Tower Limited
Level 14, 45 Queen Street
Auckland 1142, New Zealand
ARBN 645 941 028
Incorporated in New Zealand

26 May 2021

Tower Limited Half Year 2021 Results Announcement

In accordance with NZX Listing Rule 3.5.1, please find enclosed the following for release to the market in relation to Tower Limited's (NZX/ASX: TWR) Half Year 2021 Results:

1	Media Release
2	Results Announcement
3	Interim Financial Statements (including Independent Review Report)
4	Results Announcement Presentation
5	Results Announcement Call Script
6	NZX Distribution Notice

Tower's Chairman Michael Stiassny, Chief Executive Officer, Blair Turnbull and Chief Financial Officer, Jeff Wright will discuss the half year results at 10:00am New Zealand time today.

For the purposes of ASX Listing Rule 1.15.3 Tower confirms that its primary listing is on the main board of the New Zealand Stock Exchange and Tower therefore continues to comply with the NZX Listing Rules.

ENDS

Authorised by the Board.

Rachael Watene
Company Secretary

For further information, please contact:

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Market Information
NZX Limited
Level 1, NZX Centre
11 Cable Street
Wellington
New Zealand

Company Announcements Office
ASX Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 2000
Australia

26 May, 2021

Tower records sound half year result, restarts dividend payments and reinforces positive long-term growth

Kiwi insurer, Tower Limited (NZX/ASX:TWR) has today reported half year profit of $12m, down from $14.9m for the half year 2020. Underlying profit before large events was $18m, 5% lower than the prior year.

Positive growth and ongoing reduction in management expenses have been offset by several factors that Tower has taken decisive action to address. These include an increase in large events and large house claims, rising building costs, and lower investment income.

The large events comprise a $9.3m impact before tax, up from $2.8m in HY20, and included the large fire at Lake Ōhau village and severe flooding in Napier in late 2020.

Recognising increasing house claims cost and reducing investment income, Tower has revised its underlying net profit after tax FY21 guidance to a range of $25m to $27m, assuming large events of $9.7m.

Tower's technology and distribution strategy continues to deliver growth with the insurer increasing gross written premium (GWP) by 6% to $194m over the six months to 31 March. This was achieved despite the Pacific business declining 16% primarily as a result of economic challenges related to Covid-19. Tower's flagship Direct business grew 14% and its Partnership business grew by 3% over the period. New Zealand personal lines market share increased to 9.3% from 8.6% in HY20.

Disciplined cost control and improved efficiencies have seen Tower's overall management expense ratio (MER) improve to 36.5% versus 39% in HY20, with its Tower Direct business improving MER to 31%.

Tower is well capitalised and confirmed its first dividend in five years

Tower confirmed a dividend of 2.5 cents to be paid on 14 July, reflecting resolving legacy issues and consistent growth. Under Tower's dividend policy, the full year guidance would equate to an approximate full year dividend payment in the range of 5 cents to 5.5 cents per share.

As at 31 March Tower's (New Zealand Parent) solvency ratio was 309% and the company was holding $97m above the regulatory solvency requirement.

A focus on claims and supply chain

Tower CEO Blair Turnbull says the company has performed well in a number of key areas and these will continue to improve as Tower progresses its technology and distribution strategy. At the same time Tower is proactively addressing factors that have impacted profits this half.

The frequency of large house claims (claims totalling more than $50,000) has doubled to 52 large house claims totalling $9m in the first half compared to 26 large house claims worth $4.9m in the corresponding period of FY20. Over the past year the average cost of house claims has risen 8% to $4,620 per claim reflecting rising building costs.

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Turnbull says, "Tower's investments in technology mean we are well placed to respond rapidly with rating and underwriting actions to address these challenges. We have commenced a review of our FY21 claims experience and will also work with our supply chain to realise efficiencies and manage increases in claims costs.

"These actions will take time to gain traction, however we expect to begin realising benefits in the second half," he said.

Premium growth through new unique partnerships and product innovation
CEO Blair Turnbull says in the last six months Tower has announced a number of partners to diversify and grow the business' distribution footprint. These include new commercial relationships with New Zealand Defence Force (NZDF) and Auckland Council, as well as CSC Buying Group and insurtech start-up, Sentro.

This week Tower announced it will underwrite Australian insurance start-up, Huddle's entry to New Zealand to bring scalable growth for the company along with a unique offering to Kiwis.

Tower has signed an agreement with one of the world's largest insurers, Allianz Partners to introduce new products including travel and pet insurance to our customers. This will support revenue growth and retention. Tower also expanded its cover over the half to include growing markets such as electric vehicles, e-bikes and e-scooters and is digitising its online boat experience.

MyTower driving customer engagement and efficiency
The MyTower digital platform has performed strongly during the half. More than 100,000 customers are now registered on Tower's flagship offering.

Turnbull says, "We have a technology advantage and a data focus which sets us apart from our competitors and affords strong long-term growth prospects. Our cloud-based, digital platform enables us to scale quickly as we acquire new business and migrate customers to our advanced technology.

"As a business we have shed our legacy issues and we are acting decisively to address emerging external pressures. Tower ends this half year in a very solid capital and solvency position with a strategy to deliver sustainable shareholder value."

ENDS

This announcement has been authorised by the Tower Board.

TOWER
Blair Turnbull
Chief Executive Officer

For media enquiries, please contact in the first instance:
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Tower Limited
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Email: emily.davies@tower.co.nz

TOWER

Results announcement

Results for announcement to the market		
Name of issuer	Tower Limited	
Reporting Period	6 months to 31 March 2021	
Previous Reporting Period	6 months to 31 March 2020	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$203,539	2%
Total Revenue	$203,539	2%
Net profit/(loss) from continuing operations	$11,501	(20)%
Total net profit/(loss)	$11,501	(20)%
Interim/Final Dividend		
Amount per Quoted Equity Security	$0.02500000	
Imputed amount per Quoted Equity Security	Nil	
Record Date	30 June 2021	
Dividend Payment Date	14 July 2021	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$0.56	$0.56
A brief explanation of any of the figures above necessary to enable the figures to be understood	Please refer to the attached investor presentation and media release for commentary on the results.	

Authority for this announcement	
Name of person authorised to make this announcement	Rachael Watene, Company Secretary
Contact person for this announcement	Emily Davies, Head of Corporate Affairs and Reputation
Contact phone number	+64 21 815 149
Contact email address	emily.davies@tower.co.nz
Date of release through MAP	26 May 2021

Unaudited financial statements accompany this announcement.

Tower Limited

Consolidated interim financial statements

for the half year ended 31 March 2021

Consolidated interim financial statements

Financial Statements

Notes to the interim financial statements

Consolidated statement of comprehensive income

For the half year end 31 March 2021

$ thousands	Note	**31-Mar-21**	31-Mar-20
Gross written premium		194,563	183,627
Unearned premium movement		1,317	3,708
Gross earned premium		195,880	187,335
Outward reinsurance premium		(27,320)	(28,271)
Movement in deferred reinsurance premium		(804)	342
Outward reinsurance premium expense		(28,124)	(27,929)
Net earned premium		**167,756**	159,406
Claims expense		(106,146)	(94,509)
Less: Reinsurance and other recoveries revenue		4,683	6,582
Net claims expense	2.1	(101,463)	(87,927)
Gross commission expense		(10,194)	(10,402)
Commission revenue		2,047	3,504
Net commission expense		(8,147)	(6,898)
Underwriting expenses		(40,704)	(43,995)
Underwriting profit		**17,442**	20,586
Investment income	3.1	716	2,242
Investment expenses		(241)	(243)
Other income		213	103
Other expenses		(26)	(29)
Financing and other costs		(137)	(591)
Profit before taxation		**17,967**	22,068
Tax expense		(5,936)	(7,207)
Profit after taxation		**12,031**	14,861
Items that may be reclassified to profit or loss			
Currency translation differences		(1,418)	1,396
Items that will not be reclassified to profit or loss			
Other reserves		(6)	-
Other comprehensive income net of tax		(1,424)	1,396
Total comprehensive income for the half year		**10,607**	16,257

Earnings per share:			
Basic and diluted profit per share (cents)	5.2	2.7	3.5
Profit after taxation attributed to:			
Shareholders		11,501	14,410
Non-controlling interests		530	451
		12,031	14,861
Total comprehensive income attributed to:			
Shareholders		10,079	15,807
Non-controlling interests		528	450
		10,607	16,257

The above statement should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at 31 March 2021

$ thousands	Note	**31-Mar-21**	30-Sep-20
Assets			
Cash and cash equivalents	7.1	85,127	80,108
Investments	3.2	267,481	237,904
Receivables	2.3	197,801	250,746
Current tax assets		12,892	12,892
Deferred tax assets		22,328	26,832
Deferred insurance costs		30,854	34,667
Right-of-use assets		6,161	7,211
Property, plant and equipment		9,385	10,041
Intangible assets	6.1	97,284	84,954
Total assets		**729,313**	745,355
Liabilities			
Payables		48,135	66,600
Unearned premiums		201,319	203,452
Outstanding claims	2.2	105,538	107,747
Lease liabilities		7,515	8,695
Provisions		6,761	9,531
Current tax liabilities		908	821
Deferred tax liabilities		1,367	1,346
Total liabilities		**371,543**	398,192
Net assets		**357,770**	347,163
Equity			
Contributed equity	5.1	492,424	492,424
Accumulated losses		(31,514)	(42,990)
Reserves		(105,828)	(104,431)
Total equity attributed to shareholders		**355,082**	345,003
Non-controlling interests		2,688	2,160
Total equity		**357,770**	347,163

The above statement should be read in conjunction with the accompanying notes.

The interim financial statements were approved for issue by the Board on 26 May 2021.

Michael P Stiassny
Chairman

Graham R Stuart
Director

pwc

March balances unaudited, September audited

Consolidated statement of changes in equity

As at 31 March 2021

$ thousands	Attributed to Shareholders: Contributed equity	Attributed to Shareholders: (Accumulated losses) / Retained earnings	Attributed to Shareholders: Reserves	Non-controlling interest	Total Equity
Half year ended 31 March 2021					
Balance as at 30 September 2020	**492,424**	**(42,990)**	**(104,431)**	**2,160**	**347,163**
Comprehensive income					
Profit for the half year	-	11,501	-	530	12,031
Currency translation differences	-	-	(1,416)	(2)	(1,418)
Other	-	(25)	19	-	(6)
Total comprehensive income	**-**	**11,476**	**(1,397)**	**528**	**10,607**
Transactions with shareholders					
Net proceeds of capital raise	**-**	**-**	**-**	**-**	**-**
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-**
At the end of the half year	**492,424**	**(31,514)**	**(105,828)**	**2,688**	**357,770**
Half year ended 31 March 2020					
Balance as at 30 September 2019	209,990	(36,101)	9,808	1,801	185,498
Impact of amalgamation	-	107,160	-	-	107,160
Balance post amalgamation	209,990	71,059	9,808	1,801	292,658
Adjustment on initial application of NZIFRS16	-	(1,333)	-	(4)	(1,337)
Restated balance at beginning of the year	209,990	69,726	9,808	1,797	291,321
Comprehensive income					
Profit for the half year	-	14,410	-	451	14,861
Currency translation differences	-	-	1,399	(3)	1,396
Total comprehensive income	-	14,410	1,399	448	16,257
Transactions with shareholders					
Net proceeds of capital raise	45,001	-	-	-	45,001
Total transactions with shareholders	45,001	-	-	-	45,001
At the end of the half year	254,991	84,136	11,207	2,245	352,579

The above statement should be read in conjunction with the accompanying notes.

Please note, Tower amalgamated its corporate structure on 30 September 2020. The impact of amalgamation and how it has been treated by Tower in its financial statements is detailed in the 2020 Annual Report; specifically: note 1.2(c), 5.2, and 8.2.

