

Notice of Annual Meeting



Dear Shareholder

On behalf of the Tower Board of Directors I am pleased to invite you to our 2020 Annual Shareholder Meeting.

We encourage shareholders to take this opportunity to learn more about the business you have a stake in.

At this meeting, we will update you on the progress we've made in transforming our business over the last financial year, and importantly, sharing our vision and plans to continue accelerating Tower's transformation into a digital challenger brand.

If you are unable to attend in person, you are welcome to listen to the Annual Meeting webcast online at www.tower.co.nz/investor-centre.

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

When Friday, 14 February 2020 at 11am (New Zealand time)

Agenda

1. Chairman's review

Introduction and review by the Chairman in relation to the financial year ended 30 September 2019.

(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 2019.

(See Explanatory Note re items 1 and 2)

3. Appointment and remuneration of auditor

By ordinary resolution:

Resolution 1:

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

(See Explanatory Note re item 3)

4. Retirement and re-election of Director

Michael Stiasny retires by rotation, and being eligible, offers himself for re election.

(See Explanatory Note re Item 4)

Accordingly, by ordinary resolution:

Resolution 2:

To re-elect Michael Stiasny as a director.

(See Explanatory Note re item 4 for biographical details)

5. Alteration of the Constitution

By special resolution:

Resolution 3:

To alter the existing constitution in accordance with the amendments tabled at the meeting and signed by the Chairman for the purpose of identification, with effect from the close of the Annual Meeting.

(See Explanatory Note re item 5)

6. General business

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

(See Explanatory Note re item 6)

Refreshments will be served following the Annual Meeting.

A handwritten signature in black ink, appearing to read 'Michael Stiasny'.

Michael Stiasny
Chairman

14 January 2020

How do I appoint a Proxy?

A Proxy Form is included with this Notice of Annual Meeting. A shareholder entitled to vote at the Annual Meeting but who is unable to attend may appoint a Proxy to attend the meeting, to act generally and vote on their behalf. A Proxy does not need to be a Tower shareholder. You may appoint the Chair of the Meeting or any director as your Proxy. The Chair of the meeting and the directors will vote for resolutions marked "Proxy's Discretion", even if they have an interest in the outcome of the resolution. If you have ticked the "Proxy's Discretion" box and your named proxy does not attend the meeting or you have not named a proxy, the Chair of the meeting will act as your proxy. The Chair and directors intend to vote any discretionary proxies in favour of the resolutions.

To be valid, a completed Proxy Form (and any power of attorney under which it is signed) must be deposited with Tower or Computershare no later than 11am (New Zealand time) on Wednesday 12 February 2020.

Where do I send the Proxy Form?

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 emailing to corporateactions@computershare.co.nz or faxing 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 11am (New Zealand time) on Wednesday 12 February 2020. Please see your proxy form for further details.

How do I know if I'm eligible to vote?

If you're a shareholder whose name is recorded in the Tower share register at the close of business on Wednesday 12 February 2020, you are entitled to attend the Annual Meeting and vote either in person or by Proxy (subject to the time limits for returning Proxy Forms).

Resolutions

Resolutions 1 and 2 are ordinary resolutions and resolution 3 is a special resolution. 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. A special resolution is a resolution approved by a majority of 75% or more of votes of those shareholders entitled to vote and voting on the resolution. Motions from the floor will not be allowed unless they are consistent with the meeting agenda.

Can I attend the meeting online?

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.

You will not be able to log in and ask questions via an online portal during the meeting. If you wish to ask questions, we encourage you to attend the meeting or appoint a Proxy to attend for you.

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 2019. Events occurring after 30 September 2019 will also be discussed.

Shareholders can access a copy of the annual report for the year ended 30 September 2019 on Tower's website, www.tower.co.nz

Features of the financial year ended 30 September 2019:

- Reported full year profit:
 - \$16.8 million after-tax reported profit
 - \$27.4 million after-tax underlying profit
 - \$6 million after-tax impact from CEQ provision adjustments
 - Guidance for underlying NPAT in FY20 of \$27m - \$30m
- Third consecutive year of strong growth achieved:
 - Gross written premium in core NZ portfolio increased 9.1% on 2018
 - Growth of 17,716 risks in core NZ portfolio
- Improved claims ratio:
 - Claims costs reduced by 48.8%, a 7.6 point decrease from 56.4% in 2018 thanks to improved pricing, underwriting and benign weather
- Slight uplift in management expense ratios as IT transformation nears conclusion:
 - Management expense ratio of 40% compared to 39% in 2018
- New IT platform delivered and launched successfully:
 - Full replacement of core platform delivered and launched, with new business on sale and customer migration underway

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

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 Director (resolution 2)

Under the NZX Listing Rules, a director must not hold office (without re-election) past the third Annual Shareholders' Meeting following the director's appointment, or 3 years, whichever is longer. If they wish, they may seek re-election.

Michael Stiasny is the director retiring in 2020, and Michael is seeking re-election. Michael is an independent director (as determined by the Board using the definition in the Listing Rules).

Background details of Michael Stiasny who is offering himself for re-election at this Annual Meeting are set out below.

