



TOWER Limited,
Level 14, 45 Queen Street,
Auckland 1142, New Zealand
ARBN 088 481 234
Incorporated in New Zealand

27 June 2017

TOWER SIGNS SCHEME IMPLEMENTATION AGREEMENT WITH SUNCORP

Tower Limited (NZX/ASX: TWR) announced that it has entered into a Scheme Implementation Agreement (SIA) with Suncorp Group Limited (ASX: SUN) via its wholly-owned subsidiary, Vero Insurance New Zealand Limited, to acquire 100% of Tower shares at \$1.40 per share (the Vero SIA).

The price of \$1.40 per share represents a premium of 77.2% to Tower's closing share price on 8 February 2017, prior to entering into a SIA with Fairfax Financial Holdings Limited (Fairfax) and a 19.7% premium to the \$1.17 offer from Fairfax (Fairfax Scheme).

Tower recommended the Fairfax Scheme on 9 February 2017, in the absence of a superior proposal. On 22 February 2017 Suncorp communicated its initial, conditional proposal to Tower at \$1.30 per share. Suncorp then provided Tower an updated offer on 24 June 2017 at a price of \$1.40 per share.

The Vero SIA is subject to NZ Commerce Commission clearance. Tower understands the decision date for the clearance will likely be extended from the current deadline of 30 June 2017 into July 2017. Other usual conditions will also apply, including approvals from the Reserve Bank New Zealand (RBNZ), Pacific Island regulatory authorities, and Tower shareholders.

Tower Chairman Michael Stiasny said that the formal offer from Suncorp at \$1.40 per share reflected the Board's efforts to deliver maximum value for shareholders. After careful consideration, taking into account relevant factors and advice from Goldman Sachs and Chapman Tripp, Tower considers the Vero SIA is a superior proposal to the existing Fairfax Scheme. Fairfax has advised that it will not increase its offer price.

"The Board has been adamant that all shareholders benefit equally from any sale. We are pleased that Suncorp has seen fit to increase their non-binding indicative offer from \$1.30 per share to a firm offer that meets the price previously paid to a minority of institutional investors," Mr Stiasny said.

The Vero SIA requires Tower to obtain approval from its shareholders at a Special Meeting of shareholders which is expected to be held in September 2017.

To be approved by shareholders, the Vero Scheme requires that at least 75% of votes are cast in favour and those votes must represent more than 50% of the total voting rights of the company.

The Board notes that shareholders do not need to take any action in response to the Vero SIA at this time. In due course, shareholders will receive detailed documentation from Tower outlining the proposed Scheme transaction and instructions for voting. At that time the Tower directors will make a recommendation.



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The Board also confirms that the Vero SIA does not impact Tower insurance policies and the rights of policy holders. All policies will remain with Tower Insurance Limited (or relevant Pacific Island subsidiaries) in the event of a change in ownership of Tower Limited.

Further information about the Vero SIA will be made available from www.tower.co.nz/update.

ENDS

Michael Stiasny
Chairman
Tower Limited
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INDICATIVE TIMETABLE

| Event | Indicative timing |
|----------------|---|
| 27 June 2017 | <ul style="list-style-type: none">• Announcement of proposed transaction |
| July 2017 | <ul style="list-style-type: none">• Anticipated response from the Commerce Commission |
| August 2017 | <ul style="list-style-type: none">• Notice of Meeting and shareholder vote materials expected to be made available• Anticipated receipt of RBNZ approval |
| September 2017 | <ul style="list-style-type: none">• Shareholder meeting and scheme vote• Anticipated receipt of final High Court approval |
| October 2017 | <ul style="list-style-type: none">• Implementation and closing of transaction |

Note: Timetable is indicative only and subject to change.