



Leading light

Share buy back
disclosure document

2 June 2015



Dear **Shareholder**

On 26 May 2015, TOWER Limited (TOWER) announced that it intended to undertake an on market buy back of up to 17.6 million TOWER shares (representing approximately 9.99% of TOWER's issued capital as at 22 May 2015) at the prevailing market price from time to time on NZSX and ASX, up to a maximum aggregate purchase price of NZ\$34 million. TOWER proposes to purchase up to 9.99% of its issued shares over the next 12 months, though in order to comply with the limits under the Australian Corporations Act 2001 (Cth) a maximum of 8.6% may be purchased before 12 September 2015.

The Board has determined to undertake the buy back because it believes that TOWER has capital that is surplus to its requirements. This disclosure document explains the nature and implications of the buy back for TOWER and its shareholders.

TOWER will not begin to buy back shares on market until at least 10 business days after this disclosure document has been sent to shareholders. It will also give shareholders at least three business days' prior notice to the commencement of the buy back, via an announcement on NZSX and ASX. No shareholder is obliged to sell any TOWER shares to TOWER during the buy back, and TOWER may decide to suspend or terminate the buy back programme at any time.

The buy back programme may run for up to 12 months from the date of this disclosure document.

TOWER's board believes that the buy back is in the best interests of TOWER and its shareholders.

Shareholders who wish to participate in the buy back and sell their shares should contact their broker.

If you have any queries regarding the terms of the buy back, please contact TOWER investor relations on +64 9 369 2202 (or email investor.relations@tower.co.nz), or any primary market participant of NZSX or ASX.



Michael Stiassny

Chairman

Summary of the buy back

TOWER is putting in place a programme to buy back up to a maximum of 17.6 million fully paid ordinary shares in TOWER (Shares) (representing approximately 9.99% of TOWER's issued capital as at 22 May 2015) for an aggregate purchase price of not more than NZ\$34 million. In order to comply with the limits under the Australian Corporations Act 2001 (Cth) a maximum of 8.6% may be purchased before 12 September 2015. The buy back will take place by way of purchases of Shares on NZSX and ASX at the prevailing market price from time to time. In accordance with the requirements of the ASX Listing Rules, the price at which TOWER purchases shares under the buy back must not be more than 5% above the volume weighted average market price of TOWER's shares (as traded on ASX over the last 5 days on which sales of TOWER's Shares were recorded on ASX) prior to the day on which a purchase under the buy back is made.

Shares purchased by TOWER under the buy back will be cancelled on acquisition, and the number of Shares on issue will be reduced. TOWER can begin to buy back Shares 10 business days after this disclosure document has been sent to shareholders. TOWER will also give shareholders at least three business days' notice prior to commencement of the buy back programme, through an announcement on NZSX and ASX.

Although TOWER has implemented the on market buy back programme it is not obliged to purchase any Shares under it and reserves the right to cease or suspend the buy back programme at any time.

Rationale for the buy back

TOWER's board of directors (Board) has decided to implement the on market buy back programme because:

- It has capital which is surplus to its requirements and it believes it is appropriate to return that capital to those shareholders who participate in the on market buy back.
- Returning capital will give the company a more efficient balance sheet.
- Participation in the on market buy back is voluntary for shareholders.
- An on market buy back is a flexible and efficient means by which to return surplus capital.

Terms and conditions of the buy back

The Board has resolved to acquire on NZSX and ASX up to a maximum of 17.6 million shares. TOWER will pay the prevailing market price for Shares at the time of purchase. TOWER is not obliged to make any offers or acquire any shares, and reserves the right to suspend or terminate the buy back programme at any time.

Shares purchased by TOWER under the buy back will be cancelled automatically and the number of Shares on issue will be reduced accordingly. The number of shares purchased under the buy back will be notified to shareholders by way of an announcement to NZSX and ASX on the business day following the date on which TOWER purchases any shares under the buy back.

Current Issued Capital (number of shares)	175,749,449
Maximum % for share buy back	9.99% ¹
Maximum number of shares to be bought back	17,557,370 ²
Current share price as at 20 May 2015	NZ\$2.05
Amount of buy back	NZ\$34,000,000
Issued Capital after buy back (number of shares) if full amount is acquired ³	158,192,079

¹ In order to comply with the limits under the Australian Corporations Act 2001 (Cth) a maximum of 8.6% may be purchased before 12 September 2015.

² Based on the closing share price on 20 May 2015 of NZ\$2.05.

³ The actual maximum number of shares bought back depends on the price at which TOWER shares trade.

Schedule



Text of **Board resolutions**

Tower's board has passed resolutions, including that:

- 1 In accordance with sections 52 and 63 of the Companies Act 1993, an on market offer on NZSX and ASX to all the Company shareholders on the terms set out in the disclosure document attached to this resolution be approved, subject to the directors still being satisfied prior to each relevant buy back of the matters referred to in paragraphs 3, 4, and 5 below.
- 2 The Board proposes buying back no more than 17,557,370 of the Company shares.
- 3 The proposed acquisition is in the best interests of the Company and its shareholders.
- 4 The terms of the offer and the consideration offered for the Company shares are fair and reasonable to the Company and its shareholders.
- 5 The Board is not aware of any information that will not be disclosed to shareholders:
 - 5.1 Which is material to an assessment of the value of the shares; and
 - 5.2 As a result of which the terms of the offer in consideration for the shares will be unfair to shareholders accepting the offer.
- 6 The directors' conclusions set out in paragraphs 3 to 5 above are based on the directors' satisfaction of the following:
 - 6.1 the Company has capital in excess of its needs and for which the Company has no immediate use;
 - 6.2 the volume and price of shares to be acquired, and the terms under the proposed offer, are acceptable to the directors;
 - 6.3 the proposed acquisition will not materially and adversely affect:
 - 6.3.1 the Company's obligations under any capital guarantees or other guarantees given either for itself or on behalf of other TOWER Group companies;
 - 6.3.2 current credit ratings for companies within the TOWER Group; and
 - 6.4 after the proposed offer the Company will retain enough available cash to meet its present commitments.

- 7 The Board is satisfied on reasonable grounds (as set out in the certificate completed by the directors of the Company) that the Company will satisfy the solvency test immediately after the payment and acquisition of shares in the on market buy back.
- 8 All things necessary to effect the acquisition of shares by on market buy back be attended to.
- 9 Upon the completion of the acquisition of shares by the Company, the shares will be cancelled and the share register of the Company updated accordingly.

Relevant interests of directors in TOWER shares

The buy back offer is made to all shareholders of TOWER. At the date of this disclosure document, the directors of TOWER have the following relevant interest and shares subject to the offer:

Director	Number of shares	Nature of relevant interests
David C Hancock	Nil	Nil
Stephen Smith	9,230	Shares held by Kinrich Holdings Limited, of which Stephen Smith is a director
Michael Stiasny	82,335	Legal and beneficial interest in 82,335 Shares
Graham Stuart	6,154	Shares held jointly by Graham and Nicola Stuart
Rebecca Dee-Bradbury	Nil	Nil
Warren Lee	2,000	Legal and beneficial interest in 2,000 shares