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Tower investors vote for Dai-ichi offer

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Anthony Macdonald

Tower Australia shareholders have voted to accept Dai-ichi Life Insurance company's \$4 a share offer at the scheme meeting in Sydney on Monday afternoon.

Shareholders voted overwhelmingly in favour of the deal. More than 97 per cent of non Dai-ichi shareholders present at the meeting voted in favour of the resolution.

Tower Australia chairman Rob Thomas told shareholders the deal would add to the strength of the company, expand services to customers and provide more opportunities for the business and its staff.

Tower started as the Government Life Insurance Office in New Zealand in 1869. It came to Australia in 1990 when it bought established life insurance brands including Adriatic Life, Friends Provident and FAI Life.

Tower demutualised in 1999 and demerged in 2006, creating Tower Australia Group, and it listed on the ASX. Tower Australia has grown to employ 1100 people and has gained a 12.9 per cent market share to be the Australia's second biggest life insurer.

"For any company looking to expand, a board needs to bear in mind access to both capital and resources. We had been limited on those fronts and to develop further we need both," Mr Thomas said in recommending Dai-ichi's bid.

"It is a compelling offer."

Dai-ichi, which already owned 29 per cent of Tower, said in December that it had offered to buy the remaining 71 per cent of Tower for \$4 cash a share.

The offer was at a 46 per cent premium based on Tower's December 24 closing price. The offer was unanimously recommended by Tower's independent directors.

Shareholders were confident the deal would be passed.

Wilson Asset Management's Chris Stott, whose fund holds about \$5 million of Tower stock, said he was confident from the time the offer was made in late December.

"Although the [Japanese] earthquake saw a bit of panic selling, we stuck it out. The return is still better than cash."

While many of Tower's shareholders sold out of the stock to hedge funds weeks ago, Wilson Asset Management kept its stake to take full advantage of Dai-ichi's \$4 offer price. The market had priced the deal as pretty much done.

On Friday, Tower announced that Dai-ichi's bid was approved by the Financial Services Association of Japan, surmounting its last regulatory hurdle as it had already got the green light by the Australian Prudential Regulation Authority and the Foreign Investment Review Board.

Tower is being advised by Greenhill Caliburn's Simon Mordant and Jamie Garis and legal firm Blake Dawson. Nomura's Grant Chamberlain and Freehills' Nicola Yeoman are advising Dai-ichi.

The Australian Financial Review

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