Consolidated statement of cash flows

For the half year ended 31 March 2021

$ thousands	Note	**31-Mar-21**	31-Mar-20
Cash flows from operating activities			
Premiums received		195,216	188,372
EQC settlement receipt*		42,142	-
Interest received		2,555	4,015
Fee and other income received		1,406	3,578
Reinsurance and other recoveries received		10,716	5,982
Reinsurance paid		(33,866)	(29,090)
Claims paid		(108,353)	(112,473)
Employee and supplier payments		(49,663)	(55,534)
Income tax paid		(1,325)	(816)
Net cash inflow from operating activities	7.1	**58,828**	4,034
Cash flows from investing activities			
Proceeds from sale of interest bearing investments		66,010	27,032
Proceeds from sale of unlisted equity investments		572	-
Payments for purchase of interest bearing investments		(98,413)	(24,208)
Payments for purchase of intangible assets		(4,776)	(4,660)
Payments for purchase of customer relationships**		(14,000)	(9,473)
Payments for purchase of property, plant & equipment		(470)	(1,799)
Net cash outflow from investing activities		**(51,077)**	(13,108)
Cash flows from financing activities			
Proceeds from share capital issuance		-	47,299
Payments for cost of share capital issuance		-	(2,298)
Facility fees and interest paid		(137)	(581)
Payment relating to principal element of lease liabilities		(1,190)	(1,424)
Net cash (outflow)/inflow from financing activities		**(1,327)**	42,996
Net increase in cash and cash equivalents		**6,424**	33,922
Effect of foreign exchange rate changes		(1,405)	487
Cash and cash equivalents at the beginning of the half year		80,108	67,018
Cash and cash equivalents at the end of the half year		**85,127**	101,427

The above statement should be read in conjunction with the accompanying notes.

* This represents the net proceeds (i.e. after distribution to reinsurers) received in settlement of the EQC receivable in respect of claims costs related to the 2010 and 2011 Christchurch earthquakes. Please refer to note 2.3 for more information.

** The 2021 balance represents the purchase of ANZ's rights and obligations relating to servicing a portfolio of insurance underwritten by Tower. Please refer to note 6.1 for more information. The comparative 2020 balance reflects the net cashflow associated with the purchase of Youi NZ Pty Ltd's insurance portfolio.

Notes to the interim financial statements

1 Overview

This section provides information that is helpful to an overall understanding of the interim financial statements and the areas of critical accounting judgements and estimates included in the interim financial statements. It also includes a summary of Tower's operating segments.

1.1 About this Report

a. Entities reporting

The interim financial statements presented are those of Tower Limited and all of its subsidiaries (the "Group"). The address of the Group's registered office is 45 Queen Street, Auckland, New Zealand.

b. Statutory base

Tower Limited (the "Parent") is a company incorporated in New Zealand under the Companies Act 1993 and listed on the NZX Main Board and the Australian Securities Exchange. The Company is a reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

c. Basis of preparation

The interim financial statements of the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), and for the purposes of NZ GAAP, the Group is a for-profit entity. They comply with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and consequently include a lower level of disclosure than is required for annual financial statements.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2020, which have been prepared in accordance with International Financial Reporting Standards and New Zealand Equivalents to International Financial Reporting Standards.

The interim financial statements for the six months ended 31 March 2021 are unaudited.

d. Accounting policies

The principal accounting policies adopted in the preparation of the interim financial statements are consistent with those of the audited annual financial statements for the year ended 30 September 2020.

1.2 Critical accounting judgments and estimates

In preparing these interim financial statements management is required to make estimates and related assumptions about the future. The estimates and related assumptions are based on experience and other factors that are considered to be reasonable, and are reviewed on an ongoing basis. Revisions to the estimates are recognised in the period in which they are revised, or future periods if relevant. The key areas in which estimates and related assumptions are applied are as follows:

Net outstanding claims	Note 2.4, Annual Report (30 September 2020)
Intangible assets and goodwill	Note 6.2, Annual Report (30 September 2020)
Deferred taxation	Note 7.3, Annual Report (30 September 2020)

1.3 Segmental reporting

a. Operating segments

Tower operates in two geographical segments, New Zealand and the Pacific region. New Zealand comprises the general insurance business underwritten in New Zealand. Pacific Islands comprises the general insurance business underwritten in the Pacific by Tower subsidiaries and branch operations. Other contains balances relating to Tower Services Limited (management services entity), and also includes intercompany eliminations and group diversification benefit. Tower does not derive revenue from any individual or entity that represents 10% or more of total revenue.

b. Financial performance

$ thousands	New Zealand	Pacific Islands	Other	**Total**
Half year ended 31 March 2021				
Gross written premium	169,189	25,374	-	194,563
Gross earned premium - external	168,311	27,569	-	195,880
Outwards reinsurance expense	(19,638)	(8,486)	-	(28,124)
Net earned premium	**148,673**	**19,083**	**-**	**167,756**
Net claims expense	(98,236)	(3,227)	-	(101,463)
Net commission expense	(7,303)	(844)	-	(8,147)
Underwriting expense	(34,202)	(6,502)	-	(40,704)
Underwriting profit	**8,932**	**8,510**	**-**	**17,442**
Net investment income	391	84	-	475
Other	10	40	-	50
Profit before tax	**9,333**	**8,634**	**-**	**17,967**
Profit after tax	**5,984**	**6,047**	**-**	**12,031**
Half year ended 31 March 2020				
Gross written premium	153,590	30,037	-	183,627
Gross earned premium - external	156,094	31,241	-	187,335
Outwards reinsurance expense	(18,925)	(9,004)	-	(27,929)
Net earned premium	137,169	22,237	-	159,406
Net claims expense	(81,011)	(6,916)	-	(87,927)
Net commission expense	(5,538)	(1,360)	-	(6,898)
Underwriting expense	(37,247)	(6,748)	-	(43,995)
Underwriting profit	13,373	7,213	-	20,586
Net investment income	1,484	515	-	1,999
Other	(540)	23	-	(517)
Profit before tax	14,317	7,751	-	22,068
Profit after tax	9,730	5,131	-	14,861

c. Financial position

Total assets 31 March 2021	**638,606**	**101,322**	**(10,615)**	**729,313**
Total assets 30 September 2020	650,594	105,376	(10,615)	745,355
Total liabilities 31 March 2021	**320,174**	**52,075**	**(706)**	**371,543**
Total liabilities 30 September 2020	337,408	61,096	(312)	398,192
Total equity 31 March 2021	**318,432**	**49,247**	**(9,909)**	**357,770**
Total equity 30 September 2020	313,186	44,280	(10,303)	347,163

2 Underwriting activities

This section provides information on Tower's underwriting activities.

Tower collects premiums from customers in exchange for providing insurance coverage. These premiums are recognised as revenue when they are earned by Tower, with a liability for unearned premiums recognised on the balance sheet.

When customers suffer a loss that is covered by their policy, Tower will make payments to customers or suppliers, which it recognises as claims expenses. To ensure that Tower's obligations to customers are properly recorded within the financial statements, Tower recognises provisions for outstanding claims.

To manage Tower's risk and optimise its returns, Tower reinsures some of its exposure with reinsurance companies. The premiums paid to reinsurers are recognised as an expense, while recoveries from reinsurers are recognised as revenue.

2.1 Net claims expense

$ thousands	Exc. Canterbury earthquake		Canterbury earthquake		**Total**	
	31-Mar-21	31-Mar-20	**31-Mar-21**	31-Mar-20	**31-Mar-21**	31-Mar-20
Gross claims expense*	105,817	92,333	329	1,809	106,146	94,509
Reinsurance and other recoveries revenue	(4,089)	(5,982)	(594)	(233)	(4,683)	(6,582)
Net claims expense	**101,728**	86,351	**(265)**	1,576	**101,463**	87,927

* Includes $2.5m reduction in Canterbury earthquake additional risk margin. See note 2.2 for more information.

2.2 Net outstanding claims

$ thousands	Exc. Canterbury earthquake		Canterbury earthquake		**Total**	
	31-Mar-21	30-Sep-20	**31-Mar-21**	30-Sep-20	**31-Mar-21**	30-Sep-20
Central estimate of future cash flows	70,567	65,475	17,232	21,236	87,799	86,711
Claims handling expense	4,288	4,151	1,619	1,908	5,907	6,059
Risk Margin*	4,194	4,325	7,638	10,652	11,832	14,977
Gross outstanding claims	**79,049**	73,951	**26,489**	33,796	**105,538**	107,747
Reinsurance recoveries	(7,698)	(9,643)	(3,147)	(3,246)	(10,845)	(12,889)
Net outstanding claims	**71,351**	64,308	**23,342**	30,550	**94,693**	94,858

* Includes additional $2.5m (Sept 2020: $5.0m) for the Canterbury earthquake over and above the provision of the Appointed Actuary, which is set at the 75th percentile of sufficiency. The Board determined to release $2.5m of this additional risk margin during the period to reflect the reducing risk in relation to Canterbury earthquake claims. The remaining $2.5m additional risk margin will be reviewed at 30 September 2021.

2.3 Receivables

$ thousands	**31-Mar-21**	30-Sep-20
Gross premium receivables	169,072	171,041
Provision for impairment	(1,558)	(1,383)
Premium receivables	**167,514**	169,658
Reinsurance recoveries (non Canterbury earthquake)	15,957	15,105
Canterbury earthquake reinsurance recoveries	3,147	3,246
Other recoveries	5,286	5,262
Reinsurance and other recoveries	**24,390**	23,613
Canterbury EQC earthquake receivables*	-	52,883
Prepayments	3,418	2,664
Miscellaneous receivables	2,479	1,928
Receivables	**197,801**	250,746

*Tower received $52.9m (excluding GST) from the settlement agreement with EQC regarding the recovery of claims costs related to the 2010 and 2011 Christchurch Earthquakes during the period. Tower fully reimbursed amounts payable to reinsurers of $10.7m and settled other outstanding costs during the period. Tower's net proceeds from this settlement were $42.1m.

3 Investments

Tower invests funds collected as premiums and provided by shareholders to ensure it can meet its obligations to pay claims and expenses and to generate a return to support its profitability. Tower has a low risk tolerance and therefore the majority of its investments are in investment grade supranational and bank bonds.

3.1 Investment income

$ thousands	**31-Mar-21**	31-Mar-20
Interest income	2,695	4,016
Net realised loss	(463)	(514)
Net unrealised loss	(1,516)	(1,260)
Investment income	**716**	2,242

Net realised losses relate to the maturity of fixed interest bonds, with interest coupon rates higher than market rates, purchased at higher than face value. The corresponding higher interest received is reflected in the interest income amount.

3.2 Investments

$ thousands	**31-Mar-21**	30-Sep-20
Fixed interest investments	267,447	237,298
Equity investments	-	572
Property investment	34	34
Investments	**267,481**	237,904

3.3 Fair value hierarchy

Tower designates its investments at fair value through the statement of comprehensive income in accordance with its Treasury policy.

$ thousands	Level 1	Level 2	Level 3	Total
As at 31 March 2021				
Fixed interest investments	-	267,447	-	267,447
Property investment	-	34	-	34
Investments	**-**	**267,481**	**-**	**267,481**
As at 30 September 2020				
Fixed interest investments	-	237,298	-	237,298
Equity investments	-	-	572	572
Property investment	-	34	-	34
Investments	-	237,332	572	237,904

Tower sold its investment in the unlisted reinsurance company Pacific Re in November 2020. It was sold at its carrying value as at 30 September 2020.

4 Risk Management

Tower is exposed to multiple risks as it works to set things right for its customers and their communities whilst maximising returns for its shareholders. Everyone across the organisation is responsible for ensuring that Tower's risks are managed and controlled on a daily basis.

4.1 Capital management risk

Regulatory solvency capital

$ thousands	**31-Mar-21**		30-Sep-20	
	Parent	**Group**	Parent	Group
Actual solvency capital	180,443	214,441	150,451	181,214
Minimum solvency capital	58,315	71,032	52,342	65,728
Solvency margin	**122,127**	**143,409**	98,110	115,485
Solvency ratio	**309%**	**302%**	287%	276%

The Reserve Bank of New Zealand ("RBNZ") reduced the minimum solvency margin required to be held by Tower under its licence condition from $50m to $25m in March 2021.

5 Capital Structure

This section provides information about how Tower finances its operations to provide financial security to its customers, employees and other stakeholders.

