce. On balance, the significant strategic benefits anticipated suggest that a lower multiple should be expected for Produce; and
- as described in Section 8.1 of this report, Costa acquired the assets of 2PH, a Central Queensland based citrus grower, in July 2021. The transaction implied a relatively low multiple of 6.9 times LTM EBITDA reflecting the relatively young citrus orchards 2PH had due to replanting in recent years, and the relatively small size of the transaction. Consequently, a higher multiple could be expected for Produce.

Australian sharemarket evidence

There are relatively few listed grower-producers in Australia and consequently, Kroll has included protein, dairy, and other food producers. The selected comparable companies produce and market food products across Australia and Internationally.

KROLL

The following table sets out the implied EBITDA multiples for comparable listed companies as at 5 December 2023.

Australian Comparable Listed Companies

Company	Market capitalisation ($ millions)[1]	EBITDA margin			Enterprise value[2] / EBITDA[3]			CAGR
		FY+1	FY+2	FY+3	FY+1	FY+2	FY+3	
Inghams Group Limited[4]	1,427.2	14.5%	13.5%	13.0%	6.5	6.8	6.8	(2.2%)[6]
Bega Cheese Limited[4]	944.0	4.8%	5.3%	5.7%	8.3	7.2	6.4	14.1%[6]
Cobram Estate Olives Limited[4]	582.1	19.0%	32.9%	20.8%	17.5	7.5	12.3	19.2%[6]
Select Harvests Limited[5]	389.8	18.8%	30.6%	35.1%	17.1	9.8	8.1	45.6%[6]

Source: S&P Capital IQ, Refinitiv, Company financial statements; Kroll analysis.
Note:
1. All share price data is calculated as at 5 December 2023.
2. Enterprise value is calculated as market capitalisation plus net debt, lease liabilities and other adjustments, which include non-controlling interests, special provisions, equity accounted investments and net derivative financial instruments.
3. Forward multiples are based on broker consensus forecasts sourced from Refinitiv.
4. FY+1 EBITDA forecasts relate to the financial year ending 30 June 2024, and FY+2 and FY+3 relate to the financial year ending 30 June 2025 and 30 June 2026, respectively.
5. FY+1 EBITDA forecasts relate to the financial year ending 30 September 2024, and FY+2 and FY+3 relate to the financial year ending 30 September 2025 and 30 September 2026, respectively.
6. CAGR refers to compound annual growth rate calculated from FY+1 to FY+3.

In relation to the trading multiples of the identified listed comparable companies, we note the following:

- the multiples are based on the prices at which these companies trade on the ASX and, consequently, they do not include a control premium;
- in Section 9.3.2 of this report, Kroll has selected a maintainable EBITDA-S for CY24 (FY+2). Consequently, the following discussion focuses on multiples for FY+2 EBITDA-S;
- the trading multiples for the selected companies are in the range of 6.8 to 9.8 times FY+2 EBITDA;
- the high end of the range (9.8 times FY+2 EBITDA) is represented by Select Harvests Limited (**Select Harvests**), Australia's largest almond producer with orchards located in New South Wales, Victoria and South Australia. Select Harvests is exposed to similar risks and opportunities with growing produce in Australia, albeit Produce's product categories and geographical locations are more diversified. Select Harvests earnings for the 12 months to September 2023 were negatively impacted by weak almond prices, lower sales volumes and higher production costs. Brokers forecast significant increases in EBITDA in FY+2, citing favourable early orchard outcomes for crops and an easing of the cost of key inputs (i.e. water and fertiliser), and further improvements in FY+3. As a result, its FY+2 EBITDA multiple of 9.8 times reflects anticipated EBITDA growth of 74.7% (compared to 48.2% growth for Produce) from FY+1 to FY+2. In addition, Select Harvests' anticipated EBITDA margins (30.6% in FY+2 and 35.1% in FY+3) are significantly higher than those anticipated for Produce (12.8% in FY+2 and 14.1% in FY+3), suggesting a lower multiple is appropriate for Produce (before taking into account a control premium);
- Cobram Estate Olives Limited (**Cobram Estate**) grows olives which it then processes into olive oil, exposing it to similar risks and opportunities with growing produce in Australia, albeit Produce's product categories and geographical locations are more diversified. Olive crops are biennial in nature and this is illustrated by the higher multiples and lower margins forecast in FY+1 and FY+3 periods compared to the FY+2 multiples and margins. EBITDA growth is also driven by positive sales and production outlook, rising olive oil prices and maturing of the orchard portfolio. The multiple based on the average of the FY+2 and FY+3 EBITDA is 9.9 times. Cobram Estate's margins are relatively high (an average of 26.8% for FY+2 and FY+3) compared to Produce (an average of 13.5%), suggesting a lower multiple is appropriate for Produce (before taking into account a control premium);
- Bega Cheese Limited's (**Bega**) core produce is dairy products and its margins are relatively low (5.3% in FY+2) compared to Produce (12.8% in FY+2), reflecting relatively low global dairy commodity prices. Consequently, Bega is less comparable to Produce. Brokers are expecting strong EBITDA growth for Bega in FY+3 of 11.8%, which is broadly comparable to Produce's EBITDA growth of 12.8% in FY+3. It's FY+2 EBITDA multiple is 7.2 times. Taking into account the relatively low margins, a higher multiple could be expected for Produce (before taking into account a control premium); and

- Inghams Group Limited (**Inghams**) is a producer and wholesale supplier of fresh chickens and, therefore, is less comparable to Produce. It is trading at a multiple of 6.8 times FY+2 EBITDA. Ingham's EBITDA margin of 13.5% in FY+2 reflects its scale benefits and the margin is comparable to that of Produce (12.8%). Unlike Produce, however, it has a flat growth outlook for FY+3. Consequently, a higher FY+2 EBITDA multiple is expected for Produce relative to Inghams (before taking into account a control premium).

Capitalisation multiples summary

In forming our views as to the value of Produce we have considered a series of factors, including:

- while there are no comparable companies or transactions that can directly be compared with Produce, we consider that dairy, protein and other food producing companies offer the most useful information. Food processing companies are active in different geographies, and process raw ingredients that are subject to different demand and cost drivers. Our comparison of such companies considers that, like Produce, their profitability depends directly on fluctuations in climate, high utilisation of assets, and the management of input costs and pricing to retail end-customers. As such, high growth prospects either due to market positioning or pricing management, and high EBITDA margins due to successful input cost management, can be correlated with high trading and transaction EBITDA multiples;
- we also note that in the comparable transactions, the higher premiums were paid where significant synergies or growth opportunities were identified. As discussed in Section 9.2.3, synergies available to a potential acquirer of Costa are expected to be limited. The Capilano transaction occurred at a multiple of 11.6 times NTM EBITDA and was expected to generate significant strategic benefits. On the other hand, Capilano is substantially smaller than Produce. Significant synergies were expected to be generated from the LDD transaction, however, relative to Produce, LDD is smaller and has lower margins. The transaction occurred at a multiple of 9.5 times LTM EBITDA;
- Kroll would expect a higher multiple for Produce than the multiple implied by the relatively smaller 2PH transaction (6.9 times LTM EBITDA);
- Select Harvests is trading at a multiple of 9.8 times FY+2 EBITDA and Cobram Estate is trading at a multiple of 9.9 times the average of the FY+2 and FY+3 EBITDA. Each has significantly higher margins than Produce. Consequently, we would expect a lower multiple for Produce (before taking into account a control premium);
- Bega and Inghams are trading at multiples of 7.2 and 6.8 times FY+2 EBITDA, respectively. They are less comparable to Produce in terms of their product categories. Relative to Produce, Bega has significantly lower margins and Inghams has a lower growth outlook. Accordingly, a higher multiple is appropriate for Produce (before taking into account a control premium); and
- the specific attributes of Produce, including the value implicit in Costa's premium and exclusive product varieties developed through Costa's own blueberry genetics program or licensed from other leading developers, diversification across products and geographies, protected cropping, further growth opportunities arising from the maturing of citrus orchards (including from the Conaghan's orchards acquisition which is not expected to reach maturity until after CY25), the capital expenditure is required to achieve future expansions, the risk associated with achieving the forecast growth in production and the volatility of Produce's earnings, as highlighted by the two recent earnings downgrades for CY23.

Based on each of these factors and with an overall regard to each of the multiples from the Australian transaction evidence, which include a premium for control, and the attributes of these businesses compared to Produce, we consider the selected capitalisation multiple of 9.0 times to 9.5 times CY24 EBITDA-S to be appropriate.

9.4 Valuation of CF&L

9.4.1 Summary of value

Kroll has assessed the value of CF&L using a market approach having regard to capitalisation of multiples for selected listed companies and transactions involving companies operating in agricultural or fresh food wholesale and logistics. This assessment requires consideration of an appropriate level of maintainable earnings (refer to Section 9.4.2 of this report) and capitalisation multiples (refer to Section 9.4.3 of this report). The selected maintainable earnings is based on an assessment of maintainable revenue and maintainable EBITDA-S margin.

We have determined the value of CF&L to be in the range of $79.8 million to $91.0 million as follows.

Value of CF&L ($ Millions)

	Section Reference	Valuation Range Low	High
Maintainable revenue	9.4.2	190.0	200.0
Maintainable EBITDA-S margin	9.4.2	7.0%	7.0%
Maintainable EBITDA-S		**13.3**	**14.0**
Capitalisation multiple (control basis)	9.4.3	6.0	6.5
Value of CF&L (control basis)		**79.8**	**91.0**

Source: Kroll analysis.

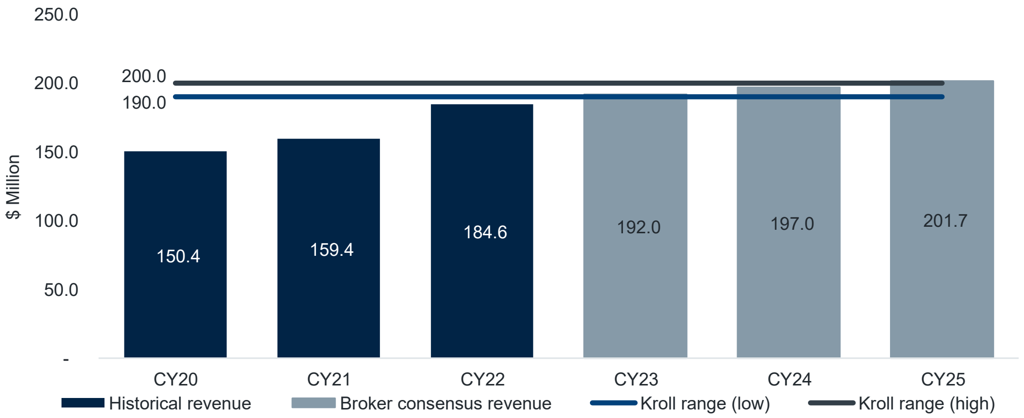
9.4.2 Maintainable earnings

The selected maintainable earnings is based on an assessment of maintainable revenue and maintainable EBITDA-S margin.

Maintainable revenue

Revenue is comprised of logistics services and farm products. Kroll has selected maintainable revenue for CF&L in the range of $190 million to $200 million. The following figure shows CF&L's revenue from CY20 to CY25 and Kroll's selected maintainable revenue range.

CF&L Revenue



Source: Kroll analysis
Note: CY20 to CY22 revenue is based on actual CF&L results (refer to Section 8.5.3 of this report). CY23 to CY25 revenue reflects the broker's consensus revenue (refer to Section 8.5.5 of this report).

In relation to revenue we note the following:

- Kroll has selected CY24 as the base year for maintainable earnings since margins are expected to have recovered from weak performance in CY23;
- from CY20 to CY22, revenue increased at a CAGR of 7.4%. Revenue includes the contribution of the Select Fresh WA acquisition from July 2021, with CY22 representing the first full year earnings contribution. In 1H23, revenue growth of 5.3% was impacted by below expected performance of Select Fresh WA, impacted by underperformance of retail trade;
- brokers expect revenue growth to moderate to 3.0% from CY22 to CY25. Revenue increases to $192.0 million in CY23, $197.0 million in CY24 and $201.7 million in CY25; and
- there is a risk that one or more contracts will not be renewed beyond the forecast period presented. This risk has been reflected in the selection of the EBITDA-S multiple.

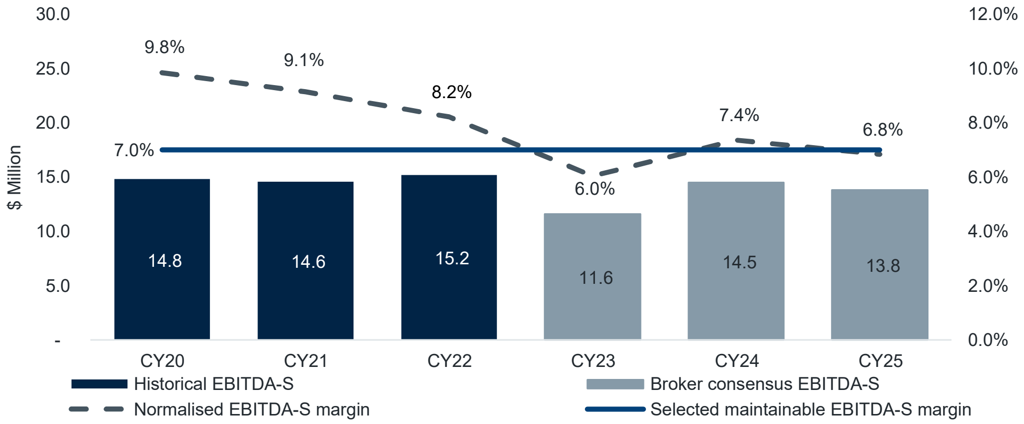
Having regard to the above factors, Kroll has selected a maintainable revenue in the range of $190 million to $200 million for FY24, which straddles the brokers' consensus revenue forecast for CY24. The volatility of CF&L's earnings is reflected in the selection of a range of multiples.

Maintainable EBITDA-S margin

A maintainable EBITDA-S margin was applied to the maintainable revenue to determine a maintainable EBITDA-S. Kroll has selected a maintainable EBITDA-S margin of 7.0%.

The following chart shows CF&L's EBITDA-S and EBITDA-S margin from CY20 to CY25 and Kroll's selected maintainable EBITDA-S.

CF&L EBITDA-S and EBITDA-S Margin



Source: Kroll analysis

In relation to EBITDA-S and EBITDA-S margin we note the following:

- CF&L's margins are relatively low. EBITDA-S margin declined from 9.8% in CY20 to 8.2% in CY22, reflecting the contribution of the lower margin Select Fresh WA business. In 1H23, EBITDA-S margin declined sharply to 5.6% compared with 9.2% in 1H23. This decline reflects weakness in wholesale market margins, increased energy costs, and the performance of the Select Fresh WA business; and
- brokers are expecting the CY23 margin to be lower at 6.0% as a result of increased energy and labour costs and weak wholesale margins in 1H23, which is expected to continue in 2H23, before stabilising at 7.4% in CY24 and 6.8% in CY25 based on an easing of inflationary pressure and normalisation of market trends.

Having regard to the impact of the lower margin achieved by the Select Fresh WA business as well as the anticipated easing of inflationary pressure and normalisation of market trends from CY24, Kroll has selected a maintainable EBITDA-S margin of 7.0%, which is broadly consistent with the margins expected to be achieved in CY24.

9.4.3 Capitalisation multiples

In determining an appropriate range of capitalisation multiples to apply to the maintainable earnings for CF&L, we have considered:

- the multiples implied by recent transactions involving agriculture or fresh food wholesale and logistics companies; and
- trading multiples of listed companies operating in agriculture or fresh food wholesale and logistics.

Transaction evidence

Kroll has not identified any transactions involving companies engaged in the fresh food wholesale and logistics that are of comparable scale and degree of value add relative to CF&L.

Sharemarket evidence

Kroll has not identified any fresh food wholesale and logistics companies in Australia that are publicly listed. We have, however, identified a Belgium-based company, Greenyard NV (**Greenyard**), that is engaged in fresh food wholesale and logistics and which is of broadly comparable scale to CF&L.

KROLL

The following table sets out the implied EBITDA multiples for Greenyard as at 5 December 2023.

Comparable Listed Companies

Company	Country	Market capitalisation ($ millions)[1]	EBITDA margin			Enterprise value[2] / EBITDA[3]			CAGR[4]
			FY+1	FY+2	FY+3	FY+1	FY+2	FY+3	
Greenyard NV	Belgium	486.5	3.6%	3.7%	3.8%	4.5	4.2	3.9	6.9%

Source: S&P Capital IQ, Refinitiv, Company financial statements; Kroll analysis.
Note:
1. All share price data is calculated as at 5 December 2023. Where necessary, share price data has been converted to Australian dollars at the closing exchange rate on 5 December 2023.
2. Enterprise value is calculated as market capitalisation plus net debt, lease liabilities and other adjustments, which include non-controlling interests, special provisions, equity accounted investments and net interest rate derivative financial instruments.
3. Forward multiples are based on broker consensus forecasts sourced from Refinitiv. FY+1 EBITDA forecasts relate to the financial year ending 31 March 2024, and FY+2 and FY+3 relate to the financial years ending 31 March 2025 and 30 September 2026, respectively.
4. CAGR refers to compound annual growth rate calculated from FY+1 to FY+3.

In relation to the trading multiples of Greenyard, we note the following:

- the multiples are based on the prices at which the company trades on the Brussels Stock Exchange and, consequently, they do not include a control premium;
- in Section 9.4.2 of this report, Kroll has selected a maintainable EBITDA-S for CY24 (FY+2). Consequently, the following discussion focuses on Greenyard's multiples for FY+2 EBITDA-S;
- Greenyard is trading at a multiple of 4.2 times FY+2 EBITDA (exclusive of a control premium);
- Greenyard has two main operating segments, the largest of which, Greenyard Fresh, offers fresh produce logistic services and supplies fresh fruit, vegetables, flowers and plants to many of the world's largest retailers. The Fresh segment is highly comparable to CF&L and comprises 81.3% of Greenyard's operating revenue;
- Greenyard's growth outlook (6.9% CAGR from FY+1 to FY+3) is lower than for CF&L (9.1% CAGR from FY+1 to FY+3); and
- Greenyard's EBITDA margins (3.7% in FY+2) are lower than those of CF&L (7.4% in FY+2). Whilst its margins are partially impacted by ongoing economic headwinds stemming from factors such as the conflict in Ukraine, drought, labour scarcity and high inflation rates, it is noted that Greenyard have been able to maintain a stabilised level of operating profit due to frequent reviews of sales prices, tight cost control and a strong co-operation with customers.

