



Costa Group China Investor Tour

4th – 5th April 2019

ASX: CGC

Costa China Footprint

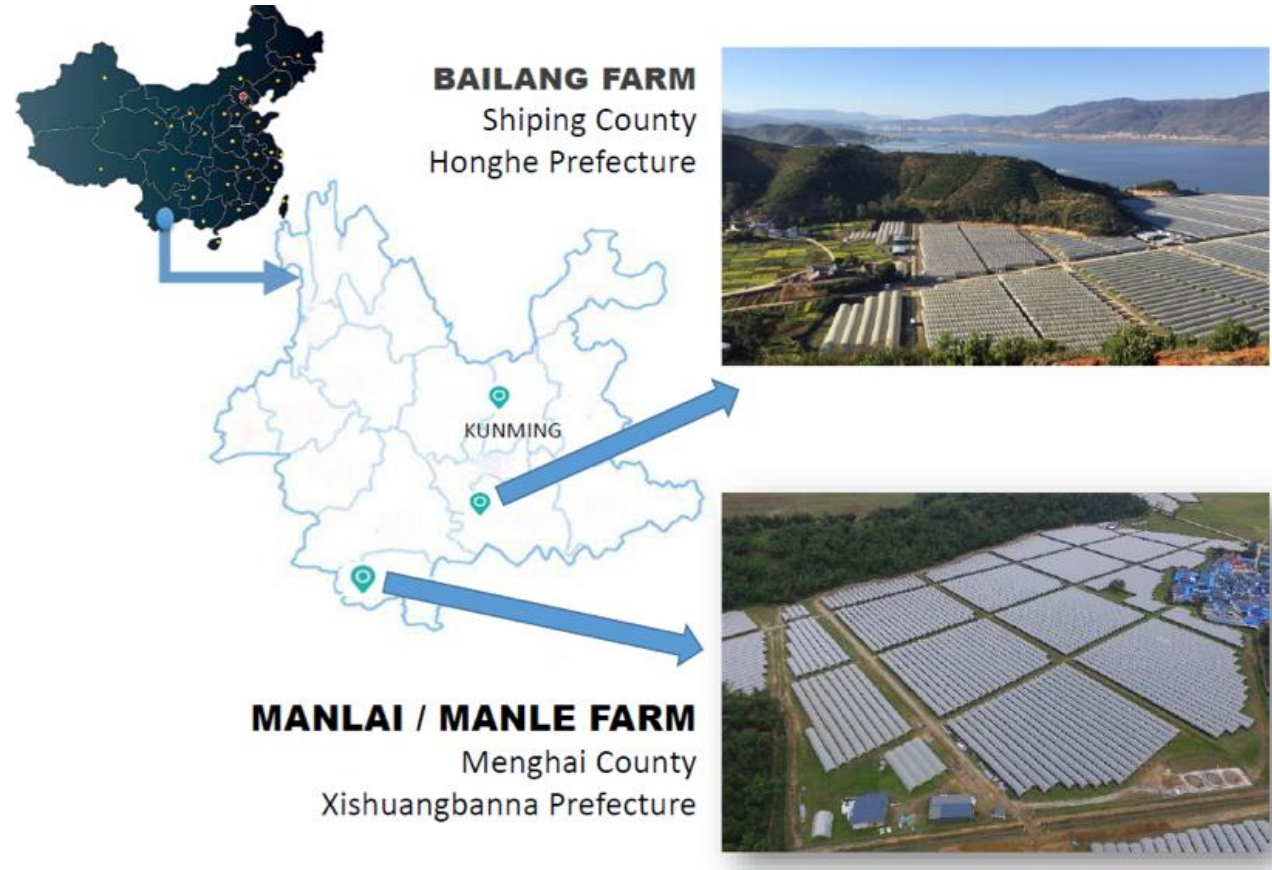
Two main growing locations in southern China:

- Bailang
- Banna (3 sites in close proximity)
 - Manlai/Manle
 - Manhong – CY19 planting in progress
 - Guangmen – under development for CY20 planting

Total plantings of 110 hectares as at Dec 2018:

- Blueberries: 79 hectares
- Raspberries: 23 hectares
- Blackberries: 8 hectares

Joint venture with Driscoll's – 70% Costa, 30% Driscoll's.



Establishment in China

- 2010 - Costa commenced preliminary investigations into the opportunity and practicality of establishing commercial berry plantings in China.
- Over the course of approximately five years, work was undertaken to determine the most appropriate locations and berry products to produce.
- Yunnan Province identified as best opportunity based on the following factors:
 - Climatic conditions in the province, particularly in the southern regions of the province, and the impact on crop timing.
 - Availability of suitable land and quality water.
 - Importance of agriculture to the local economy in Yunnan, including National and Regional policies to support the initiative.
 - Availability of labour.
 - Opportunity for further development.