5.1 Contributed equity

$ thousands	**31-Mar-21**	30-Sep-20
Opening balance	492,424	209,990
Issue of share capital	-	45,000
Cancellation of shares on amalgamation	-	(254,990)
Recognition of shares on amalgamation	-	492,424
Total contributed equity	**492,424**	492,424
Represented by:		
Opening balance	421,647,258	211,107,758
Issued shares	-	45,000,000
Cancellation of shares on amalgamation	-	(256,107,758)
Recognition of shares on amalgamation	-	421,647,258
Total shares on issue	**421,647,258**	421,647,258

5.2 Earnings per share

	31-Mar-21	31-Mar-20
Profit attributable to shareholders ($ thousands)	**11,501**	14,410
Weighted average number of ordinary shares for basic and diluted earnings per share (number of shares)	**421,647,258**	412,698,050
Basic and diluted earnings per share (cents)	2.7	3.5

6 Other balance sheet items

This section provides information about assets and liabilities not included elsewhere.

6.1 Intangible assets

As at 31 March 2021

$ thousands	Goodwill	Software	Customer Relationships*	**Total**
Composition:				
Cost	17,744	103,127	28,222	**149,093**
Accumulated amortisation	-	(48,355)	(3,454)	**(51,809)**
Intangible Assets	**17,744**	**54,772**	**24,768**	**97,284**
Reconciliation:				
Opening balance	**17,744**	**54,972**	**12,238**	**84,954**
Amortisation	-	(4,976)	(1,470)	(6,446)
Additions	-	5,402	14,000	19,402
Disposals	-	(237)	-	(237)
Transfers	-	(389)	-	(389)
Closing Balance	**17,744**	**54,772**	**24,768**	**97,284**
As at 30 September 2020				
Composition:				
Cost	17,744	98,351	14,222	130,317
Accumulated amortisation	-	(43,379)	(1,984)	(45,363)
Intangible Assets	17,744	54,972	12,238	84,954
Reconciliation:				
Opening balance	17,744	56,467	-	74,211
Amortisation	-	(8,866)	(1,984)	(10,850)
Additions	-	7,534	14,222	21,756
Disposals	-	(43)	-	(43)
Transfers	-	(120)	-	(120)
Closing Balance	17,744	54,972	12,238	84,954

*Tower acquired and assumed ANZ's rights and obligations relating to servicing a portfolio of insurance underwritten by Tower. Tower provided insurance for ANZ and National Bank customers between 1990 and 2009 and continues to cover over 23,000 people under those policies. On completion of the acquisition of the rights and obligations these customers will be insured directly by Tower under a Tower branded policy. The amount capitalised includes the price paid for acquiring the portfolio outright and associated acquisition costs. The asset will be amortised over a 5 to 10 year period, with the pattern of amortisation being aligned with expected net cashflow benefits over this period.

7 Other information

This section includes additional disclosures which are required by financial reporting standards.

7.1 Notes to the consolidated statement of cash flows

Composition of Cash and cash equivalents

$ thousands	**31-Mar-21**	31-Mar-20
Cash at bank	**67,357**	46,221
Deposits at call	**17,770**	54,645
Restricted cash	**-**	561
Cash and cash equivalents	**85,127**	101,427

Reconciliation of profit for the half year to cash flows from operating activities

Profit for the half year	**12,031**	14,861
Adjusted for non-cash items		
Depreciation of property, plant and equipment	1,052	1,004
Depreciation, impairment and disposals of right-of-use assets	1,123	1,351
Amortisation of intangible assets	6,446	4,869
Fair value losses on financial assets	1,978	1,773
Change in deferred tax	4,525	4,867
Adjusted for movements in working capital		
Change in receivables	57,031	(483)
Change in payables	(25,581)	(25,561)
Change in taxation	86	772
Adjusted for financing activities		
Facility fees and interest paid	137	581
Net cash inflows from operating activities	**58,828**	4,034

7.2 Contingent liabilities

Claims and disputes

The Group is occasionally subject to claims and disputes as a commercial outcome of conducting insurance business. Provisions are recorded for these claims or disputes when it is probable that an outflow of resources will be required to settle any obligations. Best estimates are included within claims reserves for any litigation that has arisen in the usual course of business.

Reinsurance programme

During preparation for the FY22 reinsurance programme, a review of the FY21 programme identified that a number of policies were omitted in the original dataset provided to the reinsurers. This was caused by the process of migration of policies to Tower's new platform. Tower is working with its reinsurance advisor and reinsurers to understand the consequences of the data omission, and the impact, if any, on the total FY21 reinsurance expense. At this stage, as any financial impact is both uncertain and cannot be reliably measured, no provision has been made at this time.

The Group has no other contingent liabilities.

7.3 Subsequent events

An interim dividend of 2.5 cents per share was declared on 26 May 2021, with the dividend being payable on 14 July 2021. The anticipated cash impact of the interim dividend is approximately $10.5m.

7.4 Capital commitments

As at 31 March 2021, Tower has entered into a new lease commitment for its Auckland premises. The lease will be for a term of 10 years with commencement expected towards the end of the 2021 financial year. Upon commencement, Tower estimates that it will recognise an initial right-of-use asset of approximately $21.6m and an initial lease liability of approximately $30.6m with the difference primarily representing lease incentives.

7.5 Change in comparatives

Amalgamation Update

Tower amalgamated its corporate structure on 30 September 2020 and no longer has specific corporate entities. The statement of comprehensive income has been updated to reflect this change. "Corporate and other expenses" has been renamed "other expenses" and corporate expenses have been moved to underwriting expenses (total $1.6m). "Corporate and other income" has been renamed "other income". All income that was previously defined as corporate remains. In addition in note 1.3 the segment "Other" has been updated to remove Corporate entities.

Independent auditor's review report

To the shareholders of Tower Limited

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements of Tower Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half year ended on that date, and selected explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the Group do not present fairly, in all material respects, the consolidated balance sheet of the Group as at 31 March 2021, and its financial performance and cash flows for the half year then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibility is further described in the *Auditor's responsibility for the review of the financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out other services for the Group in the areas of assurance over solvency and regulatory insurance returns and agreed upon procedures in respect of voting at the Annual Shareholders Meeting. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. These matters have not impaired our independence.

Directors' responsibility for the financial statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial statements

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34. A review of consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Who we report to

This report is made solely to the Company's Shareholders, as a body. Our review work has been undertaken so that we might state to the Company's Shareholders those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Karen Shires.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
Auckland, New Zealand
26 May 2021

TOWER

2021 half year results

1 October 2020 to 31 March 2021

26 MAY 2021

Agenda

1 

Chairman's update
Michael Stiassny, Chairman

2 

Business update
Blair Turnbull, Chief Executive Officer

3 

HY21 financial performance
Jeff Wright, Chief Financial Officer

4

Looking forward
Blair Turnbull, Chief Executive Officer

Chairman’s update – solid earnings with positive growth

SOUND BUSINESS PERFORMANCE

- Delivered solid earnings in 1H21
- Focused on managing emerging challenges
- GWP growth through digital and data platform and unique distribution footprint
- Continued efficiency improvements
- Increased claims driven by large events and higher large house claims frequency - decisive action to address
- Dividend - announcing a 2.5¢ dividend per share – first time since 2016

STRONG AND WELL CAPITALISED

- Tower has shed its legacy issues - now a quality business with very strong capital position and solvency margin
- Resilient in the Pacific where Covid has significantly impacted the economy
- Capital licensing condition reduced from $50m to $25m
- Capital investment – ANZ, Club Marine

POSITIONED FOR LONG-TERM GROWTH

- Leading Tower Direct digital business
- Unique Partnership distribution capability & a strong pipeline
- Digitising our Pacific business to improve efficiency
- Unique technology partnerships

TOWER


Solid performance
with a strong platform
for growth

Solid performance with a strong platform for growth

REPORTED PROFIT incl. large events **$12m** vs $14.9m prior year	UNDERLYING NPAT excl. large events **$18m** vs $18.9m prior year	TOWER GROSS WRITTEN PREMIUM (GWP) **$194m** up 6% from $184m prior year	MANAGEMENT EXPENSE RATIO (MER) **36.5%** -2.5% improvement on prior year
COMBINED OPERATING RATIO (COR) **90.3%** Increased +4.9% from 85.4% on prior year	SOLVENCY RATIO (NZ PARENT) **309%** $97m above regulatory requirements	CUSTOMER NUMBERS **306,000** up 2.8% on prior year	MARKET SHARE **9.3%** up from 8.6% in Mar '20

A journey of continued focus and streamlining

2015–2019

TRANSFORMATION AND RE-PLATFORM

Product rationalisation

Christchurch recovery

$47m investment in cloud-based, EIS platform implementation

2020 - 2021

RESOLVING LEGACY ISSUES

EQC settlement

RBNZ solvency condition reduced $25m

Tower entity amalgamation

Continuing customer migration to new platform

2021 +

GROW, PARTNER AND INNOVATE

Grow flagship Tower Direct

Unique Partnership model

Digitising Pacific to drive efficiency

Leading digital and data capability

STRENGTHENING THE BUSINESS

Addressing emerging claims inflation pressure through automation, supply chain efficiency and process improvements

Responding rapidly with rating and underwriting actions to address higher claims levels

Investigating the risks leading to large house fires through data science

Understanding links between large events and climate change

TOWER

Customer and premium growth

TOWER GROSS WRITTEN PREMIUM (GWP) HY21

$194m

up 6% on HY20

TOWER DIRECT GWP HY21

$113m

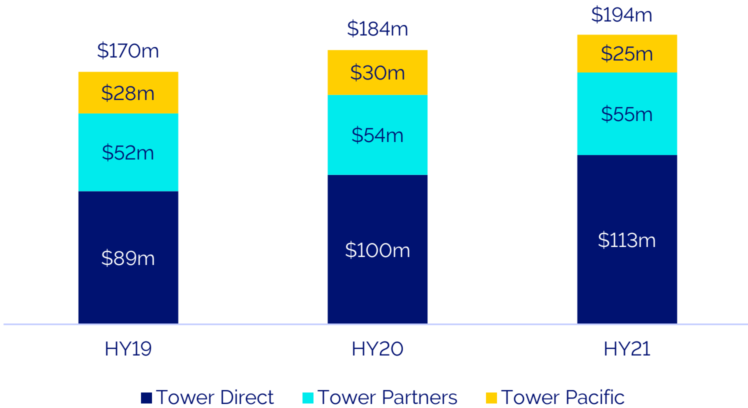
up 14% on HY20

CUSTOMER ACQUISITION COSTS (% of NEP)

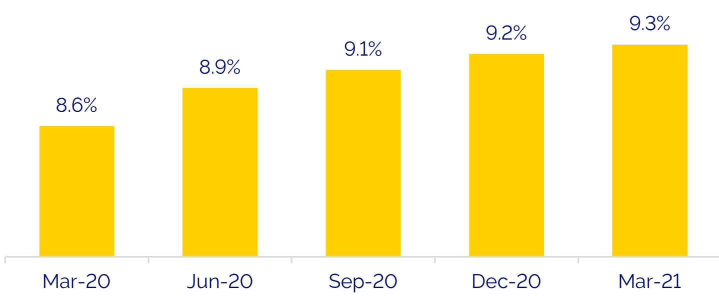
12%

1% improvement on prior year

GWP BY BUSINESS UNIT



NZ PERSONAL LINES MARKET SHARE



- Tower Direct 14% year on year growth
- Tower Partnership 3% year on year growth
- Pacific business declined 16% primarily as a result of economic challenges related to Covid-19
- Last 12-month GWP $395m
- Cost to acquire customers has improved, partially through increased sales to existing customers
- Customer numbers grew 2.8% to 306,000
- Market share grew to 9.3%

TOWER

Continued improvement in cost efficiencies

TOWER MANAGEMENT EXPENSE RATIO (MER)

36.5%

2.5% improvement on prior year

TOWER DIRECT MER

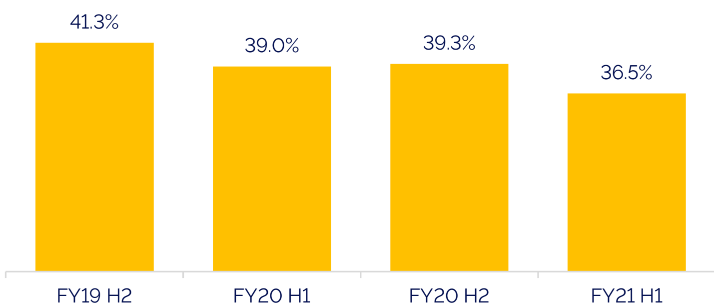
31%

Improved 4% on HY20

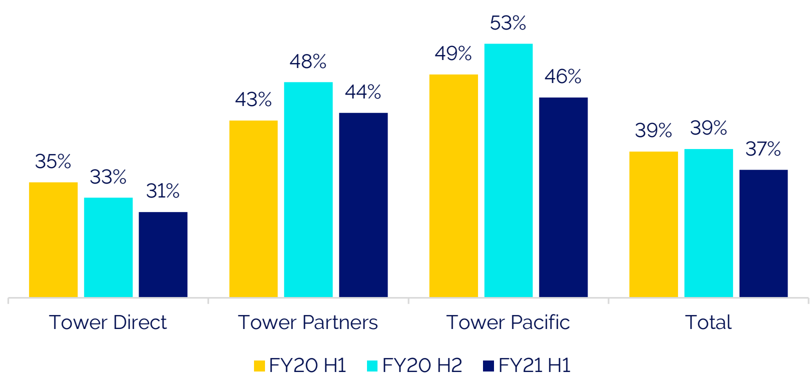
REALISING BENEFITS OF DIGITAL SCALE

Youi complete ANZ acquisition

MER



MER BY BUSINESS UNIT



- Continuing track record of decommissioning legacy systems to improve efficiency. Targeting to move from 6 to 2 by year end.
- Future commission footprint reduced through ANZ acquisition. Full benefits flow through H1FY22 onwards.
- Youi fully complete with retention in line with acquisition expectations.