Capitalisation multiples summary

Kroll has selected a maintainable EBITDA-S multiple for CF&L in the range of 6.0 to 6.5 times, which takes into account the following:

- only one listed company has been identified. Greenyard's operations are broadly comparable to those of CF&L. It's growth outlook is weaker and its margins are lower. It is trading at a multiple of 4.2 times FY+2 EBITDA (exclusive of a control premium);
- our valuation is inclusive of a control premium, whereas multiples at which listed companies trade do not include a control premium; and
- there is a risk that one or more of CF&L's contracts will not be renewed beyond the forecast period presented.

Based on each of these factors, we consider the selected capitalisation multiple of 6.0 times to 6.5 times FY+2 EBITDA-S to be appropriate.

9.5 Valuation of International

9.5.1 Summary of value

Kroll has assessed the value of International using a market approach having regard to capitalisation of multiples for selected listed companies with exposures to agricultural and horticultural industries outside of Australia or with global operations; and transactions involving global food processing companies. This assessment requires consideration of an appropriate level of maintainable earnings (refer to Section 9.5.2 of this report) and capitalisation multiple (refer to Section 9.5.3 of this report). The selected maintainable earnings is based on an assessment of maintainable revenue and maintainable EBITDA-S margin.

We have determined the value of International to be in the range of $1,163.3 million to $1,293.8 million as follows.

Value of International ($ Millions)

	Section Reference	Valuation Range Low	Valuation Range High
Maintainable revenue	9.5.2	235.0	250.0
Maintainable EBITDA-S margin	9.5.2	45.0%	45.0%
Maintainable EBITDA-S		**105.8**	**112.5**
Capitalisation multiple (control basis)	9.5.3	11.0	11.5
Value of International (control basis)		**1,163.3**	**1,293.8**

Source: Kroll analysis.

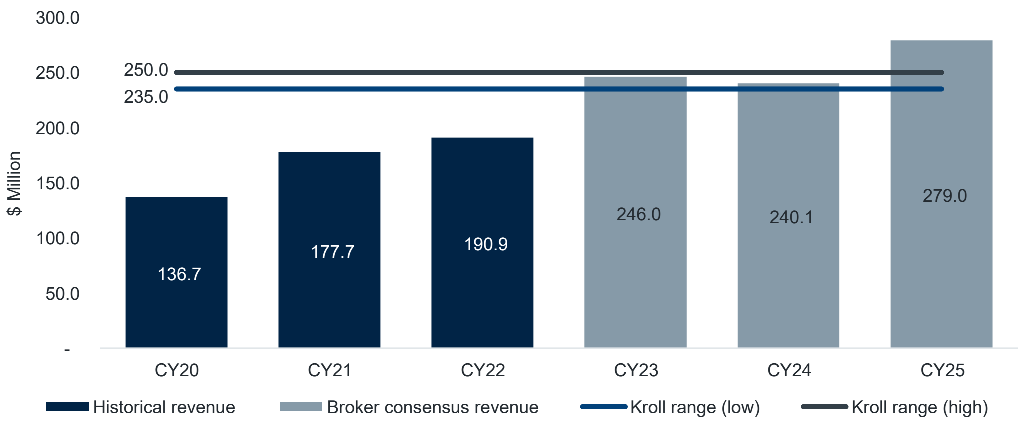
9.5.2 Maintainable earnings

The selected maintainable earnings is based on an assessment of maintainable revenue and maintainable EBITDA-S margin.

Maintainable revenue

Revenue and EBITDA-S reflects 100% of the China JV and African Blue JV and royalty income. Non-controlling interests related to Dole's 10% interest in the African Blue JV and Driscoll's 30% interest in the China JV have been deducted from the valuation of International. Kroll has selected maintainable revenue for International in the range of $235.0 million to $250.0 million. The following figure shows International revenue from CY20 to CY25 and Kroll's selected maintainable revenue range.

International Revenue



Source: Kroll analysis
Note: CY20 to CY22 revenue is based on actual International results (refer to Section 8.5.4 of this report). CY23 to CY25 revenue reflects the broker's consensus revenue (refer to Section 8.5.5 of this report).

In relation to revenue we note the following:

- Kroll has selected CY24 as the base year for maintainable earnings year since it captures most of the impact of current growth initiatives and corresponds to FY+2 for the comparable companies, when their multiples for certain comparable companies are expected to stabilise following recent poor performance;

- revenue increased strongly from CY20 to CY22 at a CAGR of 27.7%, reflecting the increased production footprint. It also reflects the benefit of favourable weather conditions experienced in China over the last three years;
- in 1H23, China production volume continued to increase strongly (by 42.6%). Moroccan production volume declined by 17.3% in line with a decline in volume across the industry, however, revenue increased by 13% as a result of higher pricing; and
- brokers expect continued strong growth in revenue for International at 28.8% in CY23 as a result of strong volume and pricing in China, followed by lower revenue in CY24 (a 2.4% decline) as pricing and demand rationalise and as a result of replanting in Morocco impacting revenue. Revenue increases strongly in CY25 (by 16.2%) and reflects the benefit of expansion in China and higher pricing as a result of the replanting of larger berries in Morocco.

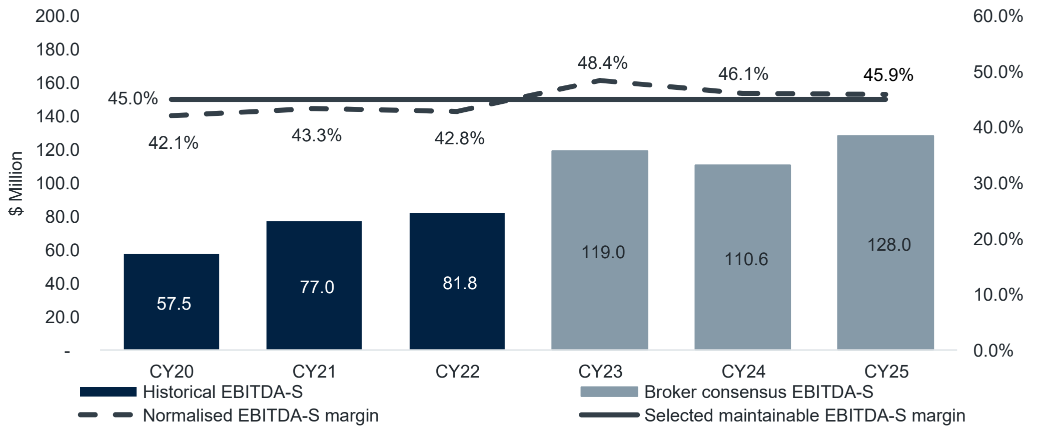
Having regard to the above factors, Kroll has selected a maintainable revenue in the range of $235 million to $250 million, which straddles the brokers' consensus revenue for CY24. Future growth opportunities beyond CY24 as well as the volatility of International's earnings are reflected in the selection of the EBITDA-S multiple in Section 9.5.3 of this report.

Maintainable EBITDA-S margin

A maintainable EBITDA-S margin was applied to the maintainable revenue to determine a maintainable EBITDA-S. Kroll has selected a maintainable EBITDA-S margin of 45.0%.

The following chart shows the International EBITDA-S and EBITDA-S margin from CY20 to CY25 and Kroll's selected maintainable EBITDA-S range.

International EBITDA-S and EBITDA-S Margin



Source: Kroll analysis

In relation to International EBITDA-S and EBITDA-S margin we note the following:

- EBITDA-S margin increased from 42.1% in CY20 to 42.8% in CY22, and from 55.2% in 1H22 to 59.7% in 1H23, mainly reflecting growth in the China JV as a result of favourable weather conditions in each of these periods, strong demand for Costa's high quality berries and price growth;
- brokers expect strong growth in EBITDA-S margin to 48.4% in CY23 as a result of strong volume and pricing in China, followed by a decline in EBITDA-S margin to 46.1% in CY24 as pricing and demand rationalise. In CY25, EBITDA-S margin increases to 45.9% and reflects the full benefit of growth initiatives in China and replanting in Morocco; and
- the margins that the China JV has achieved reflect not only its low production costs, but also its first mover advantage in introducing high quality genetics in China, high pricing for quality berries, limited competition and favourable weather conditions for each of the last three years. Costa Management expects that increased competition will result in a moderation of pricing in China over time and there is a risk that weather conditions will be less favourable. Furthermore, the European market is

competitive and there is a risk that the African Blue JV will not be able to achieve premium pricing for larger berries following replanting. These risks are reflected in the selected multiple.

Having regard to these factors, Kroll has selected a maintainable EBITDA-S margin of 45.0%. The full benefit of growth initiatives in China and replanting in Morocco beyond CY24, the volatility of International's margins and the potential for industry rationalisation, moderation of pricing and less than favourable weather conditions in China, are taken into account in the selection of the maintainable multiple in Section 9.5.3 of this report.

9.5.3 Capitalisation multiples

In determining an appropriate range of capitalisation multiples to apply to the maintainable earnings for International, we have considered:

- the multiples implied by recent transactions involving large agricultural and horticultural companies; and
- trading multiples of listed companies with exposures to the agricultural and horticultural industries outside of Australia or with global operations.

International transaction evidence

Kroll has not identified any recent transactions involving agricultural and horticultural companies, however, has identified a select number of transactions that were announced in 2016 and prior. As a result, the companies may have been exposed to different economic and environmental issues, making them less comparable The following table sets out the EBITDA multiples implied for transactions for which sufficient financial and transactional data is publicly available.

International Transaction Evidence

Announcement Date	Target	Enterprise Value (100%) ($ million)	LTM EBITDA (A$ million)	EBITDA Margin (%)		EV / EBITDA (times)	
				LTM	NTM	LTM	NTM
9 Dec 2016	Fyffes plc	1,267.9	83.4	5.2%	6.4%	15.2	12.3
8-Feb-16	Illovo Sugar Limited	1,521.7	155.2	13.3%	13.6%	9.8	9.6
18 Oct 2013	Alico, Inc.	301.5	27.0	24.8%	na	11.2	na
3 Dec 2014	Orange-Co, LP	306.1	28.9	35.2%	na	10.6	na

Source: S&P Capital IQ, Mergermarket, Company financial statements, SEC company filings, ASIC company filings; Kroll analysis.
Notes: LTM EBITDA multiples are calculated based on EBITDA of the last 12 months prior to the transaction announcement date. NTM EBITDA multiples are calculated based on CapIQ estimates.

A description of these transactions is included in Appendix 5.

In relation to these transactions we note the following:

- transactions occurred at multiples in the range of 9.8 to 15.2 times LTM EBITDA and 9.6 to 12.3 times NTM EBITDA;
- Fyffes plc (**Fyffes**) is engaged in the production, distribution, and sales of fresh produce in Europe, North America, and Latin America, with a focus on bananas, pineapples, and melons. Although Fyffes fruits offerings are different from International's produce categories, both companies are engaged in the production, distribution and sales of perishable fresh fruit produce, which is subject to fluctuations in weather, disease and pests. The relatively high implied multiples of 15.2 times LTM EBITDA and 12.3 times NTM EBITDA reflect an expectation of business growth as a result of investments made by Fyffes. Fyffes invested €29.5 million to acquire farming businesses in both the melon and banana categories helping the company to increase its production capacity. In April 2016, Fyffes acquired Canada based mushroom producer Highline Produce Ltd's with an aim to increase the production capacity. Moreover, Fyffes, being Europe's largest banana importer, provided the acquirer with greater scale and diversification and a platform to expand its product offering and enter new geographical markets. In summary, relative to International, Fyffes has similar operations, broadly comparable scale and both have a relatively strong growth outlook, however, Fyffes has lower margins and the transaction occurred a number of years ago, which may reduce its comparability;
- Illovo Sugar Limited (**Illovo**), Africa's largest sugar producer and manufacturer of downstream cane products. At the time of the acquisition, Illovo had operations in six African countries and exported its

KROLL

products across Africa, Europe and North America. Whilst Illovo's product offering is different from International's, both companies offer agri-based products which are prone to fluctuations in weather and pricing depending on supply conditions in the market. The transaction implied multiples of 9.8 times LTM EBITDA and 9.6 times NTM EBITDA. As a result of Illovo's relatively low growth outlook and lower margins, a higher multiple could be expected for International, although the age of the transaction makes it difficult to draw conclusions;

- Alico Inc (**Alico**) is an agribusiness and land management company which is engaged in the sale of its citrus products, providing services to citrus groves owned by third parties, and grazing and hunting leasing. Alico's citrus business segment which is engaged in planting, owning, cultivating and/or managing citrus groves is similar to the citrus produce category of Costa. It is a leading citrus grower in Florida with approximately 11,000 producing acres. The transaction implied a LTM EBITDA multiple of 11.2 times, which likely reflects that although Alico was relatively small in scale, it was one of the largest private landowners in Florida, owning approximately 130,800 acres in five countries. As discussed, the age of the transaction may make it difficult to draw conclusions;
- Orange-Co LP which produces and markets citrus fruits in Florida was acquired by Alico. Orange-Co has a high LTM EBITDA margin of 35.2% and the transaction implied a LTM EBITDA multiple of 10.6 times as the acquisition included 20,263 acres of land and was expected to enable Alico to become a leading agriculture and natural resources company. As discussed, the age of the transaction makes it difficult to difficult to draw conclusions.

International sharemarket evidence

A limited number of comparable listed companies have been identified, most of which are international produce providers, growing and exporting their products globally. The following table sets out the implied EBITDA multiples for comparable listed companies as at 5 December 2023, unless otherwise stated.

International Comparable Listed Companies

Company	Market capitalisation ($ millions)[1]	EBITDA margin			Enterprise value[4] / EBITDA[5]			CAGR
		FY+1	FY+2	FY+3	FY+1	FY+2	FY+3	
Treasury Wine Estates Limited [2,6]	8,821.0	30.0%	30.5%	31.9%	13.9	12.4	10.4	15.8%[10]
Fresh Del Monte Produce Inc.[7]	1,749.1	6.1%	5.5%	na	7.0	7.5	na	(6.8%)[10]
Dole plc[7]	1,726.6	4.6%	4.6%	4.7%	6.7	6.5	6.2	3.9%[10]
Limoneira Company[3,8]	529.2	(0.3%)	7.9%	9.7%	nmf[12]	16.8	11.3	48.1%[11]
Alico, Inc.[9]	336.0	(28.1%)	17.1%	27.7%	nmf[12]	31.9	15.9	100.7%[11]

Source: S&P Capital IQ, Refinitiv, Company financial statements; Kroll analysis.
Note:
1. All share price data is calculated as at 5 December 2023, unless otherwise stated. Where necessary, share price data has been converted to Australian dollars at the closing exchange rate on 5 December 2023.
2. Share price data is calculated as at 27 October 2023. On 31 October 2023, Treasury Wine Estates entered into arrangements to acquire 100% of DAOU Vineyards LLC and its associated entities for an upfront consideration of US$900m. Treasury Wine Estate's share price at 27 October 2023 represents an undisturbed share price.
3. Share price data is calculated as at 30 November 2023. On 1 December 2023 Limoneira Company announced that its Board of Directors was reviewing a range of strategic options for the future of their business, including a sale of all or parts of the company, with the support of management and expert advisors. Limoneira Company's share price at 30 November 2023 represents a undisturbed share price.
4. Enterprise value is calculated as market capitalisation plus net debt, leases and other adjustments, which include non-controlling interests, special provisions, equity accounted investments and net derivatives.
5. Forward multiples are based on broker consensus forecasts sourced from Refinitiv.
6. FY+1 EBITDA forecasts relate to the financial year ending 30 June 2024, whilst FY+2 and FY+3 relate to the financial year ending 30 June 2025 and 30 June 2026 respectively.
7. FY+1 EBITDA forecasts relate to the financial year ending 31 December 2023, whilst FY+2 and FY+3 relate to the financial year ending 31 December 2024 and 31 December 2025 respectively.
8. FY+1 EBITDA forecasts relate to the financial year ending 31 October 2023, whilst FY+2 and FY+3 relate to the financial year ending 31 October 2024 and 31 October 2025 respectively.
9. FY+1 EBITDA forecasts relate to the financial year ending 30 September 2023, whilst FY+2 and FY+3 relate to the financial year ending 30 September 2024 and 30 September 2025 respectively.
10. CAGR refers to compound annual growth rate calculated from FY+1 to FY+3 or next closest available forecast.
11. CAGR refers to compound annual growth rate calculated from FY+2 to FY+3.
12. "nmf" refers to non-meaningful number.

In relation to the trading multiples of the identified listed comparable companies, we note the following:

- the multiples are based on the prices at which these companies trade on the ASX and, consequently, do not include a control premium;
- in Section 9.5.2 of this report, Kroll has selected a maintainable EBITDA-S for CY24 (FY+2). Consequently, the following discussion focuses on multiples for FY+2;
- the observed trading multiples are in a wide range of 6.5 to 31.9 times FY+2 EBITDA;
- the high end of the range is represented by Limoneira Company (**Limoneira**) and Alico, Inc. (**Alico**). Both companies are large international citrus producers in regions such as America (Orlando, Arizona & California) and Chile with partnerships elsewhere in South America. They were loss making in FY+1 and their FY+2 multiples are elevated, primarily as a result of adverse environmental events in these periods. Hurricane Ian in September 2022 decreased Alico's production in 3Q23 by 51.4% compared to the prior comparable period. Limoneira, however, suffered primarily from pest-related issues which lowered the grade of harvested lemons and in turn increased the percentage of their produce used for lower margin juicing. However, brokers are expecting the performance of each to improve in FY+3 with improving yield results for Alico from their Citrus Greening technology, and Limoneira is expected to experience stable operations following their improved farm management, increased brokering and third party sales. As such, their elevated multiples in FY+2 reflect strong future growth (48.1% and 100.7% in FY+3, respectively) and a return to profitable trading. In comparison, International is expected to generate 15.7% growth in FY+3, suggesting a lower multiple is appropriate for International (before taking into consideration a control premium). Limoneira has also announced that it is looking to explore strategic alternatives, such as sale of all or parts of the company, mergers and other strategic transactions;
- Treasury Wine Estates Limited (**Treasury Wine**), an Australian based global winemaking and distribution business, is also trading at relatively high multiples (12.4 times FY+2 EBITDA). This reflects their moderate growth outlook (20.1% in FY+3) as well as their end product, as wine undergoes considerable value-add in production. Treasury Wines also has an internationally recognised brand which allows for a brand premium, and results in relatively high margins (30.5% in FY+2). It is comparable with International due to its exposure to environmental risks, and each business has considerable overlap of their growing regions. Despite this, Treasury Wines does not sell fresh, perishable produce and the delay between the harvesting of grapes and producing wine can slow or postpone the impacts of climate and growing risks as the true impacts are not known until the final product is ready. Overall, Treasury Wine and International both have a relatively strong growth outlook and high margins, although their operations are less comparable; and
- International's operationally most comparable companies are Dole Plc (**Dole**) and Fresh Del Monte Produce Inc. (**FDP**), which produce various fresh produce on farms across North and South America, Europe, Africa, the Middle East, and Asia. These global footprints, combined with diverse sourcing and shipping networks, mean both companies are relatively more diversified than International. Dole and FDP are trading at FY+2 multiples of 6.5 and 7.5 times EBITDA, respectively. In comparison to International, however, despite their greater scale and diversification, their growth outlook is lower and their margins are considerably lower. As a result, a significantly higher multiple could be expected on a comparative year basis for International (before taking into account a control premium).

