



28 February 2018

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

## **TOWER REACHES SETTLEMENT WITH PEAK RE**

Tower Limited (NZX/ASX: TWR) today announced that it has entered into a settlement agreement with Peak Re regarding an adverse development cover policy entered into in 2015.

Under the settlement agreement Tower will receive \$22million of the \$43.75 million claimed under the reinsurance contract and all sums claimed in the arbitration proceeding. The write off of the residual amount will result in a \$15.2 million after-tax impact on profit.

Tower Chairman, Michael Stiassny, said that reaching this agreement enables Tower to fully focus on the future.

"During our recent capital raise, the Board indicated that real risk existed in both the process and the binary nature of the arbitration.

"The Board determined that a commercial settlement satisfactorily dealt with this unpredictability for both parties, and created welcome certainty for our shareholders and our business.

"Tower committed to addressing the legacy risks arising from the Canterbury earthquakes and the signing of this agreement is a significant step forward in removing those risks," he said.

Tower Insurance Limited continues to hold significant capital over and above the minimum regulatory requirement. As a result of this settlement, Tower Insurance Limited would expect to hold approximately \$136 million of solvency capital which represents \$28 million above RBNZ minimum requirements. In addition there is \$39 million of corporate cash held by Tower Limited.

**ENDS**

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

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