1 March 2018

Market Information
NZX Limited
Level 1, NZX Centre
11 Cable Street
Wellington
New Zealand

Company Announcements Office
ASX Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 2000
Australia

Tower Limited – Annual Meeting Address

Attached is a copy of the address and presentation to Tower's annual meeting of shareholders, held today at 2.00pm.

David Callanan
Company Secretary
Tower Limited
ARBN 088 481 234 Incorporated in New Zealand

ENDS

ADDRESSES TO THE TOWER LIMITED SHAREHOLDER MEETING
1 MARCH 2018

MICHAEL STIASSNY

Good afternoon ladies and gentlemen.

My name is Michael Stiassny. As it's now 2pm, as Chairman of Tower Limited I am pleased to declare open the 2018 Annual Meeting of shareholders.

On behalf of my fellow Directors, welcome to our shareholders and guests here at the Ellerslie Event Centre as well as those who have joined us via webcast. This is your meeting and we appreciate you making the effort to be here.

With me today are your directors, Warren Lee, Steve Smith, Graham Stuart, our new director, Wendy Thorpe, Chief Executive Officer, Richard Harding and Chief Financial Officer, Jeff Wright. Also in attendance today, seated in the front row, is the Tower Executive Leadership Team, the Appointed Actuary and our Auditors.

Today's agenda is on the screen behind me.

We will provide you with an update on our recent successful capital raise, take you through last year's performance and focus on the progress made in more recent months. Richard will provide further insights into the work ahead of us.

Following Richard's presentation, we will move to the formal resolutions set out in the Notice of Meeting.

Shareholders are welcome to ask general questions following the presentations and to ask specific questions on the resolutions to be considered as each is put forward.

I remind any media present that, while you are welcome, this is a meeting for shareholders. Richard and I will be happy to talk to you after the meeting.

Before we start the presentations, there are a few housekeeping matters to cover off.

- If you have a cell phone, please switch it off.
- If we need to evacuate this room for any reason, there are exits through the doors to my right and also the entrance you came through.
- In the event of an emergency, please listen to the instructions from the Ellerslie staff.
- Bathroom facilities are located along the corridor towards the lifts.
- If you are feeling unwell, please advise one of our Tower staff who will assist you.

Finally, we hope that you will join us for refreshments at the conclusion of the meeting.

Let's now move on to the formal part of the meeting.

TOWER

Formalities

Apologies

Are there any apologies?

Quorum

The Company's constitution specifies a quorum of 25 shareholders. As you can see, and as confirmed by Computershare, this requirement has been met.

Proxies

In addition to those attending in person today, 537 shareholders, holding a total of 184,584,279 shares, have appointed proxies (including proxies instructed to abstain). The appointed proxies are represented by 9 proxy holders.

In my capacity as Chairman of the meeting and in my own name I hold proxies for 455 shareholders, representing 181,249,492 shares.

I intend to vote all undirected proxies I have received in favour of resolutions 1, 2 and 3.

Annual Report and Notice of Meeting

The annual report was made available on Tower's website on 22 December 2017. Spare hard copies of the annual report are available in the registration area.

TOWER

I propose that we take the Annual Report and Notice of Meeting as read.

The past year has truly proven Tower's mettle.

Today, Tower is a very different business to what it was 12 months ago. We are in a strong capital position following a successful capital raise; we have a clear strategic path