International capitalisation multiples summary

Kroll has selected a maintainable EBITDA-S multiple for International in the range of 11.0 to 11.5 times, which takes into account:

- Kroll has not identified any recent transactions, however, has included a select number of transactions that were announced in 2016 and prior. As a result, the companies may have been exposed to different economic and environmental issues, making them less comparable. The acquisition of Fyffes occurred at a multiple of 12.3 times NTM EBITDA. Given its similar operations, broadly comparable scale and relatively high growth (although lower margins), a similar multiple of CY23 EBITDA could be expected for International (noting Kroll's selected multiple refers to CY24 and, therefore, should be lower). A higher multiple could be expected for International relative to Illovo (9.6 times NTM EBITDA) as a result of International's stronger growth outlook and higher margins. Relative to Alico and Orange-Co LP (11.2 and 10.6 times LTM EBITDA, respectively), International has a larger scale and superior genetics, however, does not have a similar extent of land ownership;

- Limoneira and Alico's FY+2 multiples are elevated as a result of strong future growth as the businesses are expected to recover from adverse trading conditions. Their FY+3 multiples are 11.3 and 15.9, respectively. Treasury Wine is trading at multiple of 12.4 times FY+2 EBITDA. Similar to International, it has a strong growth outlook and high margins, however, its operations are less comparable. Dole and FDP are operationally similar to International and are trading at multiples of 6.5 and 7.5 times FY+2 EBITDA, however, their growth outlook and margins are considerably lower, suggesting a higher multiple is appropriate for International (before taking into account a control premium); and
- the specific attributes of International, including the value implicit in Costa's genetics program, the high growth opportunities and low production costs in China, further growth anticipated by CY25 as a result of replanting and expansion in Morocco and 100 additional hectares in China, additional future growth as Costa targets planting to reach 700 hectares in China by CY26, offset by the significant capital expenditure required to achieve expansions, risk of achieving growth and potential for industry rationalisation, moderating of pricing and increased competition in China and less than favourable weather conditions in China as well as potential growth in licensing revenue by entering into agreements in new regions.

Based on each of these factors and with an overall regard to each of the multiples for comparable transactions, which include a premium for control, and the attributes of these businesses compared to International, we consider the selected capitalisation multiple of 11.0 times to 11.5 times CY24 EBITDA-S to be appropriate.

9.6 Other assets and liabilities

Other assets and liabilities are those assets and liabilities not required to sustain the adopted level of maintainable earnings. As at 30 September 2023, Costa had nil surplus assets and liabilities. Kroll notes that the Conaghan's acquisition was settled during September 2023 and as such, is reflected in the net borrowings balance as at 30 September 2023.

9.7 Driscoll's Australia JV (50.0% interest)

Costa's 50.0% interest in the Driscoll's Australia JV is equity accounted in Costa's financial statements and consequently, Kroll has valued this interest separately. We adopted the market approach and assumed a level of maintainable earnings corresponding to Driscoll's Australia JV's CY22 EBITDA of $12.1 million (on a 50.0% basis).

To the selected level of maintainable earnings we have applied a capitalisation multiple of 9.0 times to 9.5 times to obtain an enterprise value. This multiples range corresponds to the capitalisation multiples selected for the valuation of Produce for FY+2, noting the high level of integration with Produce. Whilst we are applying this FY+2 multiple range to an earlier CY22 EBITDA, Driscoll's Australia JV is of smaller scale compared to Produce. Further, we understand the Scheme will not trigger any change of control clauses under the joint venture agreement governing the Driscoll's Australia JV and, therefore, consider a multiple on a control basis is appropriate.

In order to obtain an equity value of Costa's 50.0% interest in the Driscoll's Australia JV, Kroll has deducted from the enterprise value the net debt and lease liabilities for the joint venture (on a 50.0% basis) at 30 September 2023. The following table summarises the preceding analysis.

KROLL

Valuation of Driscoll's Australia JV (50.0% Interest, $ Millions)

	Valuation Range Low	High
Maintainable EBITDA[1]	12.1	12.1
Capitalisation multiple (control basis)	9.0	9.5
Value of Driscoll's Australia JV operating business	**109.3**	**115.4**
Net cash[2]	1.5	1.5
Lease liabilities[3]	(1.6)	(1.6)
Equiy Value of Driscoll's Australia JV (50.0% basis)	**109.3**	**115.3**

Source: Kroll analysis.
Notes:
1. CY22 EBITDA is obtained by adding back Costa's 50.0% share of the Driscoll's Australia JV depreciation and interest of $1.4 million to 50.0% net profit of $10.7 million for CY22. As a partnership, the JV does not pay tax.
2. Reflects a postive cash position as at 30 September 2023.
3. Lease liabilities reflect the portion of corporate office lease allocated to the Driscoll's Australia JV as at 30 September 2023.

9.8 Adjusted net borrowings

In order to arrive at the value of equity, it is necessary to deduct the net borrowings from the unlevered value of Costa. Kroll has assessed Costa's net borrowings position for the purpose of this valuation to be $1,051.2 million. This amount is comprised of:

- Costa's net borrowings and lease liabilities, including Australian borrowings and 100% of borrowings for the China JV and African Blue JV, each as at 30 September 2023, except for the net borrowings for the more seasonal International operations, which have been normalised by graphing net borrowings since 1 January 2021 and deriving a line of best fit;
- interest rate derivatives as at 30 September 2023; and
- adjustments for cash relating to the proportion of Costa Performance Rights and Options to be notionally accelerated and cash settled.

Costa's adjusted net borrowings is determined as follows.

Costa's Adjusted Net Borrowings ($ Millions)

	Value
Net borrowings[1]	445.3
Lease liabilities[2]	605.4
Derivatives[3]	(1.7)
Adjustment relating to cash settled performance rights and options[4]	2.2
Adjusted net borrowings	**1,051.2**

Source: Kroll analysis.
Notes:
1. Net borrowings reflects net borrowings for Australia as at 30 September 2023 and normalised net borrowings for 100% of the China JV and African Blue JV.
2. Lease liabilities includes the balance of lease liabilties for Australia, 100% of the China JV and African JV as at 30 September 2023, and additional lease liabilities associated with new office premises in Docklands.
3. The balance of derivatives reflects the mark-to market value of interest rate swaps as at 30 September 2023.
4. The $2.2 million cash payment is the amount estimated to settle Performance Rights and options if the Scheme becomes effective, refer to Section 8.8.2 of this report.

9.9 Valuation cross-check

In order to cross check our primary sum-of-the parts approach, Kroll has compared the implied multiples of Costa's EBITDA-S (100% control) to the multiples of EBITDA-S observed in the most relevant comparable transactions.

KROLL

Costa Implied Multiples (100% Control)

	EBITDA-S ($ million)	Low	High
Value of Costa's operating business (100% control basis) ($ million)[1]		**2,424.3**	**2,750.4**
Multiple of:			
CY22 EBITDA-S – actual (times)[2]	202.7	12.0x	13.6x
CY24 EBITDA-S – broker consensus (times)[2]	263.9	9.2x	10.4x
CY25 EBITDA-S – broker consensus (times)[2]	300.9	8.1x	9.1x

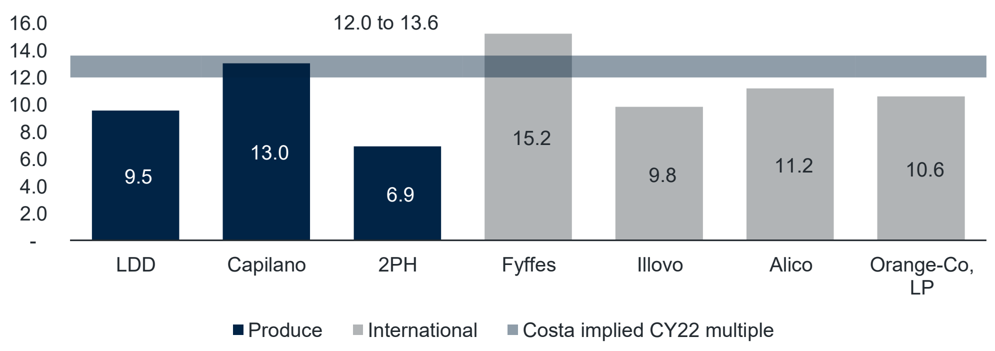
Source: Kroll analysis.
Notes:
1. Includes 100% of African Blue and China JVs. Excludes Costa's 50% interest in the Driscoll's Australia JV.
2. Includes 100% of EBITDA-S from the African Blue and China JVs. EBITDA-S has been adjusted to exclude equity accounted income from Costa's 50% interest in the Driscoll's Australia JV. No broker consensus has been included for CY23 since Costa's second earnings downgrade (included in the Scheme Booklet) was subsequent to the broker consensus.

In relation to the implied multiples, we note that Costa's range of implied multiples of CY22 EBITDA-S are consistent with the LTM EBITDA-S multiples for the comparable transactions. Accordingly, the implied multiples cross-check supports our primary sum-of-the-parts approach.

We consider the implied multiples are reasonable for the following reasons:

- taking into account the attributes of Costa:
  - as agri-businesses, Costa and the comparable transactions are all subject to climate-related production and quality fluctuations, supply and demand dynamics upon pricing and earnings margins and higher capital requirements;
  - Costa's significant scale, product and geographic diversification and superior genetics; and
  - Costa's moderate growth outlook and margins, which reflect the combination of high growth, high margin International and moderate growth and margin for Produce; and
- the relatively high implied LTM multiples for the Capilano and Fyffes transactions likely reflect specific acquirer synergies and their strong growth outlook. Their NTM multiples are 11.6 and 12.3, respectively. The Fyffes transaction also occurred a number of years ago, which may reduce its comparability.

LTM Comparable Transactions EBITDA Multiples relative to Costa's Implied CY22 Multiple (Times)



Source: Refinitiv, S&P Capital IQ, broker reports, and Kroll analysis.

75

Appendix 1 – Kroll disclosures

Qualifications

The individuals with overall responsibility for preparing this report on behalf of Kroll are Ian Jedlin and Celeste Oakley. Ian is an Associate and Accredited Business Valuation Specialist of the Institute of Chartered Accountants Australia and New Zealand and holds a Master of Commerce. He is also the Vice Chair the Standards Review Board of the International Valuation Standards Council. Celeste holds a Bachelor of Economics, a Bachelor of Laws and a CFA designation. Both Ian and Celeste have extensive experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of independent expert reports.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Kroll's opinion as to whether the Scheme is in the best interests of Costa Shareholders, in the absence of a superior proposal. Kroll expressly disclaims any liability to any Costa Shareholder who relies or purports to rely on the report for any other purpose and to any other party (other than Costa, to the extent provided for in or not expressly excluded by our engagement agreement with Costa) who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, Kroll has had no involvement in the preparation of the Scheme Booklet or any other document prepared in respect of the Scheme. As such, Kroll takes no responsibility for the content of the Scheme Booklet as a whole or other documents prepared in respect of the Scheme (other than this report and statements included in the Scheme Booklet or such other document with Kroll's consent).

Independence

Kroll considers itself to be independent in accordance with the requirements of Regulatory Guide 112 issued by ASIC on 30 March 2011. In considering independence, it is noted that Kroll does not have, and has not had within the previous two years, any business or professional relationship with Costa, Driscoll's, PSP or BCIC or any financial or other interest that could reasonably be regarded as capable of affecting our ability to provide an unbiased opinion in relation to the Scheme. Kroll's only role with respect to the Scheme has been the preparation of this report. Kroll advises that a related entity has, within the past two years, provided valuation services to Driscoll's for which professional fees of US$247,000 were received. None of these services have related to the Scheme or alternatives to the Scheme. These fees are not material to Kroll in terms of value. Accordingly, Kroll does not consider that they would have any impact on its ability to provide an unbiased opinion in relation to the Scheme.

Kroll will receive a fixed fee of $350,000 (excluding GST and out of pocket expenses) for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme Meeting. Kroll will receive no other benefit for the preparation of this report.

Declarations

Costa has provided an indemnity to us for any claims arising out of any misstatement or omission in any material or information provided to us in the preparation of this report.

During the course of this engagement, Kroll provided draft copies of this report to management of Costa for comment as to factual accuracy, as opposed to opinions, which are the responsibility of Kroll alone. Changes made to this report as a result of those reviews have not altered the methodology or opinions of Kroll as stated in this report.

The engagement has been conducted in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (**APESB**).

Kroll is authorised by Millinium Capital Managers Limited, Australian Financial Services Licence no. 284336, to provide the following financial services as their Corporate Authorised Representative:

- provide financial product advice in respect of the following classes of financial products:
- interests in managed investment schemes including investor directed portfolio services; and
- securities;

with respect to retail clients and wholesale clients.

KROLL

Consents

Kroll consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet to be issued to Costa Shareholders. Neither the whole nor any part of this report or its attachments or any reference thereto may be included or attached to any other document without the prior written consent of Kroll as to the form and context in which it appears.

KROLL

Appendix 2 – Limitations and reliance on information

Limitations and reliance on information

Kroll's opinion is based on prevailing economic, market, business and other conditions at the date of this report. However, the factors impacting these conditions continue to evolve and can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and the assets being valued specifically, could impact upon value in the future, either positively or negatively. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Our report is also based on financial and other information provided by Costa. Costa has been responsible for ensuring that information provided by it and its representatives is not false or misleading or incomplete. Costa has represented in writing to Kroll that to its knowledge, the information provided is complete and not incorrect or misleading in any material respect. Complete information is deemed to be information which at the time of completing this report should have been made available to Kroll and would have reasonably been expected to have been made available to Kroll to enable us to form our opinion. We have no reason to believe that any material facts have been withheld from us.

In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying such information. Nothing in this report should be taken to imply that Kroll has in any way carried out an audit of the books of account or other records of Costa for the purposes of this report. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards, as applicable.

In addition, we have also had discussions with Costa in relation to the nature of the business operations, specific risks and opportunities, historical results of Costa and prospects for the foreseeable future of Costa. This type of information has been evaluated through analysis, inquiry and review to the extent considered necessary or practical as part of the information used in forming our opinion and is comprised of the opinions and judgements of management. Kroll does not warrant that its procedures and inquiries have identified all matters that a more extensive analysis might disclose as they did not include verification work nor an audit or review engagement in accordance with standards issued by the Auditing and Assurance Standards Board or equivalent body.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. Such information is often not capable of external verification or validation.

The statements and opinions included in this report are given in good faith and in the belief that such statements and opinions are not false or misleading.

Disclosure of information

In preparing this report, Kroll has had access to all financial information considered necessary in order to provide the required opinion. Costa has requested Kroll limit the disclosure of certain information relating to Costa. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising Costa. As such the information in this report, unless otherwise indicated, has been limited to the type of information that is regularly placed into the public domain by Costa.

Sources of information

In preparing this report, we have been provided with and considered the following sources of information:

Publicly available information

- Scheme Booklet;
- Scheme Implementation Agreement;
- results presentations and annual reports for Costa for FY20 to FY22 and financial results for 1H23;

- ASX announcements, press releases, media and analyst presentations and other public filings by Costa (including information available on its website);
- broker reports and press articles regarding Costa;
- results presentations, annual reports, press releases and other public filings relating to comparable companies and comparable transactions;
- ASIC company filings;
- various industry reports; and
- information sourced from Bloomberg, Refinitiv and S&P Capital IQ.

Non-public information

- Costa Board papers and other internal briefing papers prepared by Costa;
- Costa Strategic Plan; and
- other confidential documents, presentations and workpapers.

In addition, we have had discussions with, and obtained information from, senior management of Costa.