Michael Stiasny

LLB, BCom, FCA, CFInstD

Chairman

Non-Executive Director

Independent

Appointed Director: 12 October 2012

Michael is a Chartered Fellow of The Institute of Directors in NZ (Inc) (CFInstD) and is also past President of the Institute of Directors. He is a Fellow of Chartered Accountants Australia and New Zealand (retired). He has both a BCom and a law degree. He is currently chairman of Ngati Whatua Orakei Whai Rawa Ltd and a director of a number of other companies.

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



Explanatory Note re item 5: Alteration of Constitution (Resolution 3)

Background

On 1 January 2019, NZX Limited introduced new NZX Listing Rules ("New Listing Rules"). A copy of the New Listing Rules is available at www.nzx.com.

All NZX listed companies were required to transition to the New Listing Rules on or before 1 July 2019. Tower transitioned to the New Listing Rules on 1 July 2019.

A class waiver was also issued by NZX providing that an NZX listed entity may defer updating its constitution to reflect the New Listing Rules until its next annual

meeting following its transition to the New Listing Rules. Accordingly, Tower seeks shareholder approval at this Annual Meeting to amend its constitution to reflect the New Listing Rules.

A mark-up of the constitution setting out all of the proposed amendments can be viewed on Tower's website: tower.co.nz/investor-centre.

Overview of Changes

Unless expressly stated otherwise, references to clause numbers in this section are references to clause numbers in the constitution as proposed to be altered. The key amendments to the constitution that have been proposed can be summarised as follows:

- **General changes for consistency:** Language and cross-references throughout the constitution have been updated to be consistent with the New Listing Rules and to reflect the introduction of the Financial Markets Conduct Act 2013 (FMCA);
- **Board composition:** The appointment and removal of directors provisions have been updated to reflect the New Listing Rules that two directors must be ordinarily resident in New Zealand and two directors must be independent;
- **Director rotation:** The provisions relating to director rotation have been updated to reflect the New Listing Rules, which require all directors to retire by rotation on the later of three years or on the third annual meeting of shareholders after appointment;
- **Managing director changes:** The managing director provisions have been updated to reflect the New Listing Rule requirement that a managing director is subject to the same rotation requirements as the other directors of the company;
- **Voting:** The provisions regarding voting at shareholder meetings have been updated to reflect the requirement in the New Listing Rules that certain votes at a meeting of shareholders be done by poll. Although this is a new requirement in the New Listing Rules, Tower has already adopted a practice of conducting voting by poll at its annual meetings;
- **Half-year report:** The updated constitution removes the requirement to prepare a half year report, as this is no longer required by the New Listing Rules.

General

If any of the provisions of the updated constitution are inconsistent with the New Listing Rules (as amended by any waiver or ruling granted to Tower), the New Listing Rules will prevail.

The proposed alterations to Tower's constitution do not impose or remove a restriction on the activities of Tower, or the rights attached to shares in Tower. As

such, the shareholder minority buy-out rights under the Companies Act 1993 do not apply.

As required by New Listing Rule 2.19.1, DLA Piper has provided an opinion to NZX Limited that it considers that the proposed new constitution complies with the New Listing Rules.

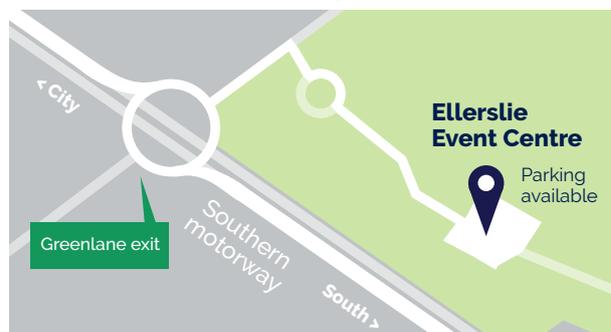
Tower's Board unanimously recommends that shareholders vote in favour of altering the current constitution (Resolution 3).

Explanatory Note re item 6:

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.

Directions to Ellerslie Event Centre and parking details



Lodge your vote



By mail in New Zealand:

Tower Share Registry
Computershare Investor Services Limited
Private Bag 92119, Auckland 1142, New Zealand



Or mail in Australia:

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



By Fax in New Zealand: +64 9 488 8787

By Fax in Australia: +61 3 9473 2555



For all enquiries contact

Freephone within New Zealand: 0800 222 065

Telephone within New Zealand: +64 9 488 8777

Freephone within Australia: 1800 501 366

Telephone within Australia: +61 3 9415 4083



corporateactions@computershare.co.nz

Proxy/Voting form

For the Tower Limited Annual Meeting of Shareholders to be held at Guineas Room 3, Ellerslie Event Centre, Ellerslie Racecourse, 80 Ascot Avenue, Auckland, New Zealand, on Friday 14 February 2020 at 11am New Zealand time.

For your vote to be effective it must be received by **11:00am** (New Zealand time) **Wednesday 12 February 2020**



Vote online: www.investorvote.co.nz available 24 hours a day, 7 days a week



Smartphone?

