

NZX & Media Release

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SCALES CORPORATION SELLS COLDSTORE OPERATIONS FOR \$151.4 MILLION

Diversified agribusiness Scales Corporation Limited (NZX:SCL) today announced an agreement to sell its coldstorage businesses, Polarcold Stores Limited and Whakatu Coldstores Limited (which were merged on 1 January 2018 under the Polarcold brand). The sale, for consideration of \$151.4 million, is to Emergent Cold, a global cold chain company that recently acquired the Swire coldstorage assets in Australia and Vietnam. The transaction is subject only to OIO approval.

Managing Director Andy Borland says “we are proud to have built a market leading position in the New Zealand coldstorage industry. We were approached by Emergent Cold who see Polarcold as an ideal fit within their broader strategy of acquiring and developing a global network of cold chain businesses. Under the ownership of Emergent Cold, Polarcold will be able to offer its customers global cold chain solutions, and its employees an opportunity to be part of a global enterprise.”

Neal Rider, CEO of Emergent Cold says “Scales has built the leading cold storage business in New Zealand through dedicated service to customers, commitment to employees and the highest quality operations. We are excited to partner with this outstanding management team – we look forward to supporting the continued growth and expansion of the business, and its customers, throughout New Zealand and Asia Pacific with Emergent Cold.”

Tim Goodacre, Chairman of Scales Corporation said “as highlighted in our annual results announcements, Scales is refreshing its strategy, adopting a greater focus on pure agribusinesses that play well to our strengths. We have identified our strengths as (1) operating fully-vertically integrated agriculture businesses, (2) participating in businesses with an export focus, and (3) adding value through connections to the China market.

“In addition to being less aligned with our core strengths, the returns (measured as return on capital employed) from our Storage activities are also lower relative to our other business divisions and broader opportunities available to the group.

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“At this stage there is no intention to return capital to shareholders. Rather, the proceeds are intended to be used to pursue other attractive opportunities in New Zealand agribusiness, both currently and in the future.” Mr Goodacre said.

Scales was advised by Maher & Associates (lead sale advisor) and Anthony Harper (legal). Emergent Cold was advised by Russell McVeagh (legal) and Grant Thornton (financial).

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About Scales Corporation

Scales Corporation is a diversified agribusiness group. It currently comprises three operating divisions: Horticulture, Storage & Logistics and Food Ingredients. The company's diverse spread of activities gives Scales broad exposure to New Zealand's agribusiness sector. Scales Corporation was founded in 1897 as a shipping business by George Herbert Scales. Today it employs more than 700 staff New Zealand wide. Find out more at www.scalescorporation.co.nz.

About Emergent Cold

Emergent Cold LLC is a multinational cold chain company that provides essential supply chain services to global food companies and retailers. With operations in Australia and Vietnam today, Emergent Cold's strategy is to create a leading global cold chain, frozen and fresh. Led by Neal Rider and an experienced management team, Emergent Cold is a growing, integrated network of modern assets, dedicated employees and innovative technology. Find out more at www.emergentcold.com.