Appendix 3 – Broker consensus

A summary of the most recent broker forecasts for Costa following the trading update by Costa on 24 August 2023 and announcement of 1H23 results on 31 August 2023 is provided as follows:

Costa Broker Forecast Revenue, EBTIDA-S and EBIT-S ($ millions)

		Revenue				EBITDA-S				EBIT-S			
	Date of report	CY22	CY23	CY24	CY25	CY22	CY23	CY24	CY25	CY22	CY23	CY24	CY25
Broker 1	28-Aug-23	1,357.6	1,445.0	1,532.0	1,602.0	214.8	227.0	304.0	325.0	85.4	92.0	163.0	172.0
Broker 2	31-Aug-23	1,357.6	1,446.0	1,536.0	1,626.0	214.8	239.0	296.0	322.0	85.4	99.0	152.0	177.0
Broker 3	31-Aug-23	1,357.6	1,473.2	1,513.9	1,596.9	214.8	237.2	273.2	298.4	85.4	96.9	137.0	165.9
Broker 4	31-Aug-23	1,357.6	1,480.1	1,539.7	1,632.9	214.8	221.0	259.4	323.7	85.4	81.8	115.8	173.7
Broker 5	14-Sep-23	1,357.6	1,502.0	1,520.0	1,598.0	214.8	243.0	295.0	330.0	85.4	105.0	150.0	182.0
Broker 6	31-Aug-23	1,357.6	1,457.0	1,588.0	1,686.0	214.8	244.0	276.0	301.0	85.4	113.0	148.0	173.0
Broker 7	4-Sep-23	1,357.6	1,455.0	1,537.0	1,592.0	214.8	251.6	299.2	314.6	85.4	114.0	160.6	175.7
Broker 8	31-Aug-23	1,357.6	1,474.6	1,431.9	1,515.5	214.8	216.4	252.2	287.5	85.4	81.0	113.8	146.1
Broker 9	31-Aug-23	1,357.6	1,424.0	1,546.6	1,573.2	214.8	235.5	275.2	312.7	85.4	96.5	131.2	163.7
Broker 10	31-Aug-23	1,357.6	1,381.0	1,412.0	1,510.2	214.8	238.4	286.7	296.9	85.4	99.3	144.0	149.0
Broker 11	1-Sep-23	1,357.6	1,444.0	1,511.0	1,658.0	214.8	218.0	246.0	313.0	85.4	79.0	102.0	162.0
Low		**1,357.6**	**1,381.0**	**1,412.0**	**1,510.2**	**214.8**	**216.4**	**246.0**	**287.5**	**85.4**	**79.0**	**102.0**	**146.1**
High		**1,357.6**	**1,502.0**	**1,588.0**	**1,686.0**	**214.8**	**251.6**	**304.0**	**330.0**	**85.4**	**114.0**	**163.0**	**182.0**
Median		**1,357.6**	**1,455.0**	**1,532.0**	**1,598.0**	**214.8**	**237.2**	**276.0**	**313.0**	**85.4**	**96.9**	**144.0**	**172.0**
Mean		**1,357.6**	**1,452.9**	**1,515.3**	**1,599.2**	**214.8**	**233.7**	**278.4**	**311.3**	**85.4**	**96.1**	**137.9**	**167.3**

Source: Broker reports; Kroll Analysis.

Costa Broker Forecast NPAT-S ($ millions), Underlying EPS and DPS

	Date of report	NPAT-S				Underlying EPS (cents)				DPS (cents)			
		CY22	CY23	CY24	CY25	CY22	CY23	CY24	CY25	CY22	CY23	CY24	CY25
Broker 1	28-Aug-23	30.2	32.0	70.0	73.0	6.5	7.0	15.0	16.0	9.0	9.0	11.0	11.0
Broker 2	31-Aug-23	30.2	19.0	55.0	74.0	6.5	4.0	11.8	15.9	9.0	5.0	9.5	11.0
Broker 3	31-Aug-23	30.2	9.7	65.8	96.4	6.5	2.2	14.2	20.8	9.0	5.0	7.3	11.6
Broker 4	31-Aug-23	30.2	n/a	38.8	81.3	6.5	n/a	8.3	17.4	9.0	9.0	9.0	10.0
Broker 5	14-Sep-23	30.2	23.0	65.0	92.0	6.5	4.9	14.0	19.9	9.0	3.9	11.2	15.9
Broker 6	31-Aug-23	30.2	30.0	53.0	68.0	6.5	7.0	11.0	15.0	9.0	9.0	9.0	9.0
Broker 7	4-Sep-23	30.2	36.5	73.1	85.3	6.5	7.9	15.7	18.4	9.0	6.0	12.8	14.8
Broker 8	31-Aug-23	30.2	16.5	32.8	62.2	6.5	n/a	n/a	n/a	9.0	n/a	n/a	n/a
Broker 9	31-Aug-23	30.2	28.3	39.5	57.8	6.5	6.1	8.5	12.4	9.0	5.0	9.0	9.0
Broker 10	31-Aug-23	30.2	33.4	59.3	61.1	6.5	7.2	12.8	13.2	9.0	5.5	10.0	10.0
Broker 11	1-Sep-23	30.2	15.0	20.0	67.0	6.5	3.2	4.3	14.4	9.0	8.0	8.0	9.0
Low		**30.2**	**9.7**	**20.0**	**57.8**	**6.5**	**2.2**	**4.3**	**12.4**	**9.0**	**3.9**	**7.3**	**9.0**
High		**30.2**	**36.5**	**73.1**	**96.4**	**6.5**	**7.9**	**15.7**	**20.8**	**9.0**	**9.0**	**12.8**	**15.9**
Median		**30.2**	**25.7**	**55.0**	**73.0**	**6.5**	**6.1**	**12.3**	**16.0**	**9.0**	**5.8**	**9.3**	**10.5**
Mean		**30.2**	**24.3**	**52.0**	**74.4**	**6.5**	**5.5**	**11.6**	**16.3**	**9.0**	**6.5**	**9.7**	**11.1**

Source: Broker reports; Kroll Analysis.

Costa Broker Forecast Revenue by segment ($ millions)

	Date of report	Produce				CF&L				International			
		CY22	CY23	CY24	CY25	CY22	CY23	CY24	CY25	CY22	CY23	CY24	CY25
Broker 1	28-Aug-23	1,028.9	1,095.0	1,161.0	1,208.0	184.6	192.0	200.0	208.0	190.9	206.0	223.0	240.0
Broker 2	31-Aug-23	1,028.9	1,062.0	1,104.0	1,143.0	184.6	192.0	197.0	202.0	190.9	240.0	282.0	329.0
Broker 3	31-Aug-23	1,028.9	1,076.0	1,126.7	1,190.4	184.6	192.3	198.1	204.0	190.9	255.9	240.1	253.5
Broker 4	31-Aug-23	1,028.9	1,091.7	1,153.9	1,190.6	184.6	195.9	207.0	213.6	190.9	242.2	231.4	282.9
Broker 5	14-Sep-23	1,028.9	1,113.0	1,113.0	1,136.0	184.6	188.0	192.0	196.0	190.9	250.0	266.0	319.0
Broker 6	31-Aug-23	1,028.9	n/a	n/a	n/a	184.6	n/a	n/a	n/a	190.9	n/a	n/a	n/a
Broker 7	4-Sep-23	1,028.9	1,047.2	1,114.4	1,141.4	184.6	193.8	193.8	193.8	190.9	290.5	309.9	340.9
Broker 8	31-Aug-23	1,028.9	n/a	n/a	n/a	184.6	n/a	n/a	n/a	190.9	n/a	n/a	n/a
Broker 9	31-Aug-23	1,028.9	1,029.6	1,153.2	1,145.9	184.6	192.0	197.8	201.7	190.9	250.4	244.9	276.0
Broker 10	31-Aug-23	1,028.9	1,022.0	1,065.0	1,154.0	184.6	184.6	189.3	192.1	190.9	225.0	207.1	214.1
Broker 11	1-Sep-23	1,028.9	1,056.0	1,140.0	1,237.0	184.6	192.0	196.0	200.0	190.9	246.0	229.0	279.0
Low		**1,028.9**	**1,022.0**	**1,065.0**	**1,136.0**	**184.6**	**184.6**	**189.3**	**192.1**	**190.9**	**206.0**	**207.1**	**214.1**
High		**1,028.9**	**1,113.0**	**1,161.0**	**1,237.0**	**184.6**	**195.9**	**207.0**	**213.6**	**190.9**	**290.5**	**309.9**	**340.9**
Median		**1,028.9**	**1,062.0**	**1,126.7**	**1,154.0**	**184.6**	**192.0**	**197.0**	**201.7**	**190.9**	**246.0**	**240.1**	**279.0**
Mean		**1,028.9**	**1,065.8**	**1,125.7**	**1,171.8**	**184.6**	**191.4**	**196.8**	**201.2**	**190.9**	**245.1**	**248.2**	**281.6**

Source: Broker reports; Kroll Analysis.

KROLL

Costa Broker Forecast EBITDA-S by segment ($ millions)

	Date of report	Produce				CF&L				International			
		CY22	CY23	CY24	CY25	CY22	CY23	CY24	CY25	CY22	CY23	CY24	CY25
Broker 1	28-Aug-23	117.8	112.0	178.0	188.0	15.2	21.0	22.0	23.0	81.8	94.0	103.0	114.0
Broker 2	31-Aug-23	117.8	107.0	155.0	161.0	15.2	13.0	15.0	15.0	81.8	119.0	125.0	146.0
Broker 3	31-Aug-23	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Broker 4	31-Aug-23	117.8	94.0	137.3	173.5	15.2	10.9	11.5	11.9	81.8	116.1	110.6	138.3
Broker 5	14-Sep-23	117.8	113.0	152.0	161.0	15.2	11.0	15.0	16.0	81.8	119.0	128.0	154.0
Broker 6	31-Aug-23	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Broker 7	4-Sep-23	117.8	118.4	165.6	174.3	15.2	11.6	11.6	11.6	81.8	121.6	122.0	128.7
Broker 8	31-Aug-23	117.8	80.7	125.2	154.0	15.2	14.3	14.5	13.8	81.8	121.4	112.4	119.7
Broker 9	31-Aug-23	117.8	108.1	161.5	176.3	15.2	9.7	13.5	13.8	81.8	117.7	100.2	122.7
Broker 10	31-Aug-23	117.8	112.1	171.5	185.2	15.2	16.6	17.0	17.3	81.8	109.6	98.1	94.4
Broker 11	1-Sep-23	117.8	86.0	130.0	172.0	15.2	11.0	13.0	13.0	81.8	120.0	103.0	128.0
Low		**117.8**	**80.7**	**125.2**	**154.0**	**15.2**	**9.7**	**11.5**	**11.6**	**81.8**	**94.0**	**98.1**	**94.4**
High		**117.8**	**118.4**	**178.0**	**188.0**	**15.2**	**21.0**	**22.0**	**23.0**	**81.8**	**121.6**	**128.0**	**154.0**
Median		**117.8**	**108.1**	**155.0**	**173.5**	**15.2**	**11.6**	**14.5**	**13.8**	**81.8**	**119.0**	**110.6**	**128.0**
Mean		**117.8**	**103.5**	**152.9**	**171.7**	**15.2**	**13.2**	**14.8**	**15.0**	**81.8**	**115.4**	**111.4**	**127.3**

Source: Broker reports; Kroll Analysis.

KROLL

Appendix 4 – Valuation methodologies

The purpose of the valuation methodology adopted is, in the absence of direct market evidence, to provide an estimate of value using methodologies that rely on other sources of evidence. Consistent with International Valuation Standards, valuation methodologies applicable to assets or businesses can be categorised under three approaches: market approach, income approach and cost approach.

These approaches have application in different circumstances. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

The market comparable methodology indicates the value of a business by comparing it to publicly traded companies in similar lines of business. An analysis of the trading multiples of comparable companies yields insight into investor perceptions and, therefore, the value of the subject company. The multiples are evaluated and compared based on the relative growth potential and risk profile of the subject company I the publicly traded comparable companies. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of securities. As such, multiples are generally reflective of the prices at which portfolio interests change hands.

The comparable transaction methodology indicates value based on exchange prices in actual transactions. This process essentially involves the comparison and correlation of the subject company with other similar businesses recently sold or currently offered for sale. Considerations such as timeframe of transaction, premiums, and conditions of sale are analysed, and the observed transaction multiples are subjectively adjusted to indicate a value for the subject company.

A key step in both methods is determining the appropriate unit of comparison. In a business valuation, common units of comparison include revenue, EBITDA, EBIT, net profit after tax and book values. The choice will typically depend on the industry and characteristics of the subject asset.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them.

Income approach

Under an income approach, the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history or there is a variable pattern of cash flow or the asset has a finite life.

The most common methodology adopted is the discounted cash flow (**DCF**) methodology. It has a strong theoretical basis and benefits by explicitly estimating future cash flows, allowing it to be used in a variety of circumstances, whether that be a start-up or an established business. It also allows for various scenarios and/or sensitivities to be modelled. Under a DCF methodology, forecast cash flows are discounted back to the valuation date resulting in a present value for the asset. Where there is an explicit forecast period a terminal value will typically be included, representing the value of the asset at the end of this period, which is also discounted back to the valuation date to give an overall value for the business. The rate at which the future cash flows are discounted (the discount rate) should reflect not only the time value of money, but also the risk associated with the asset or business' future operations. Whilst discount rates are generally determined from observable data, substantial judgement is required in their determination. Further, the cash flows themselves also require considerable judgement in their preparation, placing significant importance on the quality of the underlying cash flow forecasts and the determination of an appropriate discount rate in order for a DCF methodology to produce a sensible valuation figure.

DCF's can also be extremely sensitive to what may be considered small changes in various assumptions and the longer the forecast period the more difficult it is in general to forecast cash flows with sufficient reliability. As such, it is important to adequately understand the basis and risks associated with the various assumptions used to derive the cash flow forecasts and recognise the impact it can have on resulting values including the value range. Notwithstanding, DCF methodologies are widely used and benefit from the rigour associated with the preparation of future cash flows.

Cost approach

Under a cost approach the value of an asset is determined having regard to the cost to replace or reproduce the asset. The most common methodologies include:

- the replacement cost;
- the reproduction cost method; and
- the summation method.

A cost based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies).

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset approach is also useful as a cross-check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

KROLL

Appendix 5 – Market evidence

Comparable transactions

The following tables set out the key transactions comparable to Costa .

Comparable Transactions Earnings Multiples

Announcement Date	Target	Acquirer	Country of Target	% acquired	Premium to 1 week VWAP	Implied EV (100%) ($ million)	LTM EBITDA[1] ($ million)	NTM EBITDA[2] ($ million)	EV/LTM EBITDA	EV/NTM EBITDA
Produce										
23-Jun-21	Business and Assets of 2PH Farms Pty Ltd	Costa Group Holdings Limited	Australia	100.0	na	200.0	29.0	na	6.9	na
26-Nov-20	Lion-Dairy & Drinks Pty Ltd	Bega Cheese Limited	Australia	100.0	na	534.0	56.0	na	9.5	na
13-Aug-18	Capilano Honey Limited	ROC Capital Pty Ltd; Wattle Hill Capital; Wattle Hill RHC Fund 1	Australia	100.0	32.9%	210.6	16.2	18.2	13.0	11.6
International										
9-Dec-16	Fyffes plc	Sumitomo Corporation	Ireland	100.0	51.2%	1,267.9	83.4	103.3	15.2	12.3
8-Feb-16	Illovo Sugar Limited	Associated British Food	South Africa	48.7	30.2%	1,521.7	155.2	158.6	9.8	9.6
3-Dec-14	Orange-Co, LP	Alico, Inc.	United States of America	100.0	na	306.1	28.9	na	10.6	na
18-Oct-13	Alico, Inc.	Arlon Group LLC	United States of America	51.0	-10.0%	301.5	27.0	na	11.2	na

Source: S&P Capital IQ, Mergermarket, Company financial statements, Australian Financial Review, SEC company filings, ASIC company filings; Kroll analysis.
Notes:
1. LTM EBITDA multiples are calculated based on EBITDA of the last 12 months prior to the transaction announcement date.
2. NTM EBITDA multiples are calculated based on CapIQ estimates.
3. ‘na’ means not available.

KROLL

Produce

*2PH Farms Pty Ltd (**2PH**) / Costa*

On 19 July 2021, Costa acquired 2PH, a citrus grower in Central Queensland at an implied EV of $200.0 million. LD&D also has largest national cod chain distribution network supplying food service and convenience stores. The transaction implied LTM EBITDA of 6.9 times reflecting the relatively young citrus orchards 2PH has due to replanting in recent years. At the time of the acquisition, 2PH had 1,474 hectares of planted citrus and 240 hectares of table grapes, and an additional 210 hectares of citrus which would be planted at the Conaghans property by the summer of 2023. Costa also made a commitment to purchase the Conaghans property in Emerald for a $31 million in July 2023 where 2PH is currently growing a new citrus crop.

*Lion-Dairy & Drinks Pty Ltd (**LDD**) / Bega Cheese*

On 25 January 2021, Bega Cheese acquired LDD which is mainly engaged in manufacturing, marketing and distribution of milk-based beverages. The transaction occurred at an implied EV of $534 million and reflects LTM EBITDA of 9.5 times. The multiple indicates the diversity and scalability benefits and expansion of its distribution network expected by Bega Cheese after the acquisition. Bega Cheese also expected base case synergies of $41 million per annum and double digit EPS accretion in FY22 from the acquisition resulting from milk network optimisation and increased product portfolio.

*Capilano Honey Limited (**Capilano**) / ROC Capital Pty Ltd, Wattle Hill Capital and Wattle Hill RHC Fund 1*

Capilano was acquired by consortium of China-focused Wattle Hill RHC Fund and Roc Partners on 5 December 2018. which packages and sells Honey in Australia. Capilano is engaged in packaging and marketing of honey globally. The company is also engaged in the sale of unprocessed beeswax and health and wellness products. The transaction reflects the renewed interest from Chinese and China-focused investors in Australia amid mounting trade tensions with the United States of America at the time of the acquisition.

The transaction implied approximately 13.0 times LTM EBITDA with a premium to the 1-week VWAP of 32.9%. These multiples are aligned with the NTM EBITDA of $18.2 million, a 12.2% increase, with an EBITDA margin of 13.2%.

International

*Fyffes Plc (**Fyffes**) / Sumitomo Corporation (**Sumitomo**)*

On 17 February 2017, Fyffes was acquired by Sumitomo at €2.23 per ordinary share which implied an EV of $1,267.9 million. Headquartered in Ireland, Fyffes operates as an importer and distributor of tropical fresh produce and is mainly engaged in the production, distribution, and marketing of bananas, pineapples, and melons. The company has operations in Europe, the United States of America, and Central and South America.

The transaction implied approximately 15.2 times LTM EBITDA and 12.3 times NTM EBITDA with a premium to the 1-week VWAP of 51.2%. The multiples reflects the growth anticipated in Fyffe's business as a result of company's recent investments. Fyffes invested €29.5 million in 2015 in acquiring businesses in banana and melon categories and also acquired Canada based Highline Produce Ltd in 2016. Fyffes being the Europe's largest banana importer, is expected to provide the acquirer with greater scale and diversification and a platform to expand its product offering and enter new geographical markets. The premium paid by the acquirer reflected the relatively weak valuation of the Irish company in few months before the announcement of transaction and Sumitomo's effort to avoid being beaten in a bidding war.