TOWER

Emerging claims inflation

CLAIMS RATIO EXCL. LARGE EVENTS

48%

3.6% higher than prior year

LARGE EVENTS

Ōhau fire Napier flood

$9.3m impact

AVERAGE HOUSE CLAIM COST

$4,620

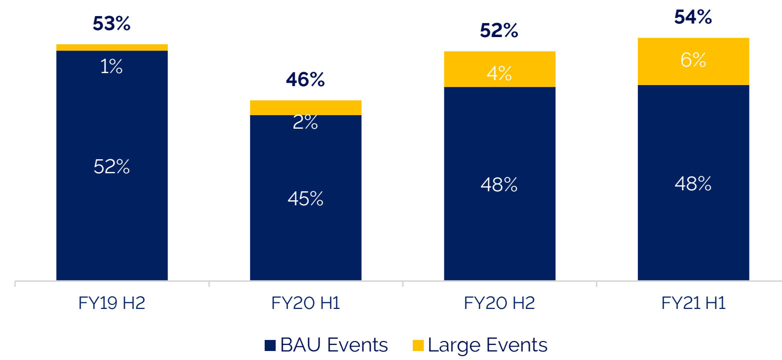
Up 8% on HY20

LARGE HOUSE CLAIMS

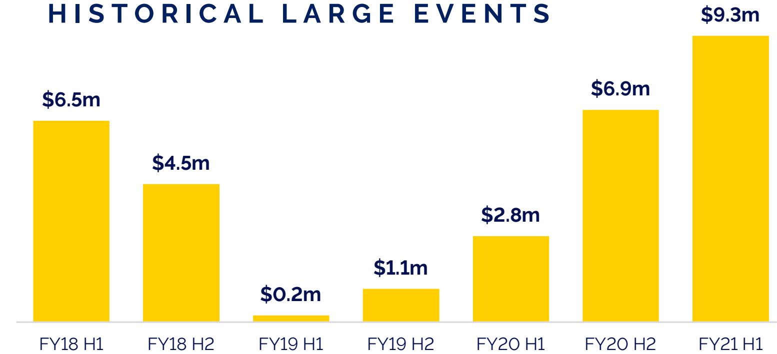
52

Up from 26 in HY20

CLAIMS RATIO



HISTORICAL LARGE EVENTS



Decisive action to address claims challenges

Priorities

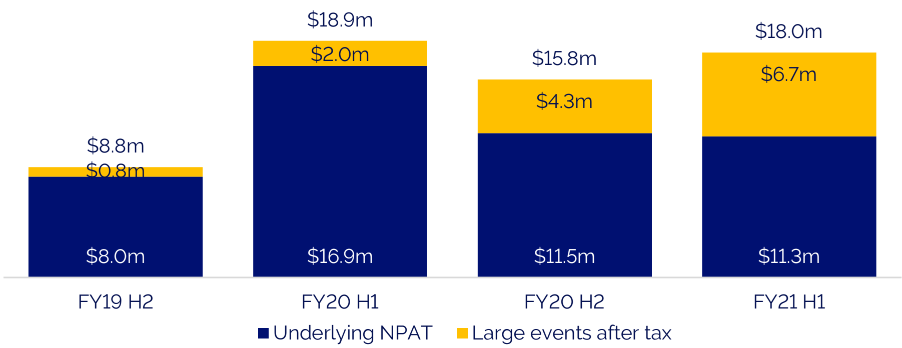
Supply chain optimisation	Working with supply chain to enhance efficiencies and moderate increases in supply chain costs
Research & analysis on house fires	Working with data science partners & multiple stakeholders to analyse risks
Automation to enhance efficiencies	Optimising digital claims management to improve quality of claims assessment, repair and settlement
Rating and underwriting actions	Reviewing pricing and underwriting policies

Ability to leverage digital & data capability to implement actions quickly

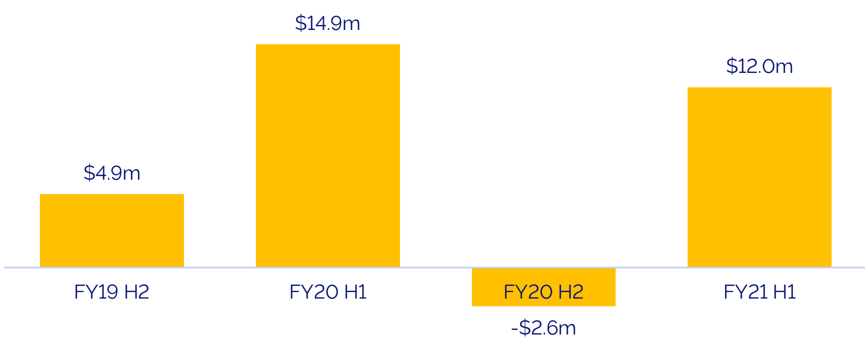
TOWER

Core business solid and positioned for long term growth

UNDERLYING NPAT



REPORTED PROFIT



- Three focused businesses – Direct, Partnerships and Pacific
- Total HY21 premium of $194m underpinned by scalable, efficient digital platform
- Positive growth and ongoing reduction in management expenses
- Large events and large house claims have offset premium growth and are being actively addressed

TOWER

Delivering Shareholder Return

ORDINARY DIVIDEND POLICY

60-80%

of cash earnings* where prudent to do so

TOTAL INTERIM DIVIDEND PAYMENT

$10.5m

to be paid 14 July 2021

DIVIDEND RESUMPTION

5 years

last dividend paid based on the 31 March 2016 half year

INDICATIVE COMBINED FULL AND HALF YEAR DIVIDEND

5¢ – 5.5¢

based on achieving FY21 guidance

Interim dividend confirmed

2.5¢ per share

*Cash earnings defined as Reported Full Year Net Profit After Tax adjusted for acquisition amortisation and unusual items

HY21 financial performance

Group underlying financial performance

$ million	HY21	HY20	Change
Gross written premium	193.9	183.6	10.3
Unearned premium	1.3	3.7	(2.4)
Gross earned premium	195.3	187.3	8.0
Reinsurance	(28.1)	(27.9)	(0.3)
Net earned premium	**167.1**	**159.4**	**7.7**
BAU claims expense	(80.5)	(71.1)	(9.4)
Large event claims expense	(9.3)	(2.8)	(6.5)
Management expenses	(52.9)	(55.6)	2.7
Net commission expense	(8.1)	(6.9)	(1.2)
Underwriting profit	**16.2**	**22.9**	**(6.7)**
Net investment income	0.7	2.2	(1.5)
Other income	0.0	(0.4)	0.4
Tax	(5.6)	(7.9)	2.3
Underlying NPAT	**11.3**	**16.9**	**(5.6)**
One-off Transactions (net of tax)	0.7	(2.0)	2.7
Reported profit after tax	**12.0**	**14.9**	**(2.8)**

- HY21 GWP of $193.9m. GWP growth $10.3m on HY20 (+6%)
- BAU claims expense impacted by higher volume of large house claims and emerging house claims inflation
- Management expense ratio improves by 2.5%, realising benefits from EIS platform
- Underlying NPAT before large events of $18m is a decrease of 5% on HY20
- Profit impacted by lower investment income
- Reported profit of $12m, decrease of 19% on HY20. Impacted by $6.5m before tax increase in large events.

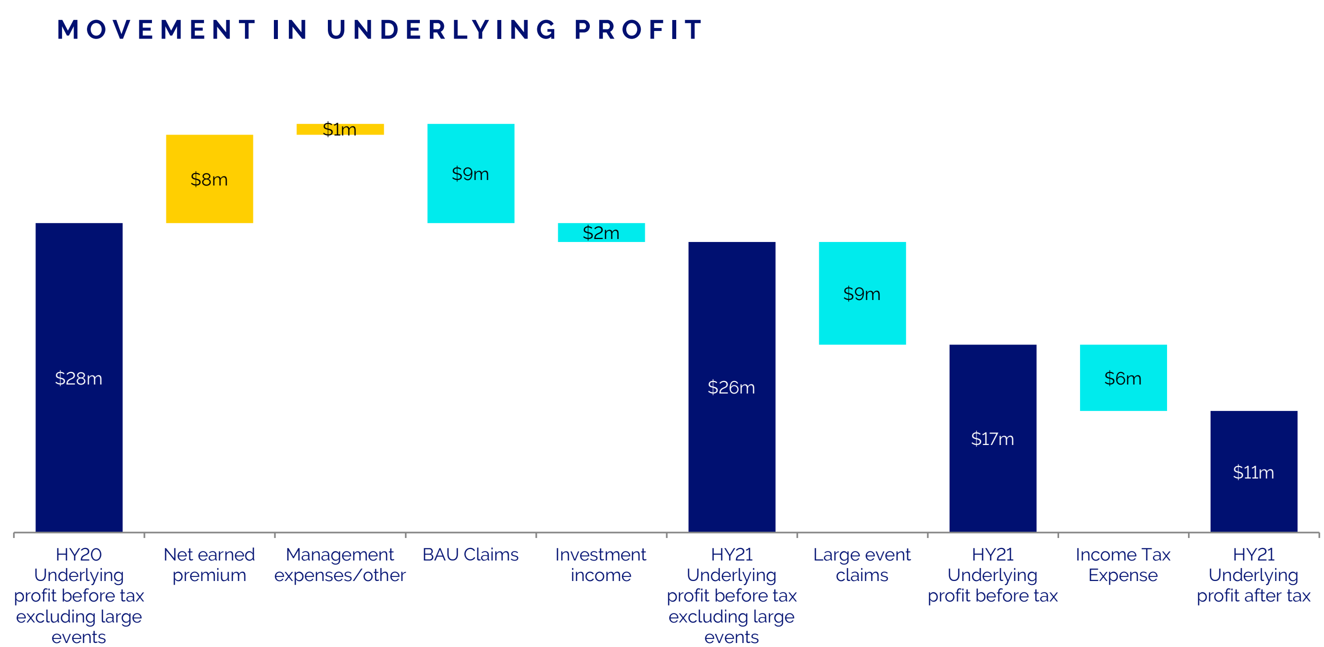
Key ratios	HY21	HY20	Change
Claims ratio excluding large events	48.2%	44.6%	3.6%
Large events claims ratio	5.6%	1.8%	3.8%
Expense ratio	36.5%	39.0%	(2.5%)
Combined ratio	**90.3%**	**85.4%**	**4.9%**

Note: 1) there has been minor reclassification between management expenses and “other income and expenses” in the comparative period. 2) refer to reconciliation between Underlying NPAT and Reported profit on page 34.