Key Drivers of Development

- Commitment by Costa to establish a production footprint in China utilizing world leading IP/genetics to supply the Chinese consumer with premium berry varieties.
- Introduction of world's best growing technology and modern agricultural production and agronomic practices. Including growing in substrate (out of soil).
- A commitment to work cooperatively and harmoniously with local stakeholders, including government, officials, employees, local villages and the surrounding population.
- Recognition of, and commitment to key Chinese government agricultural policies – as they specifically relate to rural economic improvement, positive environmental impacts and the wider social good.
- Introduction and development of sustainable commercial farming practices.
- Establishment and operation of a safe and healthy working environment for employees.
- Respecting and complying with all local labour laws and regulations, including fair remuneration.
- Development of career opportunities for locals with a particular focus on young people.



Costa China Harvest Period



Blueberries: January to June



Raspberries: September to June



Blackberries: September to May



Water Use & Security



Costa's China sites use water primarily from dams / irrigation schemes with bores as an alternative source at some sites.



Security of supply addressed through formal arrangements with local Water Bureau to ensure certainty of quantity and continuity. Storage tanks (all sites) and on-site dams (selected sites) are incorporated in the bulk water systems to provide security of supply.



The berries are grown in substrate pots. Irrigation is delivered through advanced irrigation systems that deliver small volumes of fertigated water directly throughout the day to optimise growing conditions.



Post Harvest

- Packing and distribution all handled by Driscoll's of China.
- Coolers in Goujie (servicing Bailang) and Banna (servicing Yunnan farms).
- Driscoll's has plans to expand and improve capacity and supply chain flow.



Goujie Cooler	
Current	Plan
148 sqm receiving area	148 sqm receiving area with smoother process flow
8 semi-full pallets max pre-cooling capacity	18 full pallets max pre-cooling capacity
74 sqm holding room	94 sqm holding room (space for 15 additional pallets)
Semi-insulated truck loading dock	Full cold chain sealed truck loading dock

Banna Cooler	
Current	Plan
160 sqm receiving area	600 sqm receiving area
18 pallets max pre-cooling capacity	110 pallets max pre-cooling capacity (next 2 years volume)
6 inbound docks for loose tray receival	12 inbound docks for loose tray receival and additional docks for forklift offloading
Holding and shipping capacity to support last season	Expansion of holding rooms and outbound docks

R&D and Innovation

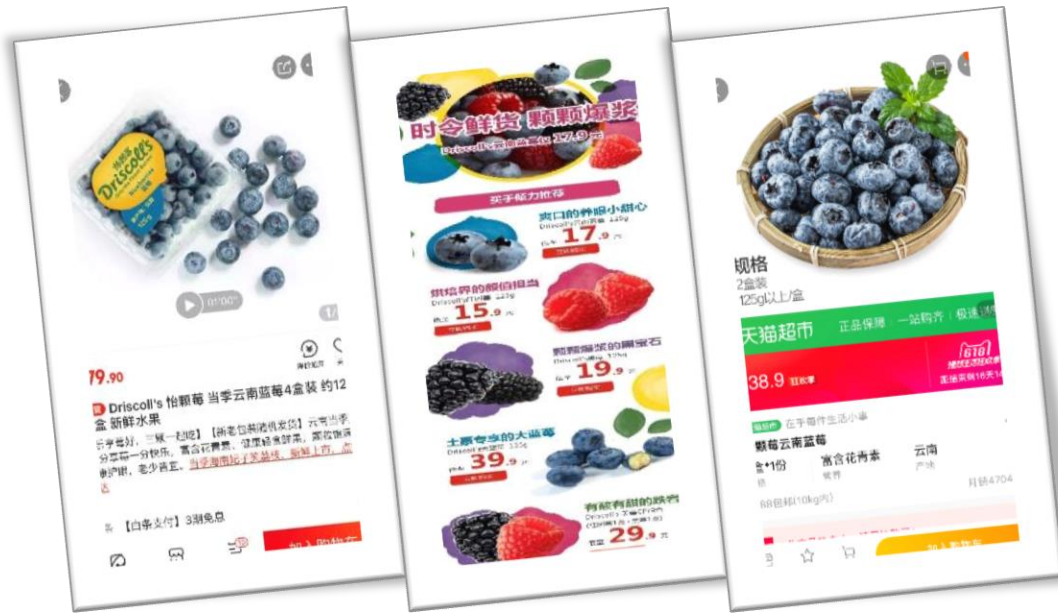
- Ongoing evaluation of current commercial varieties as well as potential new varieties (including from Costa's Variety Improvement Program in Australia).
- Looking for varieties that are successful in the geographic/climatic conditions for best quality, yield and timing.
- Continuous monitoring, learning and improvements to understand and respond to the specific needs and challenges of the location.
- Closely working with Driscoll's to understand market needs and conditions that drive strategic and agronomic decision making.



costa
well grown

Branding and Marketing

All marketing is undertaken by Driscoll's under their brand.



- Demand fuelled by burgeoning middle class, which now numbers 100m+.
- Projected demand growth for blueberries in China to be in excess of 20% p.a.
- 'Super fruits' gaining market share due to increasing income levels and recognition of nutritional value of berries.