*Illovo Sugar Ltd (**Illovo**) / Associated British Foods Plc (**ABF**)*

Illovo was acquired in a majority shareholder buyout by ABF in June 2016. ABF acquired the remaining 48.65% stake in Illovo at ZAR 20 per ordinary share of Illovo at an implied EV of $1,753.9 million. At the time of the acquisition Illovo was Africa's largest sugar producer and manufacturer of downstream cane products and had operations in six African countries and exported its products across Africa, Europe and North America. The transaction implied a LTM EBITDA of 9.8 times and NTM EBITDA of 9.6 times with a premium to the 1-week VWAP of 30.2%. The premium of 30.2% reflects the low share price of the company due to challenging market conditions resulting from severe drought in South Africa market.

*Orange-Co, LP (**Orange-Co**) / Alico Inc (**Alico**)*

Orange-Co which produces and markets citrus fruits in Florida was acquired by Alico in December 2014 at an implied EV of $306.1 million. Orange-Co has a high LTM EBITDA margin of 35.2% and the transaction implied a LTM EBITDA multiple of 10.6 times as the acquisition included 20,263 acres of land and was expected to help Alico to become a leading agriculture and natural resources company. The acquisition was financed with proceeds from Alico's USD 97 million sale of its sugarcane assets and a portion of the proceeds from Alico's new long-term debt facilities and related credit lines. Alico expects the acquisition to be EPS accretive.

*Alico / Arlon Group (**Arlon**)*

Arlon acquired 50.97% stake in Alico at USD37 per share which implied an EV of $301.5 million. Alico is engaged in the sale of citrus products and providing services to citrus groves owned by third parties. Alico's principal lines of business are citrus groves, improved farmland including sugar cane, cattle ranching and conservation, and other operations which include rock mining. The acquisition implied a LTM EBITDA multiple of 11.2 times as Alico was one of the largest private landowners in Florida owning approximately 130,800 acres in five countries with 11,000 producing acres in Florida.

KROLL

Comparable companies

The following table sets out the trading multiples for the comparable companies to Costa.

Comparable Companies Trading Multiples

Company Name	Description	Segment contribution[1]	Geographical spread[2]	EBITDA Margins			Enterprise Value / EBITDA[3,4]			CAGR
				FY+1	FY+2	FY+3	FY+1	FY+2	FY+3	
ANZ Produce										
Inghams Group Limited[5]	Inghams Group Limited is the largest integrated poultry producer in Australia and New Zealand supplying major retailers and food service distributors.	Poultry: 92.7% Feed: 7.3%	Australia, New Zealand	14.5%	13.5%	13.0%	6.5	6.8	6.8	(2.2%)[13]
Bega Cheese Limited[5]	Bega Cheese Limited produces and distributes a range of dairy and food products, including cheese, spreads, butter, dips, and infant formula.	Branded: 78.3% Bulk: 21.7%	Australia, Other	4.8%	5.3%	5.7%	8.3	7.2	6.4	14.1%[13]
Cobram Estate Olives Limited[5]	Cobram Estate Olives Limited produces and sells high-quality extra virgin olive oil from different varieties and flavours.	Olive Oil Australia: 74.0% Olive Oil USA: 25.0% Boundary Bend Wellness: 0.9%	Australia, USA, Asia, United Kingdom, New Zealand, Oceania, UAE	19.0%	32.9%	20.8%	17.5	7.5	12.3	19.2%[13]
Select Harvests Limited[6]	Select Harvests Limited produces and distributes almonds and other natural food products, such as nuts, dried fruits, seeds, and muesli.	na, no segment information available.	Australia, India, China, Asia, Europe, Middle East	18.8%	30.6%	35.1%	17.1	9.8	8.1	45.6%[13]
CF&L										
Greenyard NV[7]	Greenyard NV is a company that supplies fresh, frozen, and prepared fruit and vegetables to customers around the world.	Fresh: 81.3% Long Fresh: 18.7%	Germany, Netherlands, Belgium, United Kingdom, France, Other - Europe, Other - non-Europe	3.6%	3.7%	3.8%	4.5	4.2	3.9	6.9%[13]

International										
Treasury Wine Estates Limited[5,8]	Treasury Wine Estates Limited is an Australian global winemaking and distribution business with headquarters in Melbourne.	Treasury Premium Brand: 31.7% Penfolds: 34.1% Treasury Americas: 34.2%	Australia, USA, United Kingdom, Other	30.0%	30.5%	31.9%	13.9	12.4	10.4	15.8%[13]
Fresh Del Monte Produce Inc.[9]	Fresh del monte produce incorporated is a global food company that produces, markets, and distributes fresh and fresh-cut fruits and vegetables, prepared foods, and other products and services.	Fresh Value Added Products: 58.1% Banana: 36.5% Other Products and Services: 5.4%	North America, Europe, Middle East (Includes North Africa) and Asia, Other	6.1%	5.5%	na	7.0	7.5	na	(6.8%)[13]
Dole plc[9]	Dole produce incorporated is an Irish-American agricultural multinational corporation that produces and distributes fresh and fresh-cut fruits and vegetables, prepared foods, and other products and services.	Fresh Fruit: 32.5% Diversified Fresh Produce - EMEA: 33.6% Americas and ROW: 21.0% Fresh Vegetables: 12.9%	North America, Latin America, Europe, Asia, Middle East, Africa (primarily South Africa)	4.6%	4.6%	4.7%	6.7	6.5	6.2	3.7%[13]
Limoneira Company[10,11]	Limoneira Company is a leading 130-year-old international agribusiness producing lemons, avocados, oranges, specialty citrus and other crops that are enjoyed throughout the world.	Agribusiness: 97.1% Other Operations: 2.9%	USA, Canada, Asia, Europe and Other	(0.3%)	7.9%	9.7%	nmf[15]	16.8	11.3	48.1%[14]
Alico, Inc.[12]	Alico, Inc. is a holding company with assets and related operations in agriculture and environmental resources, including citrus and wildlife management	Alico Citrus: 97.5% Land management and other operations: 2.5%	USA	(28.1%)	17.1%	27.7%	nmf[15]	31.9	15.9	100.7%[14]

Source: S&P Capital IQ, Refinitiv, Company financial statements; Kroll analysis.

Note:

1. Segment contribution relates to the proportion of revenue contributed by each reportable business segment in the most recent financial year-end.
2. Geographical spread denotes key operational, export and sales locations as disclosed in the financial reports.
3. Enterprise value is calculated as market capitalisation plus net debt, leases and other adjustments which include non-controlling interests, special provisions, equity accounted investments and net derivative financial instruments. All share price data is calculated as at 5 December 2023, except for Treasury Wine Estates and Limoneira Company.
4. Forward multiples are based on broker consensus forecasts from Refinitiv.
5. FY+1 EBITDA forecasts relate to the financial year ending 30 June 2024, and FY+2 and FY+3 relate to the financial year ending 30 June 2025 and 30 June 2026, respectively.
6. FY+1 EBITDA forecasts relate to the financial year ending 30 September 2024, and FY+2 and FY+3 relate to the financial year ending 30 September 2025 and 30 September 2026, respectively.
7. FY+1 EBITDA forecasts relate to the financial year ending 31 March 2024, and FY+2 and FY+3 relate to the financial years ending 31 March 2025 and 30 September 2026, respectively.
8. Treasury Wine Estates share price data is calculated as at 27 October 2023. On 31 October 2023, Treasury Wine Estates entered into arrangements to acquire 100% of DAOU Vineyards LLC and its associated entities for an upfront consideration of US$900m. Treasury Wine Estate's share price at 27 October 2023 represents an undisturbed share price.
9. FY+1 EBITDA forecasts relate to the financial year ending 31 December 2023, whilst FY+2 and FY+3 relate to the financial year ending 31 December 2024 and 31 December 2025 respectively.
10. FY+1 EBITDA forecasts relate to the financial year ending 31 October 2023, whilst FY+2 and FY+3 relate to the financial year ending 31 October 2024 and 31 October 2025 respectively.
11. Limoneira Company share price data is calculated as at 30 November 2023. On 1 December 2023, Limoneira Company announced they were reviewing a range of strategic options for the future of their business with the support of expert advisors. Limoneira Company's share price at 30 November 2023 represents a undisturbed share price.
12. FY+1 EBITDA forecasts relate to the financial year ending 30 September 2023, whilst FY+2 and FY+3 relate to the financial year ending 30 September 2024 and 30 September 2025 respectively.
13. CAGR refers to compound annual growth rate calculated from FY+1 to FY+3 or next closest available forecast.
14. CAGR refers to compound annual growth rate calculated from FY+2 to FY+3 due to negative EBITDA forecasts for FY+1.
15. "nmf" refers to non-meaningful number.

Part Two – Financial Services Guide

What is an FSG?

This Financial Services Guide ("FSG") is an important document that provides you with information to help you decide whether to use our financial services.

This FSG contains information on:

- who we are;
- who our authorised representatives are;
- how we can be contacted;
- certain financial services that we can offer you;
- how we, our authorised representatives and other parties involved in providing the financial services are paid in relation to the financial services we offer; and
- details of how you can make a complaint about us or the financial services we provide.

Who we are?

Kroll Australia Pty Ltd (ACN 116 738 535), ("We", "us" and "Kroll") is authorised to provide retail financial services on behalf of Millinium Capital Managers Limited (ACN 111 283 357) ("Millinium"), Australian Financial Services License ("AFSL") no. 284336, as a Corporate Authorised Representative ("CAR"). We have also appointed Mr. Ian Jedlin as an authorised representative to Millinium's AFSL (our "Authorised Representative"). All authorised representatives of Kroll are authorised representatives of Millinium. We aim to provide quality financial products and services to investors. Kroll acts on its own behalf when providing financial services.

Kroll has been engaged by Costa Group Holdings Limited ("Client") to prepare an independent expert report ("Report") in connection with the proposed acquisition by Paine Schwartz Partners, LLC (**PSP**), Driscoll's, Inc (**Driscoll's**) and British Columbia Investment Management Corporation (**BCIC**) of Client. Client will provide our Report to you.

Our details

Kroll Australia Pty Ltd
Level 32, 85 Castlereagh St
SYDNEY
NSW 2000
www.kroll.com
Ph: 02 8286 7200

Our Authorised Representative

Ian Jedlin
ASIC authorised representative: No. 000404117
Level 32, 85 Castlereagh St, SYDNEY, NSW 2000

Authorised Financial Services

Kroll is authorised by Millinium to provide the following financial services as their CAR:

- provide financial product advice in respect of the following classes of financial products:
  - interests in managed investment schemes including investor directed portfolio services; and
  - securities, with respect to retail clients and wholesale clients.

This FSG only relates to the provision of general advice by Kroll.

Personal Advice

Neither we nor our authorised representatives can provide you with personal advice. Personal advice is advice that takes into account your objectives, financial situation and needs. Where you are referred to a financial planner for personal advice, they will make reasonable enquiries to understand your personal objectives, financial situation and needs. Their personal advice, and any relevant warnings, will be provided to you in their Statement of Advice ("SOA").

Remuneration

Kroll charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay Kroll $350,000 (excluding GST and out of pocket expenses) for preparing the Report. Kroll and its officers, representatives, related entities and associates ("Personnel") will not receive any other fee or benefit in connection with the provision of the Report. All Personnel that provide general advice on our behalf in providing services are on contract to us and receive a salary or payments in accordance with their respective contracts. They may also receive a bonus, but it is not related to the general advice provided in the Report.

Kroll may provide professional services, including consultancy, business intelligence, transfer pricing and financial advisory services, to the person who engaged us and receive fees for those services. Kroll and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

Kroll Australia Pty Ltd and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional

91

relationship with the Client, Driscoll's, PSP or BCIC or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme. Kroll advises that a related entity has, within the past two years, provided valuation services to Driscoll's for which professional fees of US$247,000 were received. None of these services have related to the Scheme or alternatives to the Scheme. These fees are not material to Kroll in terms of value. Accordingly, Kroll does not consider that they would have any impact on its ability to provide an unbiased opinion in relation to the Scheme.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaint Redressal

If you have a complaint, please let either Kroll or the Authorised Representative know. Formal complaints should be sent in writing to Complaints Officer, Kroll, Level 32, 85 Castlereagh St, SYDNEY, NSW 2000. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 8286 7227 and they will assist you in documenting your complaint. If the complaint cannot be settled in the first instance by Kroll, you should contact Millinium via the contact details set out below:

In writing:

Dispute Resolution Officer
Millinium Capital Managers Limited
GPO Box 615
Sydney, NSW, 2000

When your complaint is received by Millinium it will be entered onto Millinium's complaints register. All details of the complaint will be sent to the Disputes Resolution Officer who will investigate the circumstances of the complaint. If the Disputes Resolution Officer is unable to reach a satisfactory resolution of the complaint within thirty (30) business days of receipt, you should contact Australian Financial Complaints Authority ("AFCA"). The details are:

In writing:
https://www.afca.org.au/make-a-complaint
Telephone
1300 56 55 62 (local call rate)
Email
info@afca.orga.au
Website
www.afca.org.au

Please note that AFCA can currently only deal with claims for compensation up to $1,085,000. Monetary limits and the AFCA terms of reference do change from time to time. Current details can be obtained from the AFCA website listed above.

Annexure B – Scheme of Arrangement

Final version

Scheme of Arrangement

Dated:

Costa Group Holdings Limited (ACN 151 363 129) (“**Costa**”)

Scheme Participants

King & Wood Mallesons
Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.kwm.com

Scheme of Arrangement
Contents

Scheme of Arrangement

Details

Parties		
Costa	Name	**Costa Group Holdings Limited**
	ACN	151 363 129
	Address	Level 5, 818 Bourke St, Docklands, Victoria 3008
	Email	david.thomas@costagroup.com.au
	Attention	General Counsel
Scheme Participants	Each person registered as a holder of fully paid ordinary shares in Costa as at the Record Date (other than an Excluded Shareholder).	
Governing law	New South Wales, Australia	
Recitals	**A**	Costa and Chilli Buyer Pty Ltd (ACN 670 569 678) ("**Bidder**") have agreed by executing the Scheme Implementation Agreement to implement the terms of this document.
	B	This document imposes obligations on Bidder that Bidder has agreed to but does not impose an obligation on Bidder to perform those obligations.
	C	Bidder has executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance) of its obligations as contemplated by this document.

General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

ACCC means the Australian Competition and Consumer Commission.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited or the market operated by it, as the context requires.

Bidder Group means Bidder and its Related Bodies Corporate.

Business Day means any day that is each of the following:

(a) a business day as defined in the Listing Rules;

(b) a day that banks are open for business in New York, United States; and

(c) a day that banks are open for business in Victoria, British Columbia,

provided that any reference to a Business Day in relation to, or in the context of, any date referenced in the Timetable (other than in respect of the Implementation Date) will have the meaning given in limb (a) of this definition.

CHESS means the clearing house electronic sub-register system of share transfers operated by ASX Settlement and Transfer Corporation Pty Ltd.

Constitution means the constitution of Costa, as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Costa Board means the board of directors of Costa.

Costa Share means a fully paid ordinary share in the capital of Costa.

Costa Shareholder means each person registered in the Register as a holder of Costa Shares.

Court means the Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed in writing by Bidder and Costa.

Deed Poll means the deed poll executed by Bidder substantially in the form of Annexure C of the Scheme Implementation Agreement or as otherwise agreed by Bidder and Costa under which Bidder covenants in favour of each Scheme Participant to perform the actions attributed to Bidder under this Scheme.

Details means the section of this document headed "Details".

Effective, when used in relation to this Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which this Scheme becomes Effective.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the PPSA, or any agreement to create any of them or allow them to exist.

End Date means the "End Date" determined in accordance with the Scheme Implementation Agreement.

Excluded Shareholders means:

(a) Citibank N.A., Hong Kong Branch – Agency & Trust in respect of the ordinary shares in Costa held on behalf of Australian Football Holdings, LLC, which as at the date of this document is 69,675,977 ordinary shares;

(b) Neweconomy.com.au. Nominees Pty Limited (ACN 004 732 138) in respect of the ordinary shares in Costa held on behalf of Driscoll's, Inc., which as at the date of this document is 21,505,156 ordinary shares; and

(c) any Costa Shareholder who is a member of the Bidder Group or any Costa Shareholder who holds any Costa Shares on behalf of, or for the benefit of, or as nominee for, any member of the Bidder Group and does not hold Costa Shares on behalf of, or for the benefit of, or as nominee for, any other person, in each case, as at the Record Date.

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.

Immediately Available Funds means by immediate electronic funds transfer or other form of cleared funds acceptable to Costa .

Implementation Date has the meaning given in the Timetable.

Listing Rules means the Listing Rules of ASX and any other applicable rules of ASX modified to the extent of any express written waiver by ASX.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Record Date has the meaning given in the Timetable.

Register means the register of members of Costa maintained by or on behalf of Costa in accordance with section 168(1) of the Corporations Act.

Registered Address means, in relation to a Costa Shareholder, the address shown in the Register as at the Record Date.

Registry means Link Market Services Limited (ACN 083 214 537).

Regulatory Authority means:

(a) ASX, ACCC, ASIC and the Takeovers Panel;

(b) a Government Agency;

(c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and

(d) any regulatory organisation established under statute.

Related Body Corporate has the meaning given in the Scheme Implementation Agreement.

Scheme means this scheme of arrangement between Costa and Scheme Participants under which all of the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act as described in clause 6 of this Scheme, in consideration for the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by Costa and Bidder in accordance with this Scheme.

Scheme Consideration means the consideration payable by Bidder for the transfer of Costa Shares held by a Scheme Participant to Bidder, being, in respect of each Costa Share:

(a) a cash amount of $3.20; *less*

(b) the cash amount of any dividend declared or determined by the Costa Board (whether fully franked or otherwise) and paid by Costa to Costa Shareholders between the date of this document and the Implementation Date.

Scheme Implementation Agreement means the scheme implementation agreement dated 22 September 2023 between Costa and Bidder under which, amongst other things, Costa has agreed to propose this Scheme to Costa Shareholders (other than Excluded Shareholders), and each of Bidder and Costa has agreed to take certain steps to give effect to this Scheme.

Scheme Meeting means the meeting of Costa Shareholders, ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act at which Costa Shareholders will vote on this Scheme.

Scheme Participant means each person who is a Costa Shareholder on the Record Date (other than an Excluded Shareholder).