TOWER

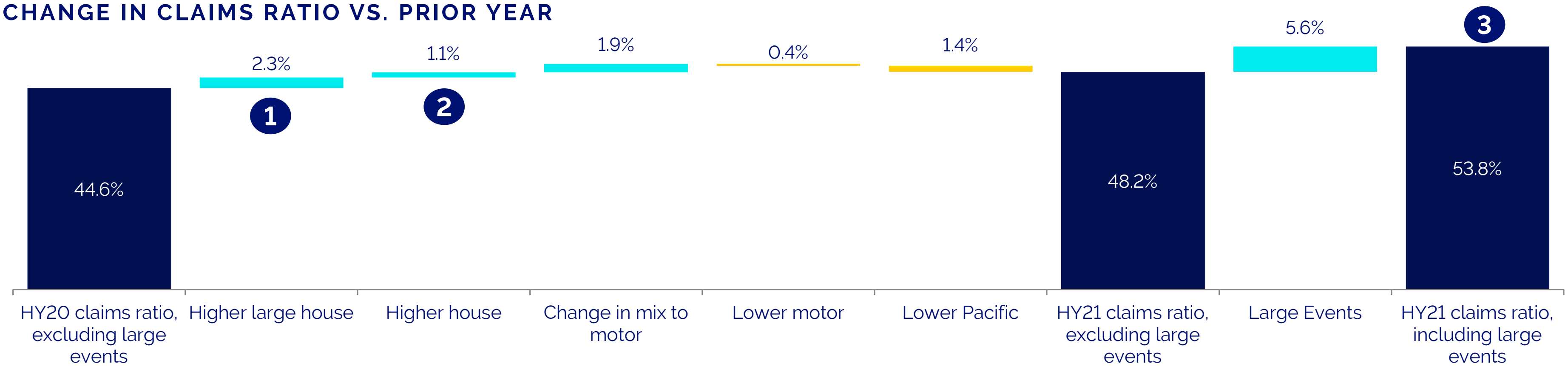
Movement in underlying profit

- Net earned premium higher due to Youi acquisition, and growth in Tower Direct and Tower Partnerships
- Management expenses reduced following completion of EIS platform build
- Large event claims expense well above HY20
- BAU claims expenses impacted by an increase in large house claims
- Investment income reduced as a result of a lower interest rate environment

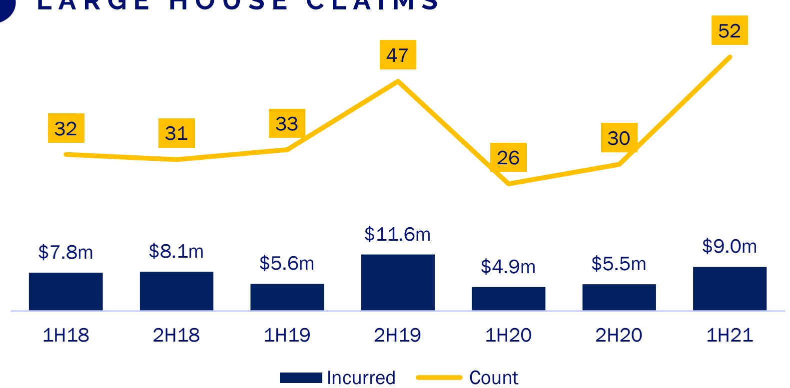


Continued focus on improving claims ratio

CHANGE IN CLAIMS RATIO VS. PRIOR YEAR



1 LARGE HOUSE CLAIMS



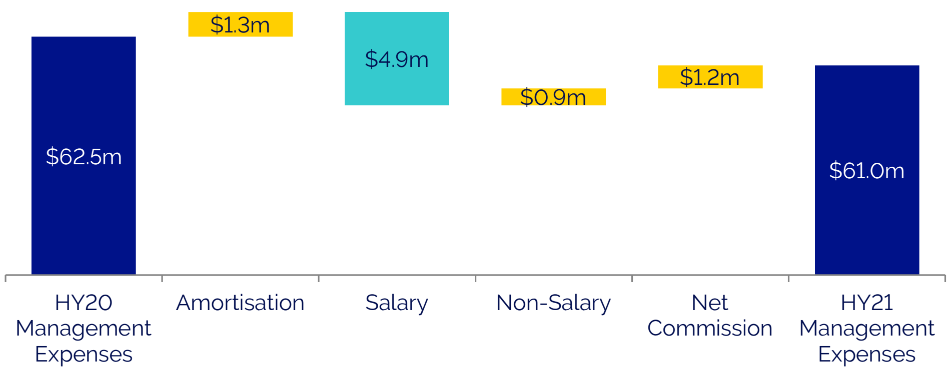
1. Large house claims are historically volatile, Tower is working with data science partners to analyse latest experience and to review rating and underwriting for house.
2. Early signs of building cost inflation in house claims are being monitored and Tower is also working with supply chain to minimise increases.
3. Review of end to end claims processes underway to ensure optimal claims performance.

TOWER

Continued discipline on management expenses

- HY21 management expenses reduced $1.5m on HY20 to $61m in HY21
- MER improved 2.5% on HY20, down to 36.5%
- Salary expenses reduced $4.9m following the completion of the EIS project and May 2020 reorganisation
- Net commission expenses increased due to the inclusion of reinsurance profit share income in HY20
- Amortisation expense increased largely due to additional Youi, ANZ & EIS amortisation

MOVEMENT IN MANAGEMENT EXPENSES

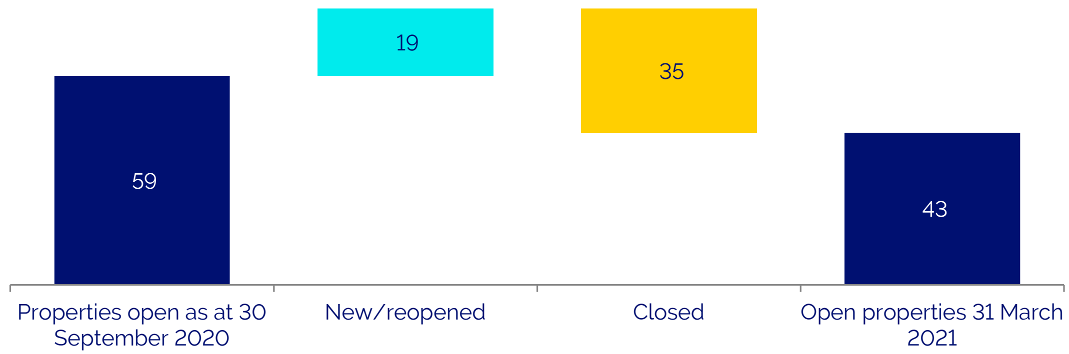


TOWER

CEQ claims continue to reduce

- Continued reduction in open claims with 35 claims closed in HY20
- 16 new EQC overcaps in line with expectations
- Gross outstanding claims down to $26.5m following strengthening of $2.2m due to tribunal claims settling for more than expected and increase in allowance for future claims
- Release of $2.5m in Additional Risk Margin reflecting continued run-off of CEQ claims

OPEN CEQ CLAIMS



CEQ RESERVING

$ million	Mar-21	Sep-20	Mar-20	Sep-19	Mar-19	Sep-18
Case estimates	6.9	9.7	15.1	20.8	29.7	37.5
IBNR/IBNER	10.4	11.6	11.7	15.5	17.7	18.1
CHE	1.6	1.9	1.9	2.5	2.6	3.3
Risk margin	5.1	5.7	6.7	7.8	9.0	9.0
Additional risk margin	2.5	5.0	5.0	5.0	5.0	5.0
Additional provisions	19.6	24.2	25.3	30.8	34.3	35.4
Gross outstanding claims	**26.5**	**33.8**	**40.4**	**51.6**	**64.0**	**72.9**

Strong capital and solvency structure

TOWER SOLVENCY RATIO (PARENT)

309%

$97m capital above regulatory minimums, following settlement of EQC receivable

RBNZ LOWERS LICENCE CONDITION

$25m

from $50m to $25m

FINANCIAL STRENGTH RATING RECONFIRMED

A-

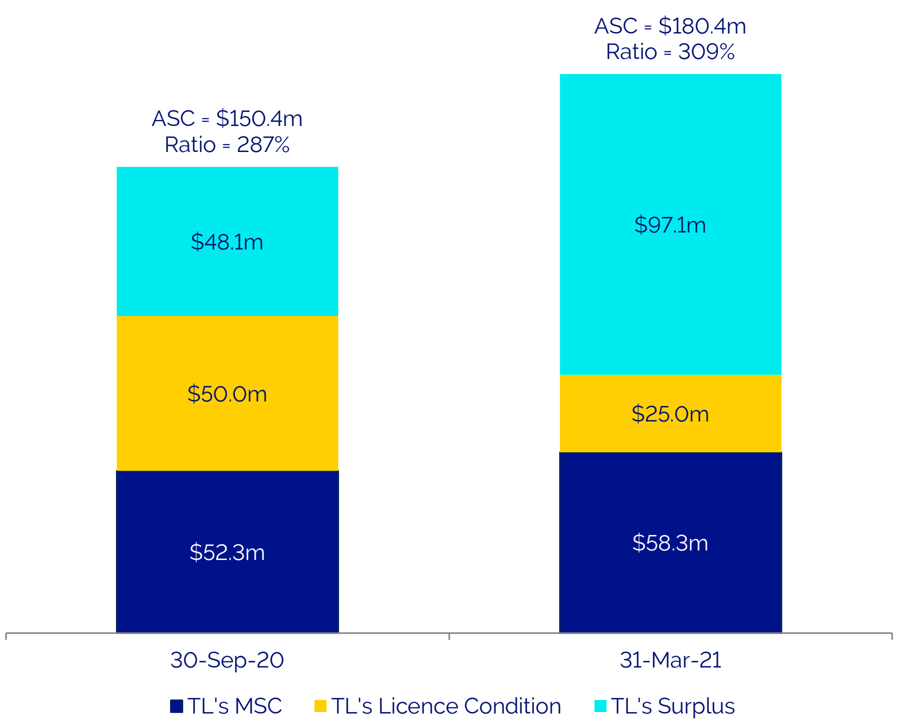
AM Best

CHRISTCHURCH EARTHQUAKE OPEN CLAIMS

43

down from 59 as at 30 September 2020

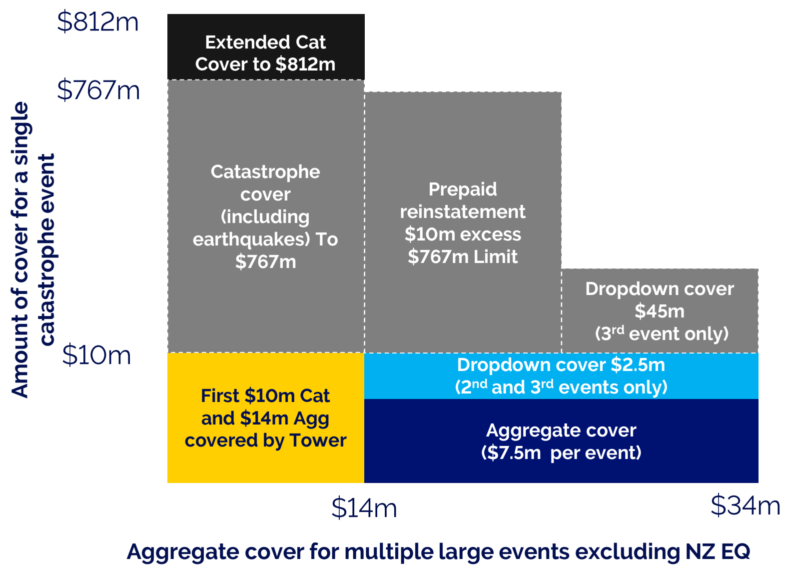
TOWER SOLVENCY $M (NZ PARENT)



Robust reinsurance programme supports resilience

- Lake Ōhau and Napier Flood events resulted in event claims increasing $6.5m on HY20, to $9.3m in HY21.
- Aggregate cover applies from $14m of large events
- Any increase to the H1 $9.3m for large events in H2 will reduce NPAT by a rate of approximately $0.72m for each $1m until the aggregate cover applies
- Tower's long term average for large events is $8m per annum

HIGH-LEVEL REINSURANCE STRUCTURE OVERVIEW



FY21 guidance

	FY20 Actual	FY21 Guidance Based on FY20 large events ($9.7m)
Underlying NPAT	$28.4m	$25m to $27m

- Recognising increasing house claims cost and reducing investment income, guidance has been revised from underlying NPAT of greater than $29.8m to underlying NPAT of $25m to $27m for the year ended 30 September 2021.
- This revision to guidance reflects (i) higher frequency of large house claims, (ii) emerging house claims inflation (iii) lower investment income.
- The revised guidance retains a large event assumption of the same as FY20 at $9.7m.
- Further increase in claims expense is a potential risk to this guidance. A 1% increase in loss ratio above management assumptions will result in an approximate $1.2m reduction in underlying NPAT.

