

Disclosure of movement of 1% or more in substantial holding
or change in nature of relevant interest, or both

Sections 277 and 278, Financial Markets Conduct Act 2013

To NZX Limited
and
To Tower Limited

Relevant event being disclosed: Change in the nature of any relevant interest in the substantial holding

Date of relevant event: 8 March 2018

Date this disclosure made: 8 March 2018

Date last disclosure made: 14 March 2017

Substantial product holder(s) giving disclosure

Full name(s): Vero Insurance New Zealand Limited (a wholly-owned subsidiary of Suncorp Group Limited) ("**Vero**")

Summary of substantial holding

Class of quoted voting products: Ordinary shares in Tower Limited (NZX: TWR) ("**Tower**")

Summary for Vero

For **this** disclosure,—

- (a) total number held in class: 67,464,858
- (b) total in class: 337,324,300
- (c) total percentage held in class: 19.999%

For **last** disclosure,—

- (a) total number held in class: 33,732,429
- (b) total in class: 168,662,150
- (c) total percentage held in class: 19.999%

Details of transactions and events giving rise to relevant event

Details of the transactions or other events requiring disclosure: On 8 March 2018, Vero entered into an unconditional agreement to sell all 67,464,858 of its shares in Tower to Bain Capital Credit, L.P. on behalf of certain funds and accounts it controls ("**Bain Capital**") at a sale price of \$0.80 per share (total consideration of \$53,971,886.40) ("**Transaction**"). The settlement date has not been fixed.

As a consequence, Vero has ceased to have the power to dispose of, or to control the disposition of, such shares.

In connection with the Transaction, Bain Capital has agreed to pay an "escalation payment" to Vero, if, in the 9 months after 8 March 2018, Bain Capital initiates a takeover offer under the Takeovers Code (or equivalent scheme of arrangement) in respect of Tower, Bain Capital must pay Vero the difference between the price paid per share to Vero and the greater price that Bain Capital offers to all other shareholders of Tower under the takeover offer.

Details after relevant event

Details for Vero

Nature of relevant interest(s): Qualified – Power to dispose of, or to control the disposition of such shares is qualified by the agreement with Bain Capital (a copy of the relevant agreement is attached to this notice).

For that relevant interest,—

- (a) number held in class: 67,464,858
- (b) percentage held in class: 19.999%
- (c) current registered holder(s): Vero
- (d) registered holder(s) once transfers are registered: Unknown, but likely to be a professional custodian selected by Bain Capital Investments (Europe) Limited

Additional information

Address(es) of substantial product holder(s): Level 14, 48 Shortland Street, Auckland

Contact details: Vero Insurance New Zealand Limited, Attn: Tony Reid, Level 13, 48 Shortland Street, Auckland. Email: Tony_reid@vero.co.nz

Name of any other person believed to have given, or believed to be required to give, a disclosure under the Financial Markets Conduct Act 2013 in relation to the financial products to which this disclosure relates: Bain Capital Credit LP, Bain Capital Investments (Europe) Limited and Dent Issuer Designated Activity Company

Certification

I, Tim Buckett, certify that, to the best of my knowledge and belief, the information contained in this disclosure is correct and that I am duly authorised to make this disclosure by all persons for whom it is made.



BainCapital
CREDIT

Bain Capital Credit, L.P.
200 Clarendon Street
Boston, MA 02142
United States
+1 617 516 2000

STRICTLY PRIVATE AND CONFIDENTIAL

7 March 2018

Mr. Timothy Buckett

Chief Financial Officer

Vero Insurance New Zealand Ltd.

Suncorp New Zealand

CONFIDENTIAL OFFER TO PURCHASE

Dear Tim,

We are pleased to provide you with this Confidential Offer from Bain Capital Credit, L.P., on behalf of certain funds and accounts it controls ("**Bain Capital**") to acquire 100% of the shares of Tower Limited (NZX:TWR) ("**Tower**" or the "**Company**") held by Vero Insurance New Zealand Ltd. ("**Vero**"), representing approximately 19.99%¹ of the issued and outstanding shares of the Company (the "**Offer**").