Scheme Share means a Costa Share held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any Costa Shares issued on or before the Record Date.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme and will occur on the date set out in the Timetable.

Settlement Rules means the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.

Separate Account has the meaning given in clause 6.3(c).

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

Timetable has the meaning given in the Scheme Implementation Agreement.

Trust Account means an Australian dollar denominated trust account held with an Australian bank operated by Costa (or by the Registry or a custodian entity on behalf of Costa) to hold the Scheme Consideration on trust for the purposes of paying the Scheme Consideration to the Scheme Participants in accordance with clause 6.2 of this Scheme.

Unclaimed Money Act means the *Unclaimed Money Act 1995 No 75* (NSW).

Withholding Amount has the meaning given in clause 11.7.

1.2 General interpretation

Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

(a) the singular includes the plural and vice versa;

(b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);

(c) a reference to a document also includes any variation, replacement or novation of it;

(d) the meaning of general words is not limited by specific examples introduced by "including", "for example", "such as" or similar expressions;

(e) a reference to "**person**" includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;

(f) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(g) a reference to a time of day is a reference to Sydney or Melbourne time;

(h) a reference to dollars, $ or A$ is a reference to the currency of Australia;

(i) a reference to "**law**" includes common law, principles of equity and legislation (including regulations);

(j) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;

(k) a reference to "**regulations**" includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);

(l) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually;

(m) a reference to any thing (including an amount) is a reference to the whole and each part of it;

(n) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;

(o) if a party must do something under this document on or by a given day and it is done after 5.00pm on that day, it is taken to be done at 9.00am on the next Business Day; and

(p) if the day on which a party must do something under this document is not a Business Day, the party must do it on the next Business Day.

2 Preliminary

2.1 Costa

Costa is:

(a) a public company limited by shares;

(b) incorporated in Australia and registered in Victoria; and

(c) admitted to the official list of the ASX and Costa Shares are officially quoted for trading on the stock market conducted by ASX.

As at the date of the Scheme Implementation Agreement, Costa's issued securities are:

(a) Costa Shares: 464,709,793; and

(b) options and rights to subscribe for Costa Shares: 2,635,206.

2.2 Bidder

Bidder is:

(a) a proprietary company limited by shares; and

(b) incorporated in Australia and registered in New South Wales.

2.3 If Scheme becomes Effective

If this Scheme becomes Effective:

(a) In consideration of the transfer of each Scheme Share to Bidder, Costa will procure Bidder to provide (or procure the provision of) the Scheme Consideration in accordance with the terms of this Scheme and the Deed Poll;

(b) all Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to Bidder on the Implementation Date; and

(c) Costa will enter the name of Bidder in the Register in respect of all of the Scheme Shares transferred to Bidder in accordance with the terms of this Scheme.

3 Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

(a) as at 8.00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms;

(b) all of the conditions precedent in clause 3.1 of the Scheme Implementation Agreement (other than the condition in clause 3.1(f) of the Scheme Implementation Agreement relating to Court approval of the Scheme) having been satisfied or waived (other than the conditions precedent that cannot be waived) in accordance with the terms of the Scheme Implementation Agreement (and in any event by 8:00am on the Second Court Date);

(c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, Costa and Bidder having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;

(d) subject to clause 11.1, such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme and agreed to by Bidder and Costa having been satisfied or waived; and

(e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme on or before the End Date (or any later date Costa and Bidder agree in writing in accordance with the Scheme Implementation Agreement).

3.2 Conditions precedent and operation of clause 5

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme (other than, in respect of clause 5.1 of this Scheme only, the condition precedent in clause 3.1(e) of this Scheme).

3.3 Certificate in relation to conditions precedent

On the Second Court Date, each of Costa and Bidder must provide to the Court a certificate signed by a duly authorised representative (or such other evidence as the Court requests) confirming (in respect of matters within their knowledge and included for that party's benefit, or for which that party is responsible and cannot be waived) whether or not the conditions precedent set out in clause 3.1(a) and clause 3.1(b) of this Scheme have been satisfied or waived.

The certificate referred to in this clause 3.3 will constitute conclusive evidence (in the absence of manifest error) of whether the conditions precedent referred to in clause 3.1(a) and clause 3.1(b) of this Scheme have been satisfied or waived as at 8.00am on the Second Court Date.

4 Scheme

4.1 Effective Date

Subject to clause 4.2 this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 End Date

(a) Without limiting any rights of Bidder and/or Costa under the Scheme Implementation Agreement, unless Costa and Bidder otherwise agree in writing this Scheme will lapse and be of no further force or effect if:

  (i) the Effective Date does not occur on or before the End Date or any later date Costa and Bidder agree in writing in accordance with the Scheme Implementation Agreement; or

  (ii) the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with their terms before the Scheme becomes Effective.

(b) Without limiting any rights under the Scheme Implementation Agreement, if the Scheme Implementation Agreement is terminated in accordance with its terms before 8.00am on the Second Court Date, Costa and Bidder are each released from:

  (i) any further obligation to take steps to implement the Scheme; and

  (ii) any liability with respect to this Scheme.

5 Implementation of Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(e) of this Scheme) are satisfied, Costa must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as Bidder and Costa agree in writing.

5.2 Transfer and registration of Scheme Shares

Subject to the Scheme becoming Effective, on the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clauses 6.1 to 6.3 of this Scheme and Bidder having provided Costa with written confirmation of the provision of those funds:

(a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Bidder without the need for any further act by any Scheme Participant (other than acts performed by Costa as attorney and agent for Scheme Participants under clause 8 of this Scheme) by:

  (i) Costa delivering to Bidder a duly completed and executed Share Scheme Transfer to transfer all of the Scheme Shares to Bidder (which will take the form of a master transfer) executed on behalf of the Scheme Participants by Costa (or an of its officers) as agent and attorney of the Scheme Participants; and

(ii) Bidder duly executing the Share Scheme Transfer, attending to the stamping of the Share Scheme Transfer (if required) and delivering the Share Scheme Transfer to Costa for registration; and

(b) immediately following receipt of the duly executed Share Scheme Transfer, but subject to any legislative requirement for a transaction comprising the Scheme to first be assessed for stamp duty, Costa must enter, or procure the entry of, the name of Bidder in the Register in respect of all of the Scheme Shares transferred to Bidder in accordance with the terms of this Scheme.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to Bidder of all of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.4 Title and rights in Costa Shares

(a) Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, Bidder will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by Costa of Bidder in the Register as the holder of the Scheme Shares.

(b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Bidder will, at the time of transfer, vest in Bidder free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind.

5.5 Scheme Participants' agreements

Under this Scheme, each Scheme Participant:

(a) irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Bidder in accordance with the terms of this Scheme;

(b) agrees to the variation, cancellation or modification of the rights attached to its Costa Shares constituted by, or resulting from, the Scheme;

(c) agrees to, on the direction of Bidder, destroy any holding statement or share certificates relating to its Costa Shares;

(d) who holds its Costa Shares in a CHESS Holding (as defined in the Settlement Rules) agrees to the conversion of those Costa Shares to an Issuer Sponsored Holding (as defined in the Settlement Rules), and irrevocably authorises Bidder to do anything necessary, expedient or incidental (whether required by the Settlement Rules or otherwise) to effect or facilitate that conversion;

(e) acknowledges that this Scheme binds Costa and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at the Scheme Meeting or vote against the Scheme at the Scheme

Meeting) and to the extent of any inconsistency and to the extent permitted by law, overrides the Constitution; and

(f) irrevocably consents to Costa and Bidder doing all other things and executing all other documents as may be necessary, incidental or expedient to the implementation of performance of this Scheme.

5.6 Warranty by Scheme Participants

Each Scheme Participant warrants to Bidder and is deemed to have authorised Costa to warrant to Bidder as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

(a) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Bidder under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances or any other third-party interest or restrictions on transfer of any kind; and

(b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Bidder under the Scheme.

5.7 Transfer free of Encumbrances

To the extent permitted by law, all Costa Shares (including any rights and entitlements attaching to those shares) which are transferred to Bidder under this Scheme will, at the date of the transfer of them to Bidder, vest in Bidder free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5.8 Appointment of Bidder as sole proxy

Immediately upon the provision of the Scheme Consideration for the Scheme Shares as contemplated by clauses 5.2 and 6.3 of this Scheme, on and from the Implementation Date until Costa registers Bidder as the holder of all of the Costa Shares in the Register, each Scheme Participant:

(a) irrevocably appoints Costa as attorney and agent (and directs Costa in such capacity) to appoint Bidder and each of its directors from time to time (jointly and each of them individually) as its sole proxy, and where applicable corporate representative, to attend shareholders' meetings, exercise the votes attaching to Costa Shares registered in its name and sign any shareholders resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.8(a)); and

(b) must take all other actions in the capacity of the registered holder of Costa Shares as Bidder directs.

Costa undertakes in favour of each Scheme Participant that it will appoint Bidder and each of its directors from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 5.8(a) of this Scheme.

6 Scheme Consideration

6.1 Consideration under the Scheme

On the Implementation Date, Costa must procure Bidder to provide (or procure the provision of), the Scheme Consideration to the Scheme Participants in accordance with clauses 6.2, 6.3 and 6.4 of this Scheme.

6.2 Satisfaction of obligations

Subject to clause 6.6, the obligation of Costa to procure payment of the Scheme Consideration pursuant to clause 6.1 of this Scheme will be satisfied by Costa procuring Bidder no later than the Business Day before the Implementation Date to deposit (or procure the deposit) in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited will be to Bidder's account).

6.3 Payment of Scheme Consideration

(a) On the Implementation Date, subject to receipt of the funds from Bidder in accordance with clause 6.2 of this Scheme, Costa must pay to each Scheme Participant an amount equal to the Scheme Consideration for each Scheme Share transferred to Bidder (less any applicable Withholding Amount) on the Implementation Date by that Scheme Participant from the Trust Account.

(b) The obligations of Costa under clause 6.3(a) will be satisfied by Costa (in its absolute discretion) and despite any election referred to in clause 6.3(b)(i) or authority referred to in clause 6.3(b)(ii) made or given by the Scheme Participant:

(i) paying, or procuring the payment of, the relevant amount in A$ by electronic means to a bank account nominated by the Scheme Participant, where the Scheme Participant has made a valid election prior to the Record Date in accordance with the requirements of the Registry to receive dividend payments from Costa to that bank account;

(ii) paying, or procuring the payment of, the relevant amount in A$ by electronic means to a bank account nominated by the Scheme Participant by an appropriate authority from the Scheme Participant to Costa; or

(iii) dispatching, or procuring the dispatch of, a cheque drawn on an Australian bank for the relevant amount in A$ to each Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register on the Record Date, such cheque being drawn in the name of the Scheme Participant (or in the case of joint holders, in accordance with the procedures set out in clause 6.7).

(c) If:

(i) a Scheme Participant does not have a Registered Address and no account has been notified in accordance with clause 6.3(b)(i) or a deposit into such account is rejected or refunded; or

(ii) a cheque issued under this clause 6.3 has been cancelled in accordance with clause 6.4(a)(i), Costa as the trustee for the Scheme Participants may credit the amount payable to the relevant Scheme Participant to a separate bank account of Costa ("**Separate Account**") to be held until the Scheme Participant claims the amount or the amount is dealt with under the Unclaimed Money Act. If the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Participant claims the amount or the amount is dealt with under the Unclaimed Money Act. Until such time as the amount is dealt with under the Unclaimed Money Act, Costa must hold the amount on trust for the relevant Scheme Participant, but any interest or other benefit accruing from the amount will be to the benefit of Bidder. An amount credited to the Separate Account or Trust Account (as applicable) is to be treated as having been paid to the relevant Scheme Participant when credited to the Separate Account or Trust Account (as applicable). Costa must maintain records of the amounts paid, the people who are entitled to the amount and any transfers of the amounts.

(d) If, following satisfaction of Costa's obligations under clause 6.3(c), there is a surplus in the amount held by Costa as trustee for the Scheme Participants in the Trust Account, that surplus must be paid by Costa to Bidder.

(e) If this Scheme lapses after Bidder has provided some or all of the Scheme Consideration in accordance with clause 6.2, but prior to Bidder being entered into the Register as the holder of the Scheme Shares in accordance with clause 5.2(b), Costa must refund (or procure the refund) to Bidder of the amount deposited into the Trust Account in accordance with clause 6.2, together with any interest thereon (less bank fees and charges).

6.4 Unclaimed monies

(a) Costa may cancel a cheque issued under clause 6.3 of this Scheme if the cheque:

(i) is returned to Costa; or

(ii) has not been presented for payment within 6 months after the date on which the cheque was sent.

(b) During the period of 1 year commencing on the Implementation Date, on request from a Scheme Participant, Costa must reissue a cheque that was previously cancelled under this clause 6.4.

(c) The Unclaimed Money Act will apply in relation to any Scheme Consideration which becomes "unclaimed money" (as defined in section 3 of the Unclaimed Money Act). Any interest or other benefit accruing from the unclaimed Scheme Consideration will be to the benefit of Bidder.

6.5 Fractional entitlements and splitting

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Participant would result in the Scheme Participant becoming entitled to a fraction of a cent, the fractional entitlement will be rounded up or down (as applicable) to the nearest whole cent.

6.6 Orders of a court or Regulatory Authority

In the case of notice having been given to Costa (or the Registry) of an order made by or a requirement of a court of competent jurisdiction or other Regulatory Authority:

(a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with clause 6.3 of this Scheme, then Costa must procure that payment is made in accordance with that order or otherwise by law; or

(b) which would prevent Costa from dispatching payment to any particular Scheme Participant in accordance with clause 6.3 of this Scheme, or the payment is otherwise prohibited by applicable law, Costa will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration until such time as payment in accordance with clause 6.3 of this Scheme is permitted by that order or otherwise by law.

6.7 Joint holders

In the case of Scheme Shares held in joint names:

(a) any Scheme Consideration payable in respect of those Scheme Shares is payable to the joint holders and any bank cheque required to be paid to Scheme Participants by Bidder under this Scheme must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at the Record Date; and

(b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Costa, the holder whose name appears first in the Register as at the Record Date or to the joint holders.

7 Dealings in Scheme Shares

7.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares will only be recognised by Costa if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before the Record Date; and

(b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Register is kept,

and Costa will not accept for registration, nor recognise for any purpose (except for a transfer to Bidder under this Scheme and any subsequent transfer by Bidder or its successors in title), any transfer or transmission application in respect of Costa Shares received after the Record Date, or received prior to the Record Date but not in registrable or actionable form, as appropriate, unless approved by Bidder.

7.2 Register

Costa must register, or cause to be registered, any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before the Record Date.

7.3 No disposals after Effective Date

(a) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever and Costa will be entitled to disregard such disposal or dealing.

(b) Costa will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Scheme Shares received after the Record Date (except a transfer to Bidder pursuant to this Scheme and any subsequent transfer by Bidder or its successors in title).

7.4 Maintenance of Costa Register

For the purpose of determining entitlements to the Scheme Consideration, Costa will maintain the Register in accordance with the provisions of this clause 7 until the Scheme Consideration has been paid to the Scheme Participants and Bidder has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration and each entry on the Register as at the Record Date is the sole evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to Bidder contemplated in clauses 5.2 and 7.4 of this Scheme, any statements of holding in respect of Scheme Shares will cease to have effect after the Record Date as documents of title in respect of those shares (other than statements of holding in favour of Excluded Shareholders, Bidder and its successors in title). After the Record Date, each entry current on the Register as at the Record Date (other than entries in respect of Excluded Shareholders, Bidder or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration.

7.6 Details of Scheme Participants

Within 3 Business Days after the Record Date, Costa will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at the Record Date are available to Bidder in such form as Bidder reasonably requires.

7.7 Quotation of Costa Shares

Costa must apply to ASX to suspend trading on ASX of Costa Shares with effect from the close of trading on the Effective Date.

7.8 Termination of quotation of Costa Shares

After the Scheme has been fully implemented, Costa will apply:

(a) for termination of the official quotation of Costa Shares on ASX; and

(b) to have itself removed from the official list of the ASX.

8 Appointment of Costa as attorney for implementation of Scheme

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints Costa and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

(a) executing any document or doing or taking any other act necessary, desirable or expedient, or incidental to give effect to this Scheme and the transactions contemplated by it including executing and delivering any Share Scheme Transfer; and

(b) on and from the Effective Date enforcing the Deed Poll against Bidder (and Costa undertakes in favour of each Scheme Participant that it will enforce the Deed Poll against Bidder on behalf of, and as agent and attorney of, each Scheme Participant),

and Costa accepts such appointment. Costa, as attorney and agent of each Scheme Participant, may sub-delegate any of its functions, authorities or powers under this clause 8 to all or any of its directors or officers (jointly, individually or jointly and individually).

9 Appointment of Bidder as attorney in respect of Scheme Shares

Immediately upon the provision of the Scheme Consideration to each Scheme Participant in the manner contemplated by clauses 6.2 and 6.3, until Bidder is registered as the holder of all Scheme Shares, each Scheme Participant:

(a) irrevocably appoints Bidder as its agent and attorney (and irrevocably appoints Bidder as its agent and attorney to appoint any of the directors and officers nominated by Bidder as its agent and attorney) to:

(i) appoint the chair of the board of directors of Costa and, where appliable, corporate representative to attend Costa Shareholders' meetings;

(ii) exercise the votes attaching to Costa Shares registered in the name of the Scheme Participant; and

(iii) sign any Costa Shareholders' resolution;

(b) must not attend or vote at any Costa Shareholders' meetings or sign any Costa Shareholders' resolution (whether in person, by proxy or by corporate representative) other than pursuant to clause 9(a)(ii); and

(c) must take all other action in the capacity of a registered holder of Scheme Shares as Bidder reasonably directs.

10 Notices

10.1 No deemed receipt

If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Costa, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Costa's registered office or at the office of the Registry.

10.2 Accidental omission

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Costa Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

11 General

11.1 Variations, alterations and conditions

(a) Costa may, with the prior consent of Bidder, by its counsel or solicitor, consent on behalf of all persons concerned to those variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

(b) Each Scheme Participant agrees to any such variations, alterations or conditions which Costa has consented to.