TOWER

Our plan for long term growth & improvement

Clear strategy leveraging our technology, customer and partnership advantage

GROW AND INNOVATE

- **Relentless focus on customer relationships**
- **Leverage digital & data everywhere**
- **Partner wherever possible**

BUILD FINANCIAL STRENGTH & CAPABILITY

- **Embracing agile culture & talent**
- **Maintain a strong capital & solvency structure**

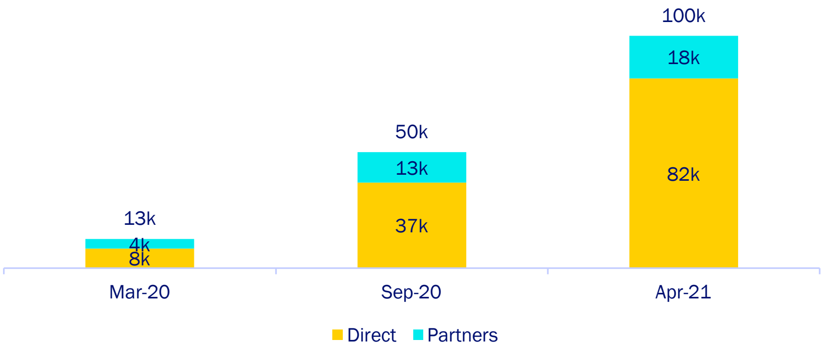
Our core strategy for personal lines and small to medium sized commercial segments, in the New Zealand and Pacific region.

MyTower platform improves growth and efficiency

MYTOWER REGISTRATIONS	BUILDING MYTOWER MOMENTUM
100,000	**44%**
at April 2021	of Tower Direct customers on MyTower

DIGITAL SALES	NZ CUSTOMERS WITH MULTIPLE PRODUCTS
60%	**40%**
of Tower Direct GWP sold online	47% of Tower Direct customers hold multiple products

MY TOWER REGISTERED CUSTOMERS



- Longevity of a multi-product customer is around twice that of a single product holder
- Cost to acquire on MyTower is half that of telephone service

Unique partnerships distribution drives scalable growth

LEADING RETAIL PARTNERSHIPS

TradeMe

To renew for further five years

NEW CORPORATE PARTNERSHIPS

CSC Buying Group, NZDF, Auckland Council

LEADING ADVISORY PARTNERSHIPS

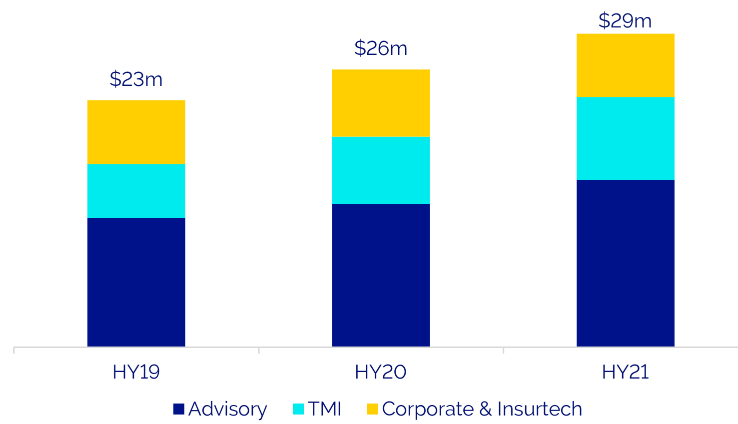
NZFSG
TSB

NEW INSURTECH PARTNERSHIPS

Sentro

leveraging cloud-based API platform

PARTNERSHIPS GWP (excludes closed books)



open

- Leading Australian insurtech
- Tower to provide underwriting
- Launching second half 2021

TOWER

Quality product mix to improve revenue and retention

NEW PRODUCTS

Pet, Travel, Barracks, Pacific motor

INNOVATING TRADITIONAL PRODUCTS

Boat insurance going online

MODERNISING OUR CORE PRODUCTS

Electric vehicle, e-bike and e-scooter

keeping pace with customer lifestyles

BALANCED NZ INFORCE PRODUCT MIX

43% motor, 51% home & contents

Allianz

- Tower partnering with one of the world's largest insurers
- New Pet and Travel products offered in 2H, 2021

60% of customers hold single products only - opportunity through expanded product range to deepen customer relationships and increase revenue.

TOWER

Supporting our Culture & Community

NZ FOOTPRINT MEASURED

Carbon audit completed

committed to long-term improvements

CULTURAL DIVERSITY

58%

of our workforce identify as non-European

FLEXIBLE WORKPLACE

10%

of our workforce are permanently working from home

WORKING WITH DATA SCIENCE PARTNERS ON

Climate research projects

to understand and share climate data

SIX GREEN STAR AUCKLAND OFFICE FROM AUGUST 2021

TOWER

Investing for long term growth

Total FY21 investment

$22m

Core business
- Digital & data cloud-based platform
- EIS Pacific rollout
- Customer experience innovation

New Distribution
- Corporate partnerships
- Insurtechs – Huddle, Sentro

Product Innovation
- Boat, Travel, Pet
- Risk-adjusted pricing

Acquisitions
- ANZ
- Club Marine referral

Summary – solid business performance with a platform for long term growth

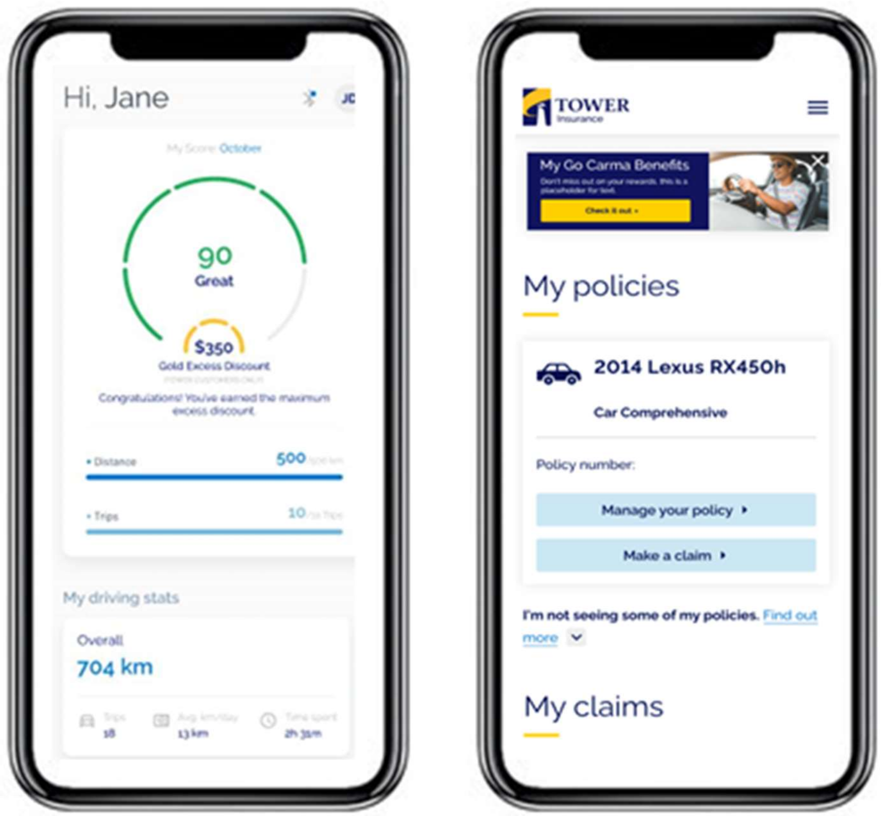
- Well capitalised with strong balance sheet and solvency margins.
- Focus remains on driving shareholder value by accelerating growth and innovation through a relentless focus on customers.
- Taking decisive action to address emerging challenges with claims inflation.
- Continue to invest in digital and data platform to drive efficiency and support growth.
- Dividends resumed in HY21.
- Guidance updated to underlying NPAT $25m to $27m assuming large events of $9.7m.
- Analyst day planned for September, 2021.

Questions?

Tower Direct

CUSTOMERS	GWP
187,000	$113m
6% growth on HY20	14% growth on HY20

MER	ANZ BUY-OUT
31%	23,000
improvement of 4% on HY20	Customers to migrate to Tower Direct



- Second consecutive half of double digit GWP growth
- Increased customer digital adoption
- Launched GoCarma App in December 2020

Tower Partnerships

CUSTOMERS	GWP
85,000	**$55m**
1% growth on HY20	3% growth on HY20

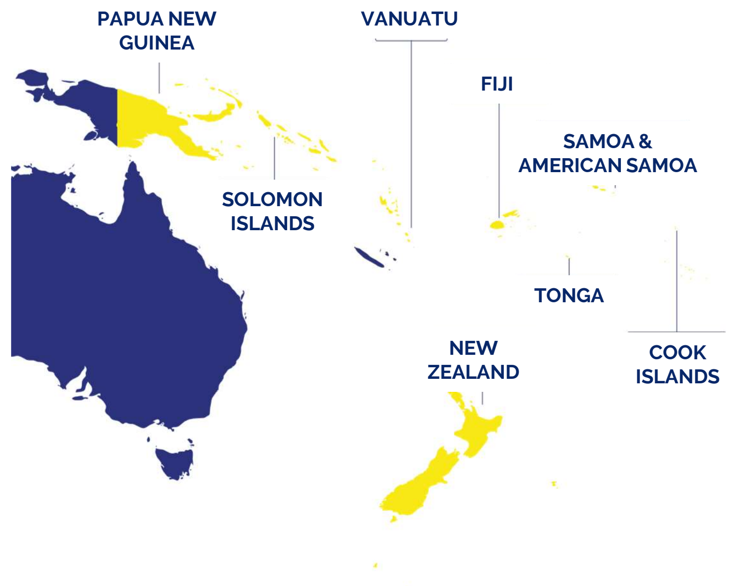
MER	COR
44%	**95%**
versus 43% in HY20	up from 91% year on year

- Five new partnerships secured in HY21
- TradeMe in the process of renewing for a further five years
- Strong pipeline for growth in FY21

Tower Pacific

CUSTOMERS	GWP
34,000	**$25m**
8% decline on HY20	16% decline on HY20

MER	GOING DIGITAL IN THE PACIFIC
46%	**Fiji MyTower & EIS motor**
improvement of 3% on HY20	1st online insurance offering in the Pacific



- Moving from bespoke, manual intensive legacy system and operating model to digitised platform aligned to NZ businesses. Aim to complete by end FY22
- Product suite rationalised from 449 in HY20 to 347
- GWP retention for HY21 in line with expectations

Reconciliation between underlying profit after tax and reported profit after tax

$ million	HY21 underlying profit	CEQ adjustments (1)	GWP reclassifications (2)	Other (3)	HY21 reported profit
Gross written premium	193.9	-	0.6	-	194.6
Gross earned premium	195.3	-	0.6	-	195.9
Reinsurance expense	(28.1)	-	-	-	(28.1)
Net earned premium	**167.1**	**-**	**0.6**	**-**	**167.8**
Net claims expense	(80.5)	0.3	-	(11.9)	(92.1)
Large events claims expense	(9.3)	-	-	-	(9.3)
Management expenses	(52.9)	-	-	12.2	(40.7)
Net commission expense	(8.1)	-	-	-	(8.1)
Underwriting profit	**16.2**	**0.3**	**0.6**	**0.3**	**17.4**
Net investment income	0.7	-	-	(0.2)	0.5
Other	0.0	-	-	0.1	0.1
Income tax expense	(5.6)	(0.1)	(0.2)	(0.0)	(5.9)
Underlying profit after tax	**11.3**	**0.2**	**0.5**	**0.1**	**12.0**
Canterbury impact on outstanding claims	(1.6)	1.6	-	-	0.0
Release of additional board risk margin for Canterbury	1.8	(1.8)	-	-	0.0
Other non-underlying items	0.55	-	(0.5)	(0.1)	0.0
Reported profit after tax	**12.0**	**-**	**-**	**-**	**12.0**

(1) Includes net impact of Canterbury earthquake valuation update and part release of the additional Canterbury earthquake risk margin release.

