

Notice of Annual Meeting

Notice is hereby given that the Annual Meeting of Shareholders of Tower Limited (**Tower** or the **Company**) will be held at:

Where Guineas Room 3, Ellerslie Event Centre, Ellerslie Racecourse, 80 Ascot Avenue, Auckland, New Zealand

When Thursday 30 March 2017 at 10.00am (New Zealand time).

Agenda

1. Chairman's review

Introduction and review by the Chairman in relation to the financial year ended 30 September 2016.

(See Explanatory Note re items 1 and 2)

2. Chief Executive Officer's review

Review by the Chief Executive Officer in relation to the financial year ended 30 September 2016.

(See Explanatory Note re items 1 and 2)

3. Appointment and remuneration of auditor

Resolution 1:

To record the reappointment of PricewaterhouseCoopers as auditor of Tower Limited and to authorise the Directors to fix the auditor's remuneration.

(See Explanatory Note re item 3)

4. Retirement and re-election of Directors

Michael Stiasny and Graham Stuart retire by rotation, and being eligible, offer themselves for re-election.

Accordingly, each by separate ordinary resolution:

Resolution 2:

To re-elect Michael Stiasny as a director; and

Resolution 3:

To re-elect Graham Stuart as a director.

(See Explanatory Note re item 4 for biographical details)

5. General business

To consider any other business that may be properly brought before the Annual Meeting.

(See Explanatory Note re item 5)

Refreshments will be served following the Annual Meeting.



David Callanan
Company Secretary
10 March 2017

Proxies

A Proxy Form is included with this Notice of Annual Meeting. A shareholder entitled to vote at the Annual Meeting but who cannot attend may appoint a Proxy to attend the Annual Meeting and vote on his or her behalf. A Proxy need not be a Tower Limited shareholder.

To be valid, a completed Proxy Form (and any power of attorney under which it is signed) must be deposited with Tower Limited no later than 10:00am (New Zealand time) on Tuesday 28 March 2017.

A completed Proxy Form may be deposited by posting in:

New Zealand to Tower's Share Registry, Computershare Investor Services Limited, Private Bag 92119, Auckland 1142, New Zealand, or

Australia to Tower's Share Registry, Computershare Investor Services Pty Limited, GPO Box 3329, Melbourne, VIC 3001, Australia.

A Proxy Form may also be deposited by faxing it to +64 9 488 8787.

Alternatively you can appoint a proxy online by going to www.investorvote.co.nz, or if you have a Smartphone, by scanning the QR code on the first page of the proxy form and following the prompts.

Online and Smartphone proxy appointments must be received by 10:00am (New Zealand time) on Tuesday 28 March 2017. Please see your proxy form for further details.

Eligibility to vote

Any shareholder whose name is recorded in the Tower Limited share register at the close of business on Tuesday 28 March 2017 is entitled to attend the Annual Meeting and vote either in person or by Proxy (subject to the time limits for returning Proxy Forms).

Ordinary resolutions of shareholders

An ordinary resolution is a resolution approved by a majority of 50% or more of votes of those shareholders entitled to vote and voting on the resolution.

Webcast

An audio webcast of the Annual Meeting will be played live on the Tower website: www.tower.co.nz. It will also be available on the Tower website for replay on demand shortly after the Annual Meeting.

Explanatory Notes

These notes form part of the Notice of Annual Meeting

Explanatory Note re items 1 and 2:

Reviews by Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer will each give a presentation in respect of the financial year ended 30 September 2016. Events occurring after 30 September 2016 will also be discussed.

Shareholders can access a copy of the annual report for the year ended 30 September 2016 on Tower's website, www.tower.co.nz

Highlights for the financial year ended 30 September 2016:

- Reported full year loss of \$21.5 million impacted by IT impairments and further Canterbury provisions
 - \$14.1 million impact from impairment of technology assets announced in the first half following review of IT infrastructure
 - \$25.3 million impact from additional Canterbury provisions reflecting ongoing complexity of the situation
- Underlying profit after tax of \$20.1 million, improved second half performance with underlying profit growing from \$7.6 million in H1 16 to \$12.6 million in H2 16
- Business initiatives driving improvements in core metrics providing confidence in strategy and future performance targets:
 - Reduction in management expenses allowing investment in the future
 - Return to positive policy growth in the core New Zealand book
 - 2.6% improvement in Tower Direct retention rates over the year
 - Supply chain initiatives curtailing claims cost growth in the second half
 - Invested in new products and digital capability
- Full year dividend placed on hold to retain capital

Explanatory Note re item 3:

Appointment and remuneration of auditor (Resolution 1)

Section 207T of the Companies Act 1993 provides that a company's auditor is automatically re-appointed unless there is a resolution or other reason for the auditor not to be re-appointed. The Company wishes PricewaterhouseCoopers to continue as the Company's auditor, and PricewaterhouseCoopers has indicated its willingness to do so.