11.2 Further action by Costa

Costa will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

11.3 Authority and acknowledgement

Each of the Scheme Participants irrevocably consents to Costa and Bidder doing all things necessary or expedient for or incidental to the implementation of this Scheme.

11.4 No liability when acting in good faith

Each Scheme Participant agrees that neither Costa nor Bidder, nor any of their respective officers or employees, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

11.5 Enforcement of Deed Poll

Costa undertakes in favour of each Scheme Participant to enforce the Deed Poll against Bidder on behalf of and as agent and attorney for the Scheme Participants.

11.6 Stamp duty

Bidder will:

(a) pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme or the transactions effected by or made under the Scheme; and

(b) indemnify each Scheme Participant against any liability arising from failure to comply with clause 11.6(a),

subject to and in accordance with clause 6 of the Deed Poll.

11.7 Withholding tax

If Bidder is required to make any withholding, deduction or payment for or on account of Tax (including under Subdivision 14-D of Schedule 1 of the TAA or by any Government Agency) in respect of the acquisition of Costa Shares from the Scheme Participants (**Withholding Amount**), Bidder:

(a) must pay or procure the payment of the full amount of the withholding or deduction, or make or procure the making of the payment, to the appropriate Government Agency under applicable law; and

(b) will not be required to pay any additional amount to a Scheme Participant on account of the Withholding Amount and, on payment of the Scheme Consideration less the Withholding Amount, will be deemed for all purposes to have paid the full and final amount of the Scheme Consideration (or other payment) required under this document.

12 Governing law

12.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. The parties submit to the non-exclusive jurisdiction of the courts of that place.

12.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party’s address set out in the Details.

KING&WOOD MALLESONS
金杜律师事务所

Deed Poll

Dated: 5 December 2023

Given by Chilli Buyer Pty Ltd (ACN 670 569 678) ("**Bidder**")

In favour of each registered holder of fully paid ordinary shares in Costa Group Holdings Limited (ACN 151 363 129) ("**Costa**") as at the Record Date ("**Scheme Participants**")

King & Wood Mallesons
Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.kwm.com

Deed Poll
Contents

Deed Poll

Details

Parties		
Bidder	Name	**Chilli Buyer Pty Ltd**
	ACN	670 569 678
	Address	c-/ Deutsche Bank Place, Level 4, 126-130 Phillip Street, Sydney, New South Wales 2000
	Email	rmalavazzi@paineschwartz.com
	Copy to	Tom.Story@allens.com.au Jeremy.Low@allens.com.au
	Attention	Renata Lombardi Malavazzi
In favour of	Each registered holder of fully paid ordinary shares in Costa as at the Record Date (other than an Excluded Shareholder).	
Governing law	New South Wales, Australia	

Recitals

A The directors of Costa have resolved that Costa should propose the Scheme.

B The effect of the Scheme will be that all Scheme Shares will be transferred to Bidder.

C Costa and Bidder have entered into the Scheme Implementation Agreement.

D In the Scheme Implementation Agreement, Bidder agreed (amongst other things) to provide (or procure the provision of) an amount at least equal to the Scheme Consideration to the Trust Account in accordance with the Scheme, subject to the satisfaction of certain conditions.

E Bidder is entering into this deed poll for the purpose of undertaking in favour of Scheme Participants to perform its obligations under the Scheme.

Deed Poll

General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

Authorised Officer means a director or secretary of a party or any other person nominated by a party to act as an Authorised Officer for the purposes of this document.

Scheme means the proposed scheme of arrangement between Costa and Scheme Participants under which all the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act, substantially in the form of Annexure A to this document, or as otherwise agreed by Bidder and Costa, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent they are approved in writing by Costa and Bidder in accordance with clause 11 of the Scheme.

Scheme Implementation Agreement means the scheme implementation agreement dated 22 September 2023 between Costa and Bidder under which, amongst other things, Costa has agreed to propose the Scheme to Costa Shareholders (other than Excluded Shareholders), and each of Bidder and Costa has agreed to take certain steps to give effect to the Scheme.

Scheme Shares means all Costa Shares held by the Scheme Participants.

All other words and phrases used in this document have the same meaning as given to them in the Scheme.

1.2 General interpretation

Clause 1.2 of the Scheme applies to this document.

1.3 Nature of deed poll

Bidder acknowledges that:

(a) this document may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it; and

(b) under the Scheme, each Scheme Participant irrevocably appoints Costa and each of its directors, officers and secretaries (jointly and individually) as its agent and attorney to enforce this deed against Bidder.

2 Condition precedent and termination

2.1 Condition precedent

The obligations of Bidder under this document are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Bidder under this document will automatically terminate and the terms of this document will be of no further force or effect if:

(a) the Scheme has not become Effective on or before the End Date or any later date as the Court, with the consent of the Bidder and Costa, may order; or

(b) the Scheme Implementation Agreement is terminated in accordance with its terms; or

(c) the Scheme terminates and ceases to be of any force or effect in accordance with its terms,

unless Costa and Bidder otherwise agree in writing (and, if required, as approved by the Court).

2.3 Consequences of termination

If this document is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

(a) Bidder is released from its obligations to further perform this document except those obligations contained in clause 6.2 and any other obligations which by their nature survive termination; and

(b) each Scheme Participant retains the rights, powers or remedies they have against Bidder in respect of any breach of this document which occurs before it is terminated.

3 Performance of obligations generally

(a) Subject to clause 2, Bidder covenants in favour of each Scheme Participant that it will be bound by the terms of the Scheme as if it were a party to the Scheme and undertakes to perform all obligations and other actions, including those obligations and actions which relate to the payment or procuring the payment of the Scheme Consideration, and give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme, subject to and in accordance with the terms of the Scheme Implementation Agreement and the Scheme.

(b) The obligations of Bidder under clause 3(a) will be satisfied if, in respect of the Scheme Consideration, Bidder deposits, no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to Scheme Participants who are entitled to the Scheme Consideration under the Scheme in cleared funds to the Trust Account, in accordance with, and subject to, the provisions of the Scheme, provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidder's account.

4 Representations and warranties

Bidder represents and warrants that:

(a) **(status)** it has been incorporated or formed in accordance with the laws of its place of incorporation;

(b) (**power**) it has power to enter into this document, to comply with its obligations under it and exercise its rights under it;

(c) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this document does not and will not conflict with:

(i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded;

(ii) in any material respects with any law binding on or applicable to it or its assets;

(d) **(authorisations)** it has in full force and effect each authorisation necessary for it to enter into this document, to comply with its obligations and exercise its rights under it, and to allow them to be enforced;

(e) **(validity of obligations)** its obligations under this document are valid and binding and are enforceable against it in accordance with its terms; and

(f) **(solvency)** it is not Insolvent.

5 Continuing obligations

This document is irrevocable and, subject to clause 2 of this document, remains in full force and effect until:

(a) Bidder has fully performed its obligations under this document; or

(b) the earlier termination of this document under clause 2.2 of this document.

6 Costs

6.1 Costs

Bidder agrees to pay all costs in respect of the implementation of the Scheme (including, in connection with the transfer of Costa Shares to Bidder in accordance with the terms of the Scheme).

6.2 Stamp duty and registration fees

Bidder:

(a) agrees to pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with this document (including any fees, fines, penalties, indemnities and interest in connection with any of these amounts); and

(b) indemnifies each Scheme Participant against, and agrees to reimburse and compensate it, for any liability arising from, or in connection with, any failure to comply with clause 6.2(a) on demand.

7 Notices and other communications

7.1 Form

Unless this document expressly states otherwise, all notices, demands, certificates, consents, approvals, waivers and other communications in connection with this document must be in writing. They must be sent to the address or email addresses referred to in the Details and (except in the case of email) signed by the sender (if an individual) or an authorised officer of the sender.

All communications (other than email communications) must also be marked for the attention of the person referred to in the Details (or, if the intended recipient has notified otherwise, then marked for attention in the way last notified).

Email communications must state the first and last name of the sender and are taken to be signed by the named sender.

7.2 Delivery

Communications must be:

(a) left at the address referred to in the Details;

(b) sent by regular ordinary post (airmail if appropriate) to the address referred to in the Details; or

(c) sent by email to the address referred to in the Details.

If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

7.3 When effective

Communications take effect from the time they are received or taken to be received under clause 7.4 (whichever happens first) unless a later time is specified in the communication.

7.4 When taken to be received

Communications are taken to be received:

(a) If sent by post, 6 Business Days after posting (or 10 days after posting if sent from one country to another); or

(b) if sent by email:

(i) when the sender receives an automated message confirming delivery;

(ii) the time that the email is first opened or read by the intended recipient, or an employee or officer of the intended recipient; or

(iii) 4 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that delivery failed,

whichever happens first.

7.5 Receipt outside business hours

Despite anything else in this clause 7, if communications are received or taken to be received under clause 7.4 after 5.00pm on a Business Day or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day. For the purposes of this clause, the place in the definition of Business Day is taken to be the place specified in the Details as the address of the recipient and the time of receipt is the time in that place.

8 General

8.1 Variation

A provision of this document or any right created under it may not be varied, altered or otherwise amended unless:

(a) if before the First Court Date, the variation is agreed to by Costa and Bidder in writing (which such agreement may be given or withheld without reference to or approval by any Scheme Participant); and

(b) if the variation occurs on or after the First Court Date (as that term is defined in the Scheme Implementation Agreement), the variation is agreed to by Costa and Bidder in writing (which such agreement may be given or withheld without reference to or approval by any Scheme Participant) and the Court indicates (either at the hearing on the First Court Date, at an interlocutory hearing or the hearing on the Second Court Date) that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event Bidder must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

8.2 Partial exercising of rights

Unless this document expressly states otherwise, if Bidder does not exercise a right, power or remedy in connection with this document fully or at a given time, it may still exercise it later.

8.3 No waiver

A provision of this document, or any right, power or remedy created under it may not be varied or waived except in writing signed by the party to be bound.

No failure to exercise, nor any delay in exercising, any right, power or remedy by Bidder or by any Scheme Participant operates as a waiver. A waiver of any right, power or remedy on one or more occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy.

8.4 Remedies cumulative

The rights, powers and remedies in connection with this document are in addition to other rights, powers and remedies given by law independently of this document.

8.5 Assignment or other dealings

The Bidder and each Scheme Participant may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied without the consent of Bidder and Costa.

8.6 Further steps

Bidder agrees to do anything including executing all documents and do all things (on its own behalf or on behalf of each Scheme Participant), at its own expense necessary or expedient to give full effect to this document and the transactions contemplated by it.

8.7 Withholding tax

If Bidder is required to make any withholding, deduction or payment for or on account of Tax (including under Subdivision 14-D of Schedule 1 of the TAA or by any Government Agency) in respect of the acquisition of Costa Shares from the Scheme Participants (**Withholding Amount**), Bidder:

(a) must pay or procure the payment of the full amount of the withholding or deduction, or make or procure the making of the payment, to the appropriate Government Agency under applicable law; and

(b) will not be required to pay any additional amount to a Scheme Participant on account of the Withholding Amount and, on payment of the Scheme Consideration less the Withholding Amount, will be deemed for all purposes to have paid the full and final amount of the Scheme Consideration (or other payment) required under this document.

9 Governing law and jurisdiction

9.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. Bidder submits to the non-exclusive jurisdiction of the courts of that place.

9.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on Bidder by being delivered or left at Bidder's address set out in the Details, provided that a copy of the document (or details of it) must also be sent by email to the email address set out in the Details.

EXECUTED as a deed poll

Deed Poll

Signing page

DATED: **5 December 2023**

Executed and delivered as a Deed Poll.

EXECUTED as a deed by **CHILLI BUYER PTY LTD** in accordance with section 127 of the *Corporations Act 2001* (Cth) by authority of its directors:	)	
.... Signature of director	)	.... Signature of director
Martin Hugh Foreman Name of director (block letters)	)	ALEXANDER MARC CORBACHO Name of director (block letters)

Deed Poll

Annexure A - Scheme

Annexure D – Notice of Scheme Meeting

Costa Group Holdings Limited
(ACN 151 363 129)
(**"Costa"**)

Notice of Scheme Meeting

Notice is hereby given that by an order of the Federal Court of Australia made on 8 December 2023 pursuant to section 411(1) of the Corporations Act 2001 (Cth) ("**Corporations Act**") a meeting of the holders of ordinary shares in Costa will be held at 10.00am (AEDT) on 30 January 2024 and can be attended either in person at Level 27, Collins Arch, 447 Collins Street, Melbourne, VIC 3000 or online at https://meetings.linkgroup.com/CGCSM24.

Business of the Meeting

To consider and, if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

"That, in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth):

(a) the arrangement proposed between Costa and the holders of its ordinary shares, as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting, is agreed to; and

(b) the directors of Costa are authorised to agree to such alterations or conditions as are thought fit by the Court and, subject to approval of the Scheme by the Court, the board of directors of Costa is authorised to implement the Scheme with any such modifications or conditions".

By order of the Court

D Thomas

David Thomas
Company Secretary

Date: 11 December 2023

Explanatory Notes:

These notes should be read in conjunction with this Notice of Scheme Meeting.

Terminology

Capitalised terms which are defined in Section 8 of the Scheme Booklet which accompanies this Notice of Scheme Meeting have the same meaning when used in this notice (including these notes) unless the context requires otherwise.

Chair

The Court has directed that Neil Chatfield act as Chair of the Scheme Meeting or, failing him, Peter Margin (unless the members at the meeting elect some other person to act as Chair of the Scheme Meeting) and has directed the Chair to report the result of the meeting to the Court.

Majority required

In accordance with section 411(4)(a)(ii) of the Corporations Act, the resolution contained in this Notice of Scheme Meeting must be passed by:

(a) a majority in number of those Costa Shareholders present and voting at the Scheme Meeting (either in person, online, by proxy or, in the case of corporate Costa Shareholders, by a corporate representative); and

(b) at least 75% of the votes cast on the resolution contained in this Notice of Scheme Meeting.

The vote will be conducted by poll.

Entitlement to vote

For the purpose of the Scheme Meeting, Costa Shares will be taken to be held by the persons who are registered as Costa Shareholders (other than Excluded Shareholders) at 7.00pm on 28 January 2024. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

Voting in person

To vote in person at the Scheme Meeting, you must attend the Scheme Meeting to be held at Level 27, Collins Arch, 447 Collins Street, Melbourne, VIC 3000 on 30 January 2024 commencing at 10.00am.

You will be admitted to the Scheme Meeting and given a voting card upon disclosure at the point of entry of your name and address.

Voting online

To vote online at the Scheme Meeting, you must attend the Scheme Meeting, commencing at 10.00am, through the Online Scheme Meeting Platform by using a web browser at https://meetings.linkgroup.com/CGCSM24, on your smartphone, tablet or computer.

To access the Online Scheme Meeting Platform, Costa Shareholders will need their Securityholder Reference Number ("**SRN**") or Holder Identification Number ("**HIN**") (which is shown on the front of their holding statement or Scheme Meeting proxy and voting form), and their postcode (or country code, if outside Australia). The Costa Share Registry will email proxyholders their login details 24 hours before the Scheme Meeting. Attorneys and corporate representatives can log in to the Online Scheme Meeting Platform using the proxy number, issued by the Costa Share Register, of the Costa Shareholder that appointed them.

The Scheme Meeting Online Guide (a copy of which is attached to the Scheme Booklet at Annexure E) contains further details about the Online Scheme Meeting Platform. The Scheme Meeting Online Guide provides details about how to ensure that your browser is compatible with the Online Scheme Meeting Platform, as well as a step-by-step guide to successfully log in and navigate the Online Scheme Meeting Platform.

The Online Scheme Meeting Platform will allow Costa Shareholders and their duly appointed proxies, attorneys and corporate representatives to listen to the Scheme Meeting, cast an online vote and ask questions online. If you are attending the Scheme Meeting remotely, you can also ask questions by calling 1800 497 114 (within Australia) or +61 2 9189 1123 (outside Australia).

Online voting will be open between the start of the Scheme Meeting and voting will be closed 5 minutes after the closing of the Scheme Meeting.

If you attend the Scheme Meeting through the Online Scheme Meeting Platform and vote in your capacity as a Costa Shareholder, any votes cast by your proxy or attorney (if any) will not be counted.

Vote or appoint a proxy prior to the Scheme Meeting

Your personalised proxy and voting form for the Scheme Meeting accompanies this Scheme Booklet (the form of which is contained at Annexure F). If your proxy and voting form is signed by an attorney or corporate representative, please also enclose the authority under which the proxy and voting form is signed (or a certified copy of the authority).

Costa Shareholders who have registered a preference for electronic communication for meeting documents will be able to access an electronic proxy and voting form that will enable a direct vote or a proxy appointment. A proxy and voting form will accompany this notice if you receive paper-based communications.

Deadline for receipt of proxy and voting forms: At least 48 hours before the Scheme Meeting (ie by 10.00am on 28 January 2024) Costa must receive:

- your completed proxy and voting form; and
- if you sign under power of attorney or corporate representative, that power of attorney or corporate representative appointment or a certified copy of it.

Any proxy and voting form received after this deadline will be invalid.

How and when a proxy must vote: If the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:

- if the proxy is not the Chair of the Scheme Meeting, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions); and
- if the proxy is the Chair of the Scheme Meeting, the proxy must vote on a poll and must vote as directed.

Default to the Chair of the meeting: If:

- a Costa Shareholder has appointed a proxy other than the Chair of the Scheme Meeting; and
- the Costa Shareholder's proxy either:
    - is not recorded as attending the Scheme Meeting; or
    - attends the Scheme Meeting but does not vote on the resolution,

then the Chair of the Scheme Meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for that Costa Shareholder for the purposes of voting on that resolution. In these circumstances, the Chair of the Scheme Meeting must vote in accordance with any written direction of that Costa Shareholder.

Directing proxy votes: We encourage Costa Shareholders who are appointing proxies to direct their proxies how to vote on each resolution by crossing either a "For", "Against", or "Abstain" box before lodging their proxy and voting form so that, subject to any applicable voting exclusions, their proxy will vote on their behalf in accordance with their instructions.

The Chair intends to vote undirected proxies on, and in **favour** of, the resolution contained in this Notice of Scheme Meeting.

If there is a change in how the Chair intends to vote undirected proxies, Costa will make an announcement to the ASX.

