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Market Information
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New Zealand

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Australia

TOWER sells remaining Life business to Foundation Life

(Auckland, NZ) TOWER Limited today announced that it has sold its remaining life business, TOWER Life (N.Z.) Limited to Foundation Life (NZ) Holdings Limited ("Foundation Life"), subject to conditions precedent including regulatory approvals. The aggregate value of the transaction is \$36 million.

Foundation Life is a private company that is focused on the acquisition and long term prudential management of life insurance portfolios which are no longer being actively marketed.

TOWER Life (N.Z.) Limited comprises TOWER's residual "run-off" life business including a participating book, annuity business, unit linked book and a small amount of traditional non-participating term insurance. TOWER Life (N.Z.) Limited had total assets of more than \$700 million as at 31 March 2014.

TOWER Chief Executive Officer David Hancock said today the sale reflected TOWER's new focus as a pure-play general insurer, and its commitment to delivering value to shareholders.

"TOWER is committed to delivering attractive shareholder returns by growing a general insurance business that is a leading light in New Zealand and the Pacific. We see opportunities for growth and are very focused on increasing our market share in general insurance, particularly in key personal lines. TOWER Life (N.Z.) Limited has performed well and delivered solid results, and we expect the business to continue to flourish under new ownership."

Although TOWER had made the decision to retain TOWER Life (N.Z.) Limited in January this year, Mr Hancock said it had continued to receive approaches and assessed these against the potential shareholder value that could be delivered.

"Foundation Life came to us with a proposition that recognised appropriate value for shareholders," he said.

The prospective Chairman of TOWER Life (N.Z.) Limited, David Harrison, said "the Foundation Life team is looking forward to working with the many stakeholders, including policy holders and staff, to further strengthen and improve the business."

Mr Hancock said TOWER Life (N.Z.) Limited has many long-term and loyal customers who are very important to the business. "There will be no changes to their existing policies under Foundation Life."

The consideration will be satisfied with \$34 million payable upon completion and a further \$2 million payable two years after completion.

Mr Hancock said TOWER continues to invest in customer service, technology and new products in its core general insurance business in New Zealand and the Pacific, which provide attractive growth opportunities.

"The sale of the remaining life business will add to our capital reserves that remain well above regulatory requirements and our own long-term targets. Beyond the sale of these life assets, the substantial



completion of the Canterbury rebuild at the end of 2015 should release further significant capital. As we said at the time of the first half results, the company will consider further capital returns to shareholders where possible.”

Any TOWER Life (N.Z) Limited customers with queries can call TOWER on **0800 808 808** (push 3 then 3) or alternatively, can email life@tower.co.nz for more information.

The sale of TOWER Life (N.Z.) Limited is subject to approval by the Overseas Investment Office and the Reserve Bank of New Zealand and is otherwise on terms and conditions customary for a transaction of this type. Subject to satisfaction and timing of conditions, settlement is likely to occur in August 2014.

ENDS

Michael Boggs
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