Scan the QR code

Your secure access information

Control number:

CSN/Securityholder Number:



Please note: You will need the above Control Number, CSN/Securityholder Number and Postcode or country of residence (if outside New Zealand) to securely access InvestorVote and then follow the prompts to appoint and exercise your vote online.

What is this form?

This Proxy Form allows you to appoint someone to vote in your place at Tower's Annual Shareholder Meeting if you are unable to attend.

Can I still attend the meeting in person?

Yes you can attend the meeting in person. Bringing this form with you will assist us with registering you to vote on the day.

How do I appoint a Proxy?

If you wish to appoint a Proxy to attend the meeting in your place, simply fill out the form on the next page.

Who can I appoint?

The person you appoint as your Proxy does not have to hold shares in Tower. You can also appoint the Chairman of the meeting, or any other Tower director, if you wish.

If, in appointing a proxy, you have not named a person to be your Proxy, or your named Proxy does not attend the Meeting, the Chairman will be your Proxy.

How will my Proxy vote?

Your Proxy will vote whichever way you direct. Just tick next to each resolution on the next page whether you are 'For' or 'Against' the resolution. You can also allow the Proxy to decide how to vote by ticking the 'Proxy Discretion' box, or you can choose to 'Abstain'.

If you don't tick anything, your Proxy can vote however they wish.

If you tick more than one box next to each resolution, your vote will be invalid on that particular resolution.

If you appoint the Chairman of the Meeting or any other Tower Director, they will vote in favour of all resolutions, even if they have an interest in the outcome of a resolution.

There are no voting restrictions on the resolutions proposed in the notice of meeting.

I am a representative of a corporate shareholder – do I need to provide any other documentation?

Yes – in addition to the completed Proxy form, you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" before you will be admitted to the meeting.

Will you allow motions from the floor at the meeting?

Motions from the floor will not be allowed – unless they are consistent with the meeting agenda. You can however ask questions at the meeting and the attached RSVP form has a space for you to submit questions before the meeting.

A proxy is able to vote on motions from the floor and/or any resolutions put before the meeting to amend the resolutions stated in the Notice of Meeting.

Can I attend the meeting virtually?

You will be able listen to the Annual Shareholder Meeting by webcast (see the Notice of Meeting for details), however you will not be able to log in and ask questions via an online portal during the meeting. If you wish to ask questions, we encourage you to attend the meeting, appoint a Proxy to attend for you, or submit questions in advance of the meeting.

Signing Instructions

Individual

Where the holding is in one name, the securityholder must sign the form.

Joint Holding

Where the holding is in more than one name all of the securityholders should sign the form.

Power of Attorney

If this Proxy Form has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with Tower) and a signed certificate of non-revocation of the power of attorney must be provided with this Proxy Form.

Companies

The Proxy Form should be signed by a Director or an authorised officer. Please sign in the appropriate place and indicate which office you hold.

Where do I send this form?

You can lodge your Proxy Form by post, fax or email at the details listed under the heading 'Lodge Your Vote' at the top of this form. 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 this Proxy Form and following the prompts.

Online and Smartphone proxy appointments must be received by 11.00am (New Zealand time) on Wednesday 12 February 2020.

Proxy/Corporate Representative form

1 Step one appoint a Proxy to vote on your behalf

I/We being a shareholder/s of Tower Limited

appoint of

or failing him/her of

as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, the proxy will vote as he/she sees fit) at the Annual Meeting of shareholders of Tower Limited to be held at Guineas Room 3, Ellerslie Event Centre, Ellerslie Racecourse, 80 Ascot Avenue, Remuera, Auckland, New Zealand on Friday 14 February 2020 at 11am and at any adjournment of that meeting. If you wish, you may appoint as your proxy 'The Chairman of the Meeting'.

2 Step two Items of Business/Resolutions - Voting Instructions/Ballot Paper (if a Poll is called)

Please note: If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf and your votes will not be counted in computing the required majority.

Resolutions	FOR	AGAINST	PROXY DISCRETION	ABSTAIN
1 Appointment and remuneration of the Auditor (by ordinary resolution) To record the reappointment of PricewaterhouseCoopers as auditor of Tower Limited and to authorise the Directors to fix the auditor's remuneration. <i>(See Explanatory Note re item 3/Resolution 1)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Re-election of Director (by ordinary resolution)				
2 To re-elect Michael Stiassny as a director <i>(See Explanatory Note re item 4/Resolution 2)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Alteration of Constitution (by special resolution)				
3 To alter the existing constitution in accordance with the amendments tabled at the meeting and signed by the Chairman for the purpose of identification, with effect from the close of the Annual Meeting. <i>(See Explanatory Note re item 5/Resolution 3)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3 Sign Signature of Securityholder(s)

This section must be completed

Securityholder 1

(or Director/Authorised Officer)

Securityholder 2

(if second joint shareholder)

Securityholder 3

(if third joint shareholder)

Contact name

Telephone (day)

Date

Attendance slip



Annual Meeting of Tower Limited to be held at Guineas Room 3, Ellerslie Event Centre, Ellerslie Racecourse, 80 Ascot Avenue, Remuera, Auckland, New Zealand on Friday 14th February 2020 at 11am.