A proxy will be admitted to the Scheme Meeting and given a voting card upon providing written evidence of their name and address at the point of entry to the Scheme Meeting. The sending of a proxy and voting form will not preclude a Costa Shareholder from attending in person and voting at the Scheme Meeting. However, if that Costa Shareholder attends the Scheme Meeting and votes, their proxy's right to vote will be suspended.

Proxy appointment

(a) A Costa Shareholder entitled to attend and vote at the Scheme Meeting may appoint a person as a proxy.

(b) A Costa Shareholder entitled to cast two or more votes may appoint a maximum of two proxies and may state on the proxy and voting form what proportion or number of your votes each proxy is being appointed to exercise. If you appoint two proxies and do not specify the proportion or number of votes each proxy may exercise, each of the proxies may exercise half of your votes.

(c) A “person” can be an individual or a body corporate. If you appoint a body corporate as a proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the Scheme Meeting and provide satisfactory evidence of the appointment of its corporate representative prior to the commencement of the Scheme Meeting.

(d) A proxy need not be a Costa Shareholder.

(e) At least 48 hours before the meeting, Costa must receive:

- the proxy’s appointment; and
- any authority under which the appointment was signed or a certified copy of the authority.

(f) The proxy appointment and any authority appointing an attorney or corporate representative must be either:

- **sent by post** to the Costa Share Registry:
  Costa Group Holdings Limited
  C/ - Link Market Services Limited
  Locked Bag A14 Sydney South NSW 1235 Australia
- **By hand** delivery during business hours (Monday to Friday (excluding public holidays), 9.00am to 5.00pm) to the Costa Share Registry at either:
  - Parramatta Square, Level 22, Tower 6, 10 Darcy Street, Parramatta NSW 2150; or
  - Level 12, 680 George Street, Sydney NSW 2000;
- **faxed** to the Costa Share Registry on +61 2 9287 0309; or
- **lodged online** by visiting www.linkmarketservices.com.au.

Jointly held securities

If the Costa Shares are jointly held, only one of the joint Costa Shareholders is entitled to vote. If more than one joint Costa Shareholder votes, only the vote of the Costa Shareholder whose name appears first in the Costa Share Register will be counted.

Voting by attorney

A Costa Shareholder entitled to attend and vote at the Scheme Meeting may appoint an attorney as its proxy to vote at the Scheme Meeting.

Persons who are attending as an attorney should bring the original or a certified copy of the power of attorney to the Scheme Meeting, unless Costa has already noted it.

Voting by corporate representative

To vote at the Scheme Meeting a corporation who is a Costa Shareholder, or who has been appointed as a proxy by a Costa Shareholder, may appoint a person to act as its representative and to exercise its powers at the Scheme Meeting.

Any corporation wishing to appoint a person to act as representative at the Scheme Meeting may do so by providing that person with:

- a “Certificate of Appointment of Corporate Representative”, the form for which can be obtained from the Costa Share Registry;
- a letter or certificate authorising the person to act as the corporation’s representative in accordance with the corporation’s constitution; or
- a copy of the resolution appointing the representative, certified by a secretary or director of the corporation.

Persons who are attending as a corporate representative for a corporation must bring evidence of their appointment. The appointment must also comply with section 250D of the Corporations Act. An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card upon providing, at the point of entry to the Scheme Meeting, written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer.

Court approval

If the resolution contained in this Notice of Scheme Meeting is approved at the Scheme Meeting by the Requisite Majority, the implementation of the Scheme (with or without modification) will be subject to, among other things, the subsequent approval of the Court.

Annexure E – Scheme Meeting Online Guide

LINK Group

Scheme Meeting Online Guide

Before you begin

Ensure your browser is compatible. Check your current browser by going to the website: **whatismybrowser.com**

Supported browsers are:

- Chrome – Version 44 & 45 and after
- Firefox – 40.0.2 and after
- Safari – OS X v10.9 & OS X v10.10 and after
- Internet Explorer 9 and up
- Microsoft Edge - 92.0 and after

To attend and vote you must have your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode (or country code if outside Australia)

Appointed Proxy: If required, your Proxy Number will be provided by Link before the Meeting.

Please make sure you have this information before proceeding.

Corporate Markets

Scheme Meeting Online Guide

Step 1

Open your web browser and go to
https://meetings.linkgroup.com/CGCSM24

Step 2

Log in to the portal using your full name, mobile number, email address, and participant type.

Please read and accept the terms and conditions before clicking on the blue **'Register and Watch Meeting'** button.

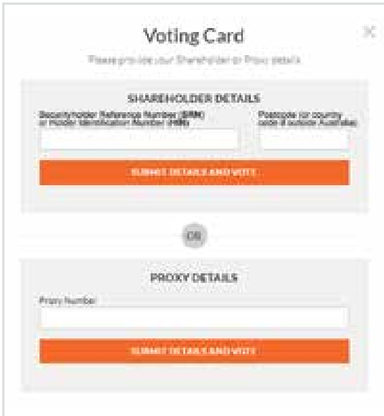
- On the left – a live video webcast of the Meeting
- On the right – the presentation slides that will be addressed during the Meeting
- At the bottom – buttons for 'Get a Voting Card', 'Ask a Question' and a list of company documents to download

Note: If you close your browser, your session will expire and you will need to re-register. If using the same email address, you can request a link to be emailed to you to log back in.

1. Get a Voting Card

To register to vote – click on the 'Get a Voting Card' button.

This will bring up a box which looks like this.

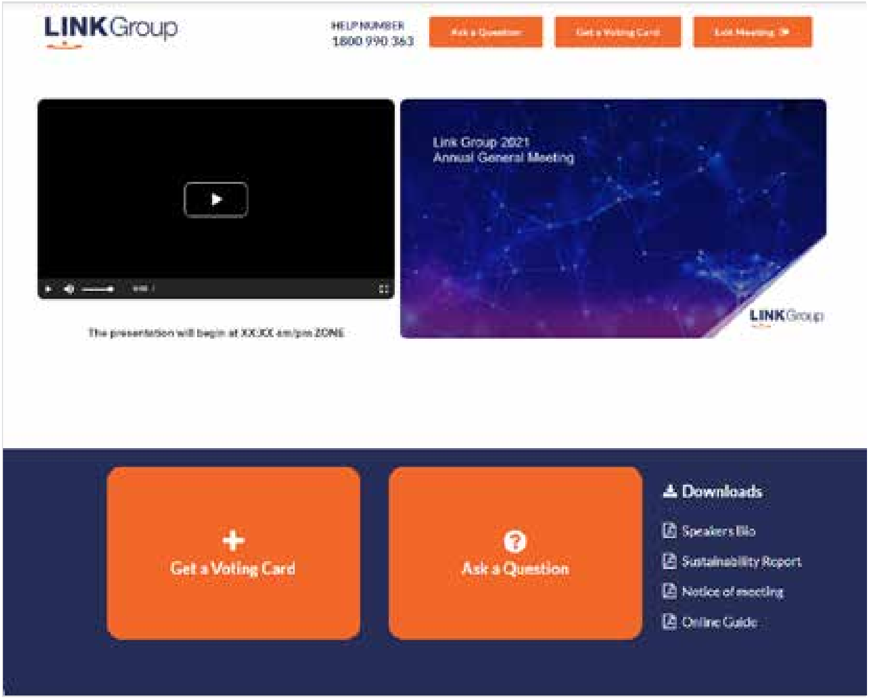


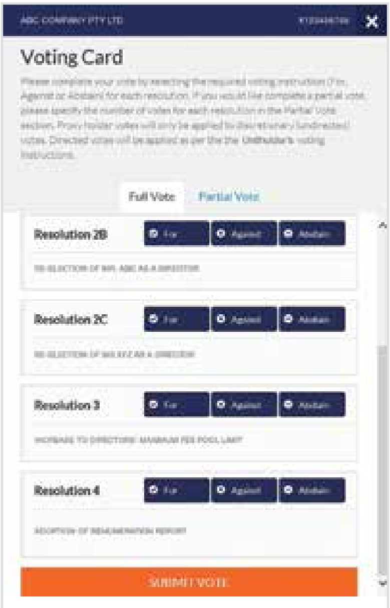
If you are an individual or joint securityholder you will need to register and provide validation by entering your Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) number and postcode (or country code if outside Australia).

If you are an appointed Proxy, please enter the Proxy Number issued by Link in the PROXY DETAILS section. Then click the **'SUBMIT DETAILS AND VOTE'** button.

Once you have registered, your voting card will appear with all of the resolutions to be voted on by securityholders at the Meeting (as set out in the Notice of Meeting). You may need to use the scroll bar on the right hand side of the voting card to view all resolutions.

Securityholders and proxies can either submit a Full Vote or Partial Vote.





Full Votes

To submit a full vote on a resolution ensure you are in the **'Full Vote'** tab. Place your vote by clicking on the **'For'**, **'Against'**, or **'Abstain'** voting buttons.

Partial Votes

To submit a partial vote on a resolution ensure you are in the **'Partial Vote'** tab. You can enter the number of votes (for any or all) resolution/s. The total amount of votes that you are entitled to vote for will be listed under each resolution. When you enter the number of votes it will automatically tally how many votes you have left.

Note: If you are submitting a partial vote and do not use all of your entitled votes, the un-voted portion will be submitted as No Instruction and therefore will not be counted.

Once you have finished voting on the resolutions scroll down to the bottom of the box and click on the **'Submit Vote'** or **'Submit Partial Vote'** button.

Note: You can close your voting card without submitting your vote at any time while voting remains open. Any votes you have already made will be saved for the next time you open up the voting card. The voting card will appear on the bottom left corner of the webpage. The message **'Not yet submitted'** will appear at the bottom of the page.

You can edit your voting card at any point while voting is open by clicking on **'Edit Card'**. This will reopen the voting card with any previous votes made.

At the conclusion of the Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide windows advising the remaining voting time. Please make any changes and submit your voting cards.

Once voting has been closed all submitted voting cards cannot be changed.

Scheme Meeting Online Guide *continued*

2. How to ask a question

Note: Only securityholders are eligible to ask questions.

If you have yet to obtain a voting card, you will be prompted to enter your Securityholder Reference Number (**SRN**) or Holder Identification Number **(HIN)** and postcode (or country code if outside Australia) number or proxy details before you can ask a question. To ask a question, click on the 'Ask a Question' button either at the top or bottom of the webpage.

The **'Ask a Question'** box will then pop up with two sections for completion.

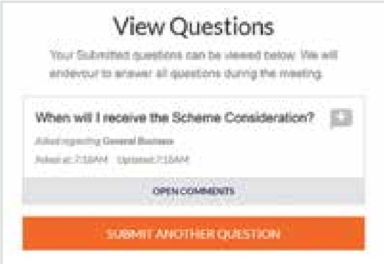
In the **'Regarding'** section click on the drop down arrow and select the category/resolution for your question.

Click in the **'Question'** section and type your question and click on 'Submit'.

A **'View Questions'** box will appear where you can view your questions at any point. Only you can see the questions you have asked.

If your question has been answered and you would like to exercise your right of reply, you can submit another question.

Note that not all questions are guaranteed to be answered during the Meeting, but we will do our best to address your concerns.



3. Downloads

View relevant documentation in the Downloads section.

4. Voting closing

Voting will end 5 minutes after the close of the Meeting.

At the conclusion of the Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide screens advising the remaining voting time. If you have not submitted your vote, you should do so now.

5. Phone Participation

What you will need

a) Land line or mobile phone

b) The Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**)

c) To obtain your unique PIN, please contact Link Market Services on +61 1800 990 363.

Joining the Meeting via Phone

Step 1

From your land line or mobile device,
call the Conference Call Number on 1800 497 114 or the International Number on +61 2 9189 1123

Step 2

You will be greeted with a welcome message and provided with instructions on how to participate in the Meeting. Please listen to the instructions carefully.

At the end of the welcome message you will be asked to provide your PIN by the moderator. This will verify you as a securityholder and allow you to ask a question on the resolutions at the Meeting.

Step 3

Once the moderator has verified your details you will be placed into a waiting room where you will hear music playing.

Note: If your holding cannot be verified by the moderator, you will attend the Meeting as a visitor and will not be able to ask a question.

Step 4

At the commencement of the Meeting, you will be admitted to the Meeting where you will be able to listen to proceedings.

Asking a Question

Step 1

When the Chairman calls for questions on each resolution, you will be asked to **press *1** on your keypad should you wish to raise your hand to ask a question.

Step 2

Please advise if your question relates to an item of business or General Business. The moderator will make a note and ask if you have any additional questions.

Step 3

When it is time to ask your question, the moderator will introduce you to the meeting, your line will be unmuted and you can then start speaking.
Note: If at any time you no longer wish to ask your question, you can lower your hand by **pressing *2** on your key pad. If you have also joined the Meeting Online, we ask that you mute your laptop, desktop, tablet or mobile device while you ask your question.

Step 4

Your line will be muted once your question has been answered.

Contact us

Australia
T +61 1800 990 363
E info@linkmarketservices.com.au

1487.7 04/21 ISS2

Annexure F – Proxy and voting form

Costa Group Holdings Limited
ACN 151 363 129

LODGE YOUR VOTE

ONLINE
https://investorcentre.linkgroup.com

BY MAIL
Costa Group Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150; or
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: 1300 554 474 Overseas: +61 1300 554 474

X99999999999

This form should be read along with the Scheme Booklet issued by Costa Group Holdings Limited ("Costa" or the "Company") (which includes the Notice of the Scheme Meeting) ("Scheme Booklet") that accompanies this form. Capitalised terms not separately defined in this form have the meaning given in the Scheme Booklet, unless the context otherwise requires.

SCHEME MEETING PROXY AND VOTING FORM

I/We being a member(s) of Costa and entitled to attend and vote at the Scheme Meeting hereby:

STEP 1 Please mark either A or B

A VOTE DIRECTLY

elect to lodge my/our vote(s) directly (mark box)

in relation to the Scheme Meeting of the Company to be held at **10:00am (AEDT) on Tuesday, 30 January 2024,** and at any adjournment or postponement of the Scheme Meeting.

You should mark either "for" or "against" for the Scheme resolution. Do not mark the "abstain" box.

OR

B APPOINT A PROXY

the Chair of the Scheme Meeting (mark box)

OR if you are **NOT** appointing the Chair of the Scheme Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chair of the Scheme Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Scheme Meeting of the Company to be held at **10:00am (AEDT) on Tuesday, 30 January 2024 at King & Wood Mallesons, Level 27, Collins Arch, 447 Collins Street, Melbourne, Victoria** (the **Scheme Meeting**) and at any postponement or adjournment of the Scheme Meeting or virtually via Webcast where you can participate by logging in online at **https://meetings.linkgroup.com/CGCSM24** and at any postponement or adjournment of the Scheme Meeting (for those attending virtually, refer to the Scheme Meeting Online Guide in the Scheme Booklet).

The Chair of the Scheme Meeting intends to vote undirected proxies in favour of the resolution below.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Scheme Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolution	**For**	**Against**	**Abstain***
1 *That, in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth): (a) the arrangement proposed between Costa and the holders of its ordinary shares, as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this Scheme Meeting, is agreed to; and (b) the directors of Costa are authorised to agree to such alterations or conditions as are thought fit by the Court and, subject to approval of the Scheme by the Court, the board of directors of Costa is authorised to implement the Scheme with any such modifications or conditions*			

* If you mark the Abstain box for the Scheme resolution, you are directing your proxy not to vote on your behalf and your votes will not be counted in computing the required majority.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CGC PRX2401N

HOW TO COMPLETE THIS SCHEME MEETING PROXY AND VOTING FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

VOTING UNDER SECTION A – VOTE DIRECTLY

If you mark the box in Section A you are indicating that you wish to vote directly. Please only mark either "For" or "Against" for the Scheme resolution. Do not mark the "Abstain" box. If you mark the "Abstain" box for the Scheme resolution, your vote for the Scheme resolution will be invalid.

If you mark the boxes in both Section A and Section B, you will be taken to have voted directly and any instructions given in relation of the appointment of a proxy will have no effect.

If you do not mark a box in Section A or Section B, you will be taken to have appointed the person named in the form as proxy. If no person is named, the Chair of the Scheme Meeting will be deemed your appointed proxy.

If you have lodged a direct vote, and then vote at the virtual Scheme Meeting, your direct vote will be cancelled.

Custodians and nominees may, with the share registry's consent, identify on the Scheme Meeting Proxy and Voting Form the total number of votes in each of the categories "For" and "Against" and their votes will be valid.

The Chair's decision as to whether a direct vote is valid is conclusive.

VOTING UNDER BOX B – APPOINTMENT OF PROXY

If you wish to appoint the Chair of the Scheme Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair of the Scheme Meeting as your proxy, please write the name and email of that individual or body corporate in Step 1. If you leave this section blank, the Chair of the Scheme Meeting will be your proxy. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIR OF THE SCHEME MEETING

Any directed proxies that are not voted on a poll at the Scheme Meeting will default to the Chair of the Scheme Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chair of the Scheme Meeting will be voted according to the instructions set out in this Scheme Meeting Proxy and Voting Form.

VOTES ON THE SCHEME RESOLUTION – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the Scheme resolution. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Scheme resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the the Scheme resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Scheme resolution your vote on the Scheme resolution will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies. If you wish to appoint a second proxy, an additional Scheme Meeting Proxy and Voting Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Scheme Meeting Proxy and Voting Form and the second Scheme Meeting Proxy and Voting Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Scheme Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Scheme Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A SCHEME MEETING PROXY AND VOTING FORM

This Scheme Meeting Proxy and Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (AEDT) on Sunday, 28 January 2024,** being not later than 48 hours before the commencement of the Scheme Meeting. Any Scheme Meeting Proxy and Voting Form received after that time will not be valid for the scheduled Scheme Meeting.

Scheme Meeting Proxy and Voting Forms may be lodged using the reply paid envelope or:

ONLINE
https://investorcentre.linkgroup.com

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

BY MOBILE DEVICE

QR Code

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link **https://investorcentre.linkgroup.com** into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

BY MAIL
Costa Group Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FAX
+61 2 9287 0309

BY HAND
delivering it to Link Market Services Limited*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

or

Level 12
680 George Street
Sydney NSW 2000

*During business hours Monday to Friday (9:00am - 5:00pm)

IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE SCHEME MEETING, PLEASE BRING THIS FORM WITH YOU. THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.

Costa Group Holdings Limited
ACN 151 363 129