(2) Release of customer remediation provision treated as non-underlying.

(3) Reclassification of claims handling expenses from management expenses to net claims expense; reclassification of forex movements to management and sales expenses and other non-underlying transactions.

Underlying and reported profit:

- "Underlying profit" does not have a standardised meaning under Generally Accepted Accounting Practice (GAAP). Consequently it may not be comparable to similar measures presented by other reporting entities and is not subject to audit or independent review.
- Tower uses underlying profit as an internal reporting measure as management believes it provides a better measure of Tower's underlying performance than reported profit, as it excludes large or non-recurring items that may obscure trends in Tower's underlying performance, and is useful to investors as it makes it easier to compare Tower's financial performance between periods.
- Tower has applied a consistent approach to measuring underlying profit in the current and comparative periods. Note: there has been minor reclassification between management expenses and "other income and expenses" in the comparative period.
- "Reported profit after tax" is calculated and presented in accordance with GAAP and is taken from Tower Limited's financial statements for the half year ended 31 March 2021.

Disclaimer

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Forward looking statements

This document contains certain forward-looking statements. Such statements relate to events and depend on circumstances that will occur in the future and are subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements, including, among others: the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts; fluctuations in demand and pricing in the industry; fluctuations in exchange controls; changes in government policy and taxation; industrial disputes; and war and terrorism. These forward-looking statements speak only as at the date of this document.

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Tower HY results script

26 May, 2021

Slide 3 – Chairman's update

Michael Stiassny

Mōrena, good morning and thank you for making the time to join us for this investor call and presentation of our half year results.

With me in Auckland is our Chief Executive Officer, Blair Turnbull and our Chief Financial Officer, Jeff Wright who will take you through the results and answer your questions.

Business performance

When presenting our full year 2020 results in November, I noted that no company is immune to the ongoing challenges posed by the Covid pandemic.

Our digital-first strategy has positioned Tower well and is continuing to deliver solid GWP growth and reduced management expenses. However, these positive results have been offset by an increase in large event and large house claims, and general claims increases due to rising building costs. There is no question that the insurance industry – like all of New Zealand – is facing inflationary pressures emerging as a result of supply chain and other pandemic-induced challenges.

Tower has taken decisive action to address these factors which have impacted profits in this half. Blair will take you through those comprehensive measures shortly. Our strength in digital and data is assisting us to respond quickly and we anticipate seeing some improvement in the second half – acknowledging that it takes time for the mitigations to have full effect.

Accordingly, last week we revised our guidance on underlying profit for the 2021 financial year to between $25 and $27 million.

Capital position and dividend

Despite these unprecedented times, Tower remains a resilient, strong and well capitalised business with a solid base for continued investment in growth. The business is increasingly nimble, and we have acted swiftly when solid growth opportunities have been identified including the purchase of the ANZ legacy portfolio and Club Marine.

Following settlement of the EQC receivable, Tower now has a solvency ratio of 309%, $97million above regulatory minimums and the Reserve Bank has lowered Tower's solvency condition from $50 million to $25 million.

The business is in good heart and I am pleased to announce on behalf of the Board, a resumption in dividend payments.

Based on Tower's ordinary dividend policy of paying 60-80% of cash earnings where it is prudent to do so, a dividend of 2.5 cents per share will be paid on 14 July.

This is a watershed moment and I'd like to acknowledge you, our shareholders, who have supported Tower through five tough years. It is good to be able to reward your patience.

Positioned for long term growth

Tower has successfully shed its legacy issues and has entered a new, accelerated phase of innovation and growth. Blair has an exciting strategy – that he will share with you – and is wasting no time in implementing it. Innovation is at the heart of Tower in 2021, a far cry from where we sat a decade ago.

I'd like to acknowledge the Tower team. Sustained premium growth and a downward trend in management expenses is testament to a solid strategy and the discipline and dedication of the people that implement it.

In short, despite the COVID-induced breeze, Tower continues to be well positioned for sustainable, long term growth.

I'll now hand over to Blair and Jeff, who will take you through the results and outlook before we take questions.

Blair Turnbull

Slide 4 – Solid performance with a strong platform for growth

Kia ora, thank you Michael and good morning everyone.

I am delighted to be here sharing our half year results for 2021 which sees Tower in a very solid capital and solvency position. We have a technology and distribution advantage that sets us apart from our competitors and affords strong long term customer and premium growth prospects.

Slide 5 – Sound performance

Tower has reported a sound result for the half year, although as indicated by our updated guidance last week, we are facing emerging external factors, such as claims inflation, which has impacted profits.

Underlying NPAT excluding large events was $18 million and reported profit for the half year was $12 million, down from $14.9 million in the prior year.

Offering customers a simple and rewarding experience through our leading technology platform has helped grow Tower's Gross Written Premium for the half year to 31 March to $194 million, up 6% on the same period last year. This was a strong result, achieved despite the Pacific business declining 16% primarily as a result of economic challenges related to Covid-19.

Disciplined cost control and further efficiencies have seen Tower's overall management expense ratio further improve by 2.5%, to 36.5%.

Customer numbers showed healthy growth, up 2.8% to 306,000 and market share has now climbed from 8.6% to 9.3%.

Tower's combined operating ratio has increased 4.9% over the prior year to reach 90.3% reflecting inflationary pressure on claims and higher large events.

Our New Zealand parent solvency ratio is 309%, which is $97 million above regulatory requirements and reflects our strong capital position.

Slide 6 – A journey

Tower's journey of focus and streamlining our business has entered an exciting new phase.

Following the process of transformation and re-platforming, we have made positive progress in resolving legacy issues. In the past six months we reached a $42.1 million settlement with EQC; the reserve bank reduced our licencing condition from $50 million to $25 million; and we simplified our structure. This has made Tower a far more robust and transparent business, one that is very well placed to enter our exciting new phase of growth and innovation while also strengthening our pricing, claims and underwriting insurance fundamentals.

The key to our success is leveraging our new cloud-based, scalable digital and data platform for our three businesses: our flagship Tower Direct business; our unique Partnership business which includes leading retail brands, advisory businesses and more recently the addition of Insurtechs; and the Pacific business with operations in eight countries.

Strengthening the business remains a priority and this is particularly heightened as we face claims inflation and wider environmental macro pressures. Jeff and I will talk about this in more detail shortly.

We have a technology advantage and a data focus which sets us apart from our competitors and affords strong long-term growth prospects. Our cloud-based, digital platform enables us to scale quickly as we acquire new business and migrate customers to our advanced technology.

As a business we have shed our legacy issues and we are acting decisively to address emerging external pressures. Tower ends this half year in a very solid capital and solvency position with attractive growth prospects and a clear strategy to deliver sustainable shareholder value.

Slide 7 – Customer and premium growth

Over the last six months we have achieved Gross Written Premium of $194m, up 6% year on year. This brings our total GWP for the past 12 months to $395m.

Our flagship Tower Direct business has delivered very strong growth of 14% year on year. This has been achieved by focusing on new and existing customers with nearly half of these now holding multiple products. When combined with digital marketing and automated campaigns we have also reduced our cost to acquire new business to 12% of net earned premium.

Our Partnership business has delivered positive 3% growth. But the true value is in the quality of the business where we have transformed our partnership portfolio from a more traditional, higher commission portfolio to a new generation of partnerships such as corporate, retail and advisory referral partnerships and insurtechs. All of our key partners are now on our cloud-based digital platform at more sustainable commission levels and we have a strong partner pipeline.

Our Pacific business GWP declined by 16% primarily as a result of economic challenges related to Covid-19, however we remain committed to the Pacific. We have launched our digital platform in Fiji and we have a robust plan to progressively roll it out to other countries over the coming 18 months, while also simplifying and streamlining our product set to align our Pacific business more closely with our New Zealand businesses.

Slide 8 – Continued improvement in cost efficiencies

Our flagship Tower Direct business continues to lead the way and highlights the customer, financial benefits and efficiency afforded from a leading digital and data technology platform. With a management expense ratio of 31% - a 4% improvement on half year 2020 - this compares favourably with Tower's overall combined expense ratio of 36.5%.

We remain very focused on decommissioning legacy systems and we are targeting a move from six to two systems by the year end.

Commission is also reducing as a result of our ANZ acquisition. The full benefits of this will flow through from the first half of the 2022 financial year.

The Youi portfolio acquisition is now complete and it is pleasing to note that retention rates are in line with our initial expectations.

Slide 9 – Emerging claims inflation

In the latter stages of the first half, we have seen an increase in large events and large house claims as well as rising building costs.

Large events in this half included the large fire at Lake Ōhau village and the severe flooding in Napier in late 2020, resulting in a $9.3 million impact before tax. This is a significant increase over the $2.8 million in large events claims in the 2020 half year and should be viewed against historical data which reflects that 2019 and 2020 had an unusually low incidence of large events.

The frequency of large house claims, which are those claims that total more than $50,000, has doubled to 52 in this half compared with the same period last year.

The average cost of all house claims has risen 8% to $4,620 per claim reflecting the rising cost of building materials.

As a result of these factors, our claims ratio excluding large events is 4% higher than the prior year, at 48%.

Slide 10 – Decisive action

In insurance, there will always be volatility in claims – it's the nature of our business. What sets Tower apart is our ability to identify emerging trends and quickly address them utilising the digital and data technology we've invested in.

We are working with our supply chain to enhance efficiencies and moderate increases in claims costs.

We also are working with data science and risk partners to better understand the links between large events, climate change and large house fires in order to help mitigate and reduce such events in the future.

Automation and data management are at the forefront of our response through optimising digital claims management to improve quality of claims assessment, repair and settlement.

We also have the ability through our leading technology capability to act swiftly to adjust ratings and underwriting if necessary.

These actions will take time to gain traction, however we expect to begin realising benefits in the second half.

Slide 11 – Core business solid

The fundamentals of Tower's performance are strong: we have three focused and unique businesses – Tower Direct, Partnerships and Pacific.

We are growing ahead of the market thanks to investments in our scalable, efficient digital and data technology platform. And we have steadily reduced management expenses, with clear actions to further improve going forward.

While large events and large house claims have offset premium growth, this is being actively addressed.

Our underlying NPAT before large events was $18 million and reported profit after tax and large events was $12 million.

In short, Tower is a solid business and well positioned for long term growth.

Slide 12 – Delivering shareholder return

We are pleased to resume dividend payments after a five year hiatus. The Board has confirmed an interim dividend payment of 2.5 cents per share. The total interim dividend payment is $10.5 million and will be paid on 14 July 2021.

Subject to the ordinary dividend policy of paying 60-80% of cash earnings where prudent to do so, and based on achieving FY2021 guidance of $25 - $27 million, the indicative combined full and half year dividend will be between 5 cents and 5.5 cents per share.

I will now hand over to Jeff Wright who will take you through our financial results in more detail.

Slide 13 – HY21 financial performance title slide

Jeff Wright

Thank you, Blair, and good morning everyone.

Slide 14 – Group financial performance

Looking at the consolidated results, we can see that GWP growth continued to be a positive feature in the first half, up $10.3 million on the same period last year. This growth was offset by increasing BAU claims expense resulting from a higher volume of large house claims and emerging house claims inflation.

