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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

Acquisition announcement triggers Tower rating review

Global insurance company ratings specialist A.M. Best Company has placed Tower Insurance Limited (TIL) and Tower Limited's (TL) financial strength rating under review following a recent acquisition announcement.

The company's issuer credit rating was also placed under review.

In its announcement, A.M. Best Company noted that this rating action follows the announcement that TL and Fairfax Financial Holdings Limited (Fairfax) have entered into an agreement under which Fairfax will acquire 100% of TL shares at NZD 1.17 per share, for an aggregate purchase price of NZD 197 million.

The ratings will remain under review until the close of the transaction, and until A.M. Best completes its discussions with the Fairfax management team.

Tower Chairman Michael Stiasny said the rating action was expected.

"An out-of-cycle rating review is standard business practice in the event a company is in play," he said.

A copy of the A.M. Best Company's news release is attached.

ENDS

TOWER
Michael Stiasny
Chairman
Tower Limited
ARBN 088 481 234 Incorporated in New Zealand

To arrange media interviews, please contact in the first instance:

Nicholas Meseldzija
Tower Limited
Head of Corporate Communications
Mobile: +64 21 581 869
Email: nicholas.meseldzija@tower.co.nz



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CONTACTS: Jason Shum
Senior Financial Analyst
+65 6589 8400, ext. 217
jason.shum@ambest.com

Moungmo Lee
Managing Director, Analytics
+65 6589 8400, ext. 210
moungmo.lee@ambest.com

Christopher Sharkey
Manager, Public Relations
+1 908 439 2200, ext. 5159
christopher.sharkey@ambest.com

Jim Peavy
Director, Public Relations
+1 908 439 2200, ext. 5644
james.peavy@ambest.com

A.M. Best Places Credit Ratings of TOWER Insurance Limited and TOWER Limited Under Review With Developing Implications

SINGAPORE, February 16, 2017—A.M. Best has placed under review with developing implications the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating (Long-Term ICR) of “a-” of **TOWER Insurance Limited** (TIL). A.M. Best also has placed under review with developing implications the Long-Term ICR of “bbb-” of TIL’s ultimate parent, **TOWER Limited** (TL). Both companies are domiciled in New Zealand.

The Credit Rating (rating) actions follow the announcement that TL and **Fairfax Financial Holdings Limited** (Fairfax) have entered into an agreement under which Fairfax will acquire 100% of TL shares at NZD 1.17 per share, for an aggregate purchase price of NZD 197 million.

The ratings will remain under review until the close of the transaction, and until A.M. Best completes its discussions with the Fairfax management team. Any potential rating impact from actual or anticipated changes to TL’s and TIL’s credit profiles also will be assessed. Additionally, A.M. Best will factor its view of the extent of Fairfax’s financial support into the final rating determination.

Ratings are communicated to rated entities prior to publication. Unless stated otherwise, the ratings were not amended subsequent to that communication.

This press release relates to Credit Ratings that have been published on A.M. Best’s website. For all

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rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best's Credit Ratings](#).

A.M. Best is the world's oldest and most authoritative insurance rating and information source. For more information, visit www.ambest.com.

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