

Notice of Annual Meeting



Dear Shareholder

On behalf of the Tower Board of Directors I am pleased to invite you to our 2019 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 Tuesday, 19 February 2019 at 2.30pm (New Zealand time).

Agenda

1. Chairman's review

Introduction and review by the Chairman in relation to the financial year ended 30 September 2018.

(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 2018.

(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, re-election and election of Directors

Warren Lee and Graham Stuart retire by rotation, and being eligible, offer themselves for re election.

Marcus Nagel, having been appointed as a director by the Directors of Tower Limited on the recommendation of Bain Capital to fill a casual vacancy, and being eligible, offers himself for election on the basis described in the explanatory notes.

(See Explanatory Note re Item 4)

Accordingly, each by separate ordinary resolution:

Resolution 2:

To re-elect Warren Lee as a director.

Resolution 3:

To re-elect Graham Stuart as a director.

Resolution 4:

To elect Marcus Nagel 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.

Michael Stiassny

Chairman

21 January 2019

How do I appoint a Proxy?

A Proxy Form accompanies 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 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 no later than 2:30pm (New Zealand time) on Sunday 17 February 2019.

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 2.30pm (New Zealand time) on Sunday 17 February 2019. 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 Friday 15 February 2019, 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

All of the resolutions are ordinary resolutions. 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. 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 2018. Events occurring after 30 September 2018 will also be discussed.

Shareholders can access a copy of the annual report for the year ended 30 September 2018 on Tower's website, www.tower.co.nz.

Features of the financial year ended 30 September 2018:

- Transformation of core business well underway and driving strong GWP growth, demonstrated by:
 - Gross written premium in core book increased 11.9% over prior year
 - Growth of 18,192 risks in core book
 - 45% of new business sales online in September 2018, up from less than 10% during FY16
- Increases to claims costs:
 - Severe weather in the Pacific contributed to claims cost increases as well as development of prior year claims and other cost impacts in New Zealand
 - Each of these is well understood with pricing and underwriting responses either already implemented or in train to improve performance through the coming year
- Management expense ratio decreased
 - Management expense ratio decreased to 39% compared to 39.9% in prior year
- Major technology upgrade progressing well
 - Full replacement of core platform with leading technology is tracking to expectations, with costs remaining within tolerances
 - IT simplification is a critical enabler for Tower's transformation and will accelerate growth and reduce expenses, delivering a step change in results from the end of FY19
- Reported full year loss of \$6.7 million impacted by:
 - \$16.2 million after-tax impact from Peak Re settlement
 - \$11 million before-tax impact from weather and large events
 - Minor adjustment to Canterbury provisions, resulting in a \$3.6 million after-tax impact
- Continued positive progress closing Canterbury earthquake claims, with open claims almost halved, down to 163, from 323 on October 1 2017

- Tower has provided a one-off guidance for FY19 to demonstrate its confidence in the strategy and performance of its underlying business. Tower's guidance for underlying NPAT in FY19 is in excess of \$22m.

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, re-election and election of directors (Resolutions 2, 3 and 4)

The NZX Main Board/Debt Market Listing Rules currently 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.

Graham Stuart and Warren Lee are the directors longest in office since their last election. Both directors, being eligible, retire and offer themselves for re-election.

Marcus Nagel was nominated by Bain Capital Credit LP (Bain Capital) to represent Bain Capital's stake in Tower and his appointment on a casual basis was supported by the Tower Board in January 2019. Marcus has significant experience in the insurance industry having performed senior leadership roles for Zurich in Europe both in life insurance and general insurance. In accordance with Tower's Constitution, directors appointed on a casual basis must retire and put themselves forward for election at the next available shareholder meeting. The Board therefore recommends that the shareholders elect Marcus Nagel as a director.

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

Warren Lee

BCom, CA
Non-Executive Director
Independent
Appointed Director: 26 May 2015



Warren has extensive experience and a long record of leadership in the international insurance industry, including 15 years at AXA in senior management positions within the company's Australian and Asian businesses. Warren's two most recent positions were Chief Executive Officer of the Victorian Funds Management Corporation and Chief Executive Officer, Australia and New Zealand for AXA Asia Pacific Holdings Limited. Warren is a non executive director of MyState Limited, a listed Australian Financial Services Group. He has a Bachelor of Commerce from the University of Melbourne and is a member of Chartered Accountants Australia and New Zealand.

Warren resides in Melbourne, Australia.

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

Marcus Nagel

MBA.Economics, M.Intnl Mgmt
Non-Executive Director
Non-Independent Director
Appointed Director: 14 January 2019



Marcus was nominated by Bain Capital Credit LP (Bain Capital) to represent Bain Capital's stake in Tower (Bain Capital hold 19.99% of Tower's ordinary shares). His election is supported by the Tower Board, noting his position with Bain Capital as a Special Advisor, Mr Nagel will not be considered an independent director and Tower's Board and Bain Capital have agreed and implemented necessary governance and confidentiality protocols to protect the interests of all shareholders. Marcus has significant experience in the insurance industry having performed senior leadership roles for Zurich in Europe both in life insurance and general insurance. These roles have included being the branch manager of Zurich Insurance plc Germany, and the CEO of Zurich Group Germany.

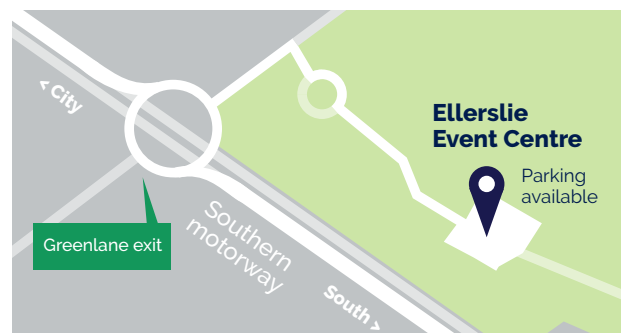
Marcus resides in Schindellegi, Switzerland.

Tower's Board unanimously recommends that shareholders vote in favour of Mr Nagel's election (Resolution 4).

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.

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 Tuesday 19 February 2019 at 2.30pm New Zealand time.

For your vote to be effective it must be received by **2:30pm** (New Zealand time) **Sunday 17 February 2019**



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.

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.

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 2.30pm (New Zealand time) on Sunday 17 February 2019.

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 Tuesday 19 February 2019 at 2.30pm 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: 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/Resolution 1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Re-election and election of Directors (by separate ordinary resolution)				
2 To re-elect Warren Lee as a director (See Explanatory Note re item 4/Resolution 2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3 To re-elect Graham Stuart as a director (See Explanatory Note re item 4/Resolution 3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4 To elect Marcus Nagel as a director (See Explanatory Note re item 4/Resolution 4)	<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 Tuesday 19th February 2019 at 2.30pm.