Section 207S of the Companies Act 1993 provides that the fees and expenses of the auditor are to be fixed

in such a manner as the Company determines at the Annual Meeting. The Board proposes that, consistent with past practice, the auditor's fees be fixed by the Directors.

Tower's Board unanimously recommends that shareholders vote in favour of Resolution 1.

Explanatory Note re item 4:

Retirement and re-election of directors (Resolutions 2 and 3)

The NZX Main Board/Debt Market Listing Rules require that at least one third of the directors or, if their number is not a multiple of three, then the number nearest to one third, shall retire from office at the annual meeting each year, but shall be eligible for re-election at that meeting. The directors to retire are those who have been longest in office since their last election.

Two directors are required to retire at this meeting. Michael Stiassny and Graham Stuart are the directors longest in office since their last election. Michael Stiassny and Graham Stuart, being eligible, offer themselves for re-election.

Background details of the Directors offering themselves for re-election, at this Annual Meeting are set out below.

Michael Stiassny

LLB, BCom, FCA, CFInstD
Chairman
Non-Executive Director
Independent
Appointed Director: 12 October 2012

Michael is a Fellow of Chartered Accountants Australia and New Zealand and senior partner of KordaMentha, based in Auckland, which specialises in financial consulting work. He has both a Commerce and Law degree from the University of Auckland. He is currently Chairman of Vector Limited, Chairman of Ngati Whatua Orakei Whai Rawa Limited, and is a director of a number of other companies. Michael is President and a Chartered Fellow of the Institute of Directors in New Zealand (Inc).

Michael resides in Auckland, New Zealand.

Tower's Board unanimously recommends that shareholders vote in favour of Mr Stiassny's re-election (Resolution 2).



Graham Stuart

BCom (Hons), MS, FCA

Non-Executive Director

Independent

Appointed Director: 24 May 2012

With over 30 years of senior management experience, Graham has held senior leadership roles with several major corporates, in New Zealand and overseas, the latest being the Sealord Group of which he was Chief Executive Officer for 7 years. Prior to that he held a number of diverse leadership roles including CEO of Mainland Products, Managing Director of Lion Nathan International, and Chief Financial Officer and Director of Strategy for the Fonterra Co-operative Group. Graham has a Bachelor of Commerce (First Class Hons) from the University of Otago, a Master of Science from Massachusetts Institute of Technology and is a Fellow of Chartered Accountants Australia and New Zealand. Graham has served on a number of Government bodies including the Food & Beverage Taskforce and the Maori Economic Development Panel.

Graham resides in Auckland, New Zealand.

Tower's Board unanimously recommends that shareholders vote in favour of of Mr Stuart's re-election (Resolution 3).



Explanatory Note re item 5:

General business

There will be an opportunity to raise any other business that may be properly brought before the Annual Meeting which has not otherwise been addressed.

As many shareholders will be aware, Tower is currently the subject of two competing takeover offers. On 9 February 2017, Tower announced it had entered into a Scheme Implementation Agreement with Fairfax Financial Holdings Limited (the "Fairfax proposal"). Under this agreement, Fairfax will acquire 100% of Tower shares at \$1.17 per share.

On 22 February 2017, Tower received a non-binding indicative offer from Suncorp Group Limited (via its wholly-owned subsidiary, Vero Insurance New Zealand Limited) to acquire 100% of Tower shares at an indicative cash price of \$1.30 per share.

The Tower Board of Directors is currently reviewing all options and will provide additional information to shareholders in due course. A Special Meeting will then be called to enable shareholders to vote on the recommended proposal.

We encourage shareholders to sign up to receive this information electronically.

Directions to Eilerslie Event Centre and parking details

