



MARKET ANNOUNCEMENT

Date: 30 January 2006

TOWER ACQUIRES PREFSURE

- **TOWER Australia to acquire PrefSure for A\$145 million**
- **Positions TOWER as a Top 5 Australian Life Insurer**
- **TOWER Australia and PrefSure businesses highly complementary**
- **Transaction expected to be EPS accretive from 2007**
- **Acquisition funded from existing cash reserves and bank debt**
- **Purchase price represents a multiple of 1.1 times 2006 embedded value¹**

TOWER Limited today announced it has agreed to acquire PrefSure Holdings and Life Limited ("PrefSure") from Liberty of South Africa, for \$A145million cash.

Mr Jim Minto, TOWER Limited Group Managing Director, said the purchase will clearly establish TOWER as a market leader in the Australian Life industry and put the merged entity into the top 5 of Australian Life Insurance companies."

"The purchase is in-line with the group's strategy to grow both organically and through strategic acquisition where unique value can be added," he said.

PrefSure is a specialist Life Insurance business with annual in-force premiums of over A\$270 million and with a particular strength in providing Life insurance to Master Trusts. Combined funds under management for these Master Trust customers are in excess of A\$60 billion. The company also has a significant individual life insurance business primarily distributed through independent financial advisers. PrefSure employs approximately 160 staff and brings with it a highly experienced management team.

Mr Minto said that in the case of PrefSure it was unique in the way it complements TOWER's existing business.

"TOWER has a strong position in Individual Life Insurance business lines whereas PrefSure's strength is in the key Master Trust sector," he said.

"This purchase emphasises TOWER's commitment to the fast growing and profitable Australian Life Insurance Industry."

The merged entity will be very well strategically positioned with an inforce market share of 11.2% in Life Insurance and annual premium income in excess of \$A540 million. The merged entity will have the second highest new business market share at 15.8%.

The acquisition will be funded through a mix of cash and debt facilities. The acquisition price represents a multiple of 1.1 times PrefSure's estimated 2006 embedded value. Following the acquisition and as a result of IFRS adjustments TOWER's gearing level will be 36% (net debt / debt plus equity), reducing to approximately 30% by September 2007. The acquisition funding will not itself affect the capital adequacy ratios of TOWER Australia Limited or PrefSure. The transaction is expected to be accretive to Basic Earnings per Share in 2007 and beyond.

¹ PrefSure estimated embedded value as at 31 March 2006 = A\$133 million.

Completion of the transaction is subject to approval by APRA and FIRB and is expected to occur on 31 March 2006.

Mr Minto said the purchase offers unique strategic value and ideally positions TOWER in the fast growing Master Trust section of the market.

“There is strong potential to further increase returns on capital,” he said.

“There are also substantial synergy benefits in terms of shared facilities and infrastructure. Additionally, we will have access to two very strong and experienced teams of people within TOWER and PrefSure who are well qualified to exploit growth opportunities.

“The merger is expected to bring benefits to existing customers and key advisers of both companies with a sharing of product and service capability which is already strongly competitive.

“In this regard, Australia has a major underinsurance issue and the combined strengths of TOWER and PrefSure will be better able to address the problem.”

The underinsurance gap in Australia – the difference between the level of insurance and the level needed to cover contingencies – is presently estimated at over A\$1.3 trillion for Australian families in Term Life Insurance alone.

“The complementary nature of the PrefSure business will strongly enhance our position in the Australian Life market and provide real opportunities to create significant shareholder value,” Mr Minto said.

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For more information please contact:

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