Bain Capital is a 100% employee-owned private partnership, with a family of businesses managing approximately US\$85 billion in assets globally across Private Equity, Credit, Venture Capital, Public Equities and Real Estate. Bain Capital Credit was established in 1998 and today manages over US\$36 billion across the full spectrum of credit related strategies including but not limited to loans, bonds, portfolios and other credit related businesses. Bain Capital's recent experience in Australia and New Zealand includes investing in financial services companies and consumer and asset finance transactions. Examples include:

- \$2.1 billion purchase of GE's commercial finance platform in Australia, which consisted of over 500 underlying loan and lease contracts
- Financing provider to the consortium which acquired GE's consumer cards business in Australia
- Financing provider to Scottish Pacific, a leading ASX listed debtor finance platform
- Lloyds/BOSI Australian leverage loan book (A\$398 million)
- Debt and equity investment in Hirepool, the largest equipment rental business in New Zealand

VALUE

Subject to acceptance by Vero of this Offer, Bain Capital is able to transact on its Offer at a price of NZD \$0.80 per share for 100% of Vero's holdings. Our Offer price represents a premium of 21% to the 90 day VWAP² and 5.3% premium to the closing price as of 5 March 2018.

Bain Capital confirms that it has formed its own view on the merits of the Offer and the price offered per share.

CONDITIONS

- Transaction to be documented through regular equity trade confirmation with deferred settlement to be agreed by the parties; and

¹ Precise shareholding to be confirmed by Vero.

² 20 November to 20 February

- Bain Capital warrants it is acting for its own account and has no back to back, or similar, arrangements in place; and
- Vero and Suncorp New Zealand provide warranty that neither is in possession of information regarding Tower that is material non-public or could be considered price sensitive; and
- In the event Bain Capital initiates a takeover offer under the Takeovers Code (or equivalent scheme of arrangement under the Companies Act) in respect of Tower in the 9 month period from the date of acceptance of this Offer and that takeover (or scheme of arrangement as the case may be) becomes unconditional on its terms, Bain will at the time that it makes payment to other shareholders provide a "top-up" payment to Vero to the extent that the per share price paid, to all other shareholders under that transaction, exceeds the per share price paid to Vero hereunder (the "**Conditions**").

NEXT STEPS

Our Offer allows Vero to retain upside interest in a potential privatization by Bain while also eliminating downside and future volatility relating to its interest in Tower. Bain has obtained appropriate internal approvals to submit this Offer and is subject only to agreement of the Conditions. We are prepared to move quickly to close the Offer upon acceptance by Vero.

CONFIDENTIALITY

The existence and contents of this letter, the fact that Bain Capital is in discussions in respect of the Offer and the terms of the Offer are strictly confidential and must not be disclosed to any party by Vero or any of its affiliates or advisors without the prior written consent of Bain Capital and except as required to satisfy Vero's legal obligation to file notice of a substantial holding notice under the Financial Markets Conduct Act 2013. In particular, the contents of this letter should not be used to solicit offers from other parties interested in the Company.


VALIDITY OF OUR OFFER

This Offer is capable of being accepted for a period of 7 days following receipt of this letter, after which the terms of this Offer will automatically terminate.

This Offer is governed by New Zealand law.

We would welcome the opportunity to discuss this Offer and look forward to hearing from you. In case of any questions, please do not hesitate to contact one of the persons below.

Yours sincerely,

DocuSigned by:

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By: Bain Capital Credit, L.P.

On behalf of certain funds and accounts

Barnaby Lyons

Managing Director

Bain Capital Credit Asia

+852 3656 6735

E: blyons@baincapital.com

Matthew Cannan

Vice President

Bain Capital Credit

+1 617 516 2292

E: mcannan@baincapital.com

Vikram Punwani

Managing Director

Bain Capital Credit Australia

+1 617 516 2762

E: vpunwani@baincapital.com

Accepted and agreed this day of March 2018 for and on behalf of **Vero Insurance New Zealand Limited** by its authorized signatory:

A handwritten signature in black ink, appearing to read 'Geoff Ricketts', written in a cursive style.

Name: Geoffrey Ricketts

Position: Chairman, Suncorp New Zealand