Management expense ratio improved by 2.5%, as the benefits of the EIS platform are realised.

Underlying NPAT before large events was $18 million, a decrease of 5% on the first half of 2020. Profit was also impacted by lower investment income. Reported profit of $12 million is a decrease of 19% on half year 2020. This was primarily a result of the $6.5 million before tax increase in large events.

Slide 15 – Movement in underlying profit

Slide 15 details the key drivers of underlying profit before tax from half year 2020, to half year 2021.

Compared with the 2020 half year underlying profit before tax and large events of $28 million, net earned premium increased $8 million in HY21 through the Youi acquisition and growth in Tower Direct and Tower Partnerships.

Management expenses have reduced, but the increase in BAU claims, driven, as we have said, by an increase in frequency of large house claims and emerging house claims inflation, exceeded the growth in net earned premium.

In addition to the lower investment income, large events, as we have previously noted, was $9.3 million, well above half year 2020.

Slide 16 – Continued focus on improving claims ratio

This slide provides additional detail on the impact of the previously mentioned claims issues on Tower's loss ratio.

The increase in frequency of large house claims added 2.3% to Tower's loss ratio, while emerging inflation on other house claims added 1.1%. While large house claims are historically volatile, Tower is working with data science partners to analyse this latest experience and will review rating and underwriting for house policies.

Supply chain pressures resulting from Covid have contributed to increases in building material costs. This led to the 1.1% increase in other house claims. We continue to monitor the emerging signs of building cost inflation and are working with the supply chain to minimise increases.

With 62% of New Zealand new business written being motor, there was an expected impact of 1.9% on the loss ratio due to change in mix, offset partially by 0.4% lower motor claims expenses.

Lower Pacific claims expenses reduced the overall loss ratio by 1.4%.

Finally, the higher large event experience added 5.6% to the first half 2020 loss ratio, bringing the first half 2021 loss ratio to 53.8%.

Slide 17 – Continued discipline on management expenses

Tower's management expenses reduced $1.5 million on the prior year to $61 million in half year 2021. Our management expense ratio has improved by 2.5% over the half year, down to 36.5%.

This improvement in management expenses is largely due to the completion of the EIS project and the scalability of that platform to enable growth without a corresponding increase in expenses.

This is reflected in the reduction of salary expenses by $4.9million following the completion of the EIS project and the May 2020 reorganisation.

Net commission expenses increased due to the inclusion of reinsurance profit share income in the corresponding period of 2020.

Amortisation expense increased due to the addition of Youi, ANZ and EIS.

Slide 18 – CEQ claims continue to reduce

Along with other insurers, Tower continues to deal with the tail of Canterbury Earthquake claims. We reduced open claims from 59 properties open at 30 September 2020 to 43 as at 31 March 2021. We closed 35 claims during the half and received 16 new overcaps from the EQC and reopened three other claims. This was in line with expectations. While the pace of new over-caps and reopened claims continues to slow, the remaining claims are the most complex.

Gross outstanding claims are now down to $26.5 million following a strengthening of $2.2 million due to tribunal claims settling for more than expected and Tower prudently increasing the allowance for future claims. We have been able to release $2.5 million in Additional Risk Margin reflecting the continued run-off of Canterbury claims.

Slide 19 – Strong capital and solvency structure

Tower remains in a strong capital position with Actual Solvency Capital of $180.4million and a solvency ratio of 309%. This is $97 million above regulatory minimums. The Reserve Bank also lowered our licencing condition from a minimum solvency ratio of $50 million to $25 million during the half, reflecting the diminishing risks associated with CEQ.

AM Best has reconfirmed our financial strength rating at A-, excellent.

Slide 20 – Robust reinsurance programme

This slide provides an overview of our reinsurance programme.

The Lake Ōhau fire and Napier flood events resulted in a half year 2021 large event claims increasing $6.5 million on the prior year to $9.3 million. Tower's aggregate cover takes effect from $14 million of large events.

Any increase in the second half to the first half year figure of $9.3 million for large events will reduce NPAT by a rate of $0.72 million for each $1 million until the aggregate cover applies.

Tower's long term average for large events is $8 million per annum.

Slide 21 – FY21 guidance

As we announced on Monday 17 May, we have revised our guidance for Tower's underlying NPAT in FY21 to a range of between $25 and $27 million. The change from the previous guidance of greater than $29.8 million recognises increasing house claims cost and lower investment income.

The guidance assumes FY21 large events remain the same as FY20 at $9.7million. We have maintained this assumption to allow more ready comparison to the previous guidance.

While Tower is undertaking a number of actions to address increasing house claims, it remains a potential risk to this guidance. A 1% increase in loss ratio above Tower's assumptions will result in an approximately a $1.2 million reduction in underlying NPAT.

Slide 22 – Our plan for long term growth & improvement

Thank you. I will now hand back to Blair who will provide an update on our strategy and outlook.

Blair Turnbull

Thank you Jeff.

Slide 23 – Clear strategy

Today's results demonstrate the resilience of a customer and digitally-led Tower business, even in the face of Covid and inflationary headwinds. We are continuing to grow; to drive down expenses; and to respond quickly to the changing economic environment.

You can be confident that we are very focused on addressing the challenges we've identified, improving profitability and continuing to leverage our technology, customer and partnership advantage for growth.

We have a clear and focused set of five strategic priorities.

We are relentlessly focused on our customers, deepening our relationships with them through rewards, new products and other offerings that make sense and drive value.

Our core strategy is around personal lines and small to medium sized commercial in New Zealand and the Pacific region.

As you have seen today, we are leveraging the full capability of our cloud-based platform by using data and digital to attract more customers and partners to Tower.

We are finding the best people to partner with and to get their help to keep innovating and delivering.

And importantly, we are committed to maintaining a strong capital and solvency structure, demonstrating we are a strong and stable business that delivers value for shareholders.

Slide 24 – MyTower digital platform

In today's challenging world we've all learnt a critical success factor is being able to quickly analyse challenges and opportunities, pivot and adapt.

To this end digital and data are central to Tower. Our flagship business, Tower Direct, operates fully on our new platform. It's paving the way for our other businesses, Partnerships and the Pacific.

MyTower is at the centre of our digital platform. A full online sales and service experience that now has over 100,000 registered users. My Tower allows us to have a richer, deeper relationship with our customers.

Our Tower Direct business is growing strongly with 60% of Tower Direct new business sold online. Around half of Tower Direct's customers have two or more risks with us. They also stay with Tower significantly longer on average, around twice that of a single product holder. Furthermore, the cost to acquire a customer online is around half that of the telephone.

Our telephony strategy is to support customers with more complicated claims and service enquiries – ensuring the right enquiries and tasks are handled through the right medium. However, we want to be available to customers whenever and however they wish to connect with us, whether that's online or via the telephone.

The heart of the MyTower strategy is that customers are more engaged and satisfied, buy more and stay longer.

Slide 25 – Unique partnerships distribution

A key element of our strategic focus has been on securing mutually beneficial partnerships that drive significant growth.

In the half, we celebrated 30,000 insured risks with TradeMe Insurance customers, and we are in the process of renewing our special retail partnership with TradeMe for a further five years.

We are providing insurance for a range of new corporate partners including CSC Buying Group, the New Zealand Defence Force and Auckland Council.

Today we also announced a partnership with a leading Australian insurtech, Open which will see Tower underwrite their new personalised insurance brand, Huddle which is due to market in late 2021.

We are building what we believe is a truly unique, new generation of insurance partnership model, one that relies less on higher commission and more on our technology capability, customer experience and more balanced and complementary referral arrangements with our partners.

Slide 26 – Quality product mix

Core to our strategy is a quality, innovative, balanced product range which enables us to deepen our relationships with customers, improve revenue and increase retention.

Last year we acquired the referral rights for Club Marine, and we will shortly launch an end-to-end online boat experience.

To keep pace with our customers' lifestyles and expectations around environmental concerns we have also innovated our current products to cover electric vehicles, e-bikes and e-scooters.

We are also creating new products in conjunction with partners. We were delighted to recently announce Tower is partnering with Allianz, one of the world's largest insurers, to launch our new pet and travel products in the coming months.

Slide 27 – Supporting our culture & community

Continuing to grow, partner and innovate as a leading digital and data business will only be possible with the support of our fantastic Tower team and the communities we serve.

It's particularly pleasing to see that cultural diversity across our business is strong with well over half of our people identifying as non-European. We continue to put measures in place to not only celebrate diversity, but also track and measure our progress to ensure we are continually developing as a business.

Our ongoing digitisation has enabled us to increase the flexibility and agility of our workforce and 10% of our people now permanently work from home.

For those of us in Auckland, we will soon move to a new six-green-star rated building from August 2021. The new space will promote more agile ways of working, collaboration, creativity and a relentless focus on our customers.

We have made positive progress on measuring our New Zealand carbon footprint and will measure our Pacific footprint over the coming months.

We will also develop and report on a carbon action plan with a view to reducing our carbon footprint and developing transparent climate reporting.

As we have previously noted, our work with data science partners will help to better understand risks and also increase transparency around the effects of climate change. We look forward to sharing this information in the future.

Slide 28 – Investing for long term growth

Tower is continuing to invest in initiatives that will bring attractive long term growth and a stronger fundamentals to deliver shareholder value. Year to date we have committed investments totalling $22 million and we will continue to seek opportunities to invest in the business and look for further sensible and prudent investment opportunities.

Slide 29 – Summary

Tower is a well-capitalised business with a strong balance sheet and solvency margins. We have delivered a sound result with above market premium growth, we have further improved our management expenses and we are delighted to have resumed dividends in this half.

However, Tower is far from the finished product and we know there is work to be done.

Looking forward, our focus is on:

- Driving shareholder value by accelerating growth and innovation through a relentless focus on customers
- Taking decisive action to address emerging challenges with claims inflation, and;
- Continuing to invest in our digital and data platform to drive efficiency and support growth.

We will be holding an analyst day in early September 2021 and we look forward to talking to you in more detail about our strategy to accelerate momentum.

Thank you for your time this morning, I will now hand back to the operator to ask for questions.

TOWER

Distribution Notice

Section 1: Issuer information				
Name of issuer	Tower Limited			
Financial product name/description	Ordinary Shares			
NZX ticker code	TWR			
ISIN (If unknown, check on NZX website)	NZTWRE0011S2			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year		Quarterly	
	Half Year	X	Special	
	DRP applies			
Record date	30 June 2021			
Ex-Date (one business day before the Record Date)	29 June 2021			
Payment date (and allotment date for DRP)	14 July 2021			
Total monies associated with the distribution[1]	$10,541,181			
Source of distribution (for example, retained earnings)	Retained earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution[2]	$0.02500000			
Gross taxable amount [3]	$0.02500000			
Total cash distribution[4]	$0.02500000			
Excluded amount (applicable to listed PIEs)	N/A			
Supplementary distribution amount	$0.00000000			
Section 3: Imputation credits and Resident Withholding Tax[5]				
Is the distribution imputed	No imputation			
If fully or partially imputed, please state imputation rate as % applied[6]	N/A			
Imputation tax credits per financial product	N/A			
Resident Withholding Tax per financial product	$0.00825000			

[1] Continuous issuers should indicate that this is based on the number of units on issue at the date of the form
[2] "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (**RWT**).
[3] "Gross taxable amount" is the gross distribution minus any excluded income.
[4] "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should *include* any excluded amounts, where applicable to listed PIEs.
[5] The imputation credits plus the RWT amount is 33% of the gross taxable amount for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross taxable amount with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.
[6] Calculated as (imputation credits/gross taxable amount) x 100. Fully imputed dividends will be 28% as a % rate applied.

Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)		
Start date and end date for determining market price for DRP		
Date strike price to be announced (if not available at this time)		
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)		
DRP strike price per financial product		
Last date to submit a participation notice for this distribution in accordance with DRP participation terms		

Section 5: Authority for this announcement	
Name of person authorised to make this announcement	Rachael Watene, Company Secretary
Contact person for this announcement	Emily Davies, Head of Corporate Affairs and Reputation
Contact phone number	+64 21 815 149
Contact email address	emily.davies@tower.co.nz
Date of release through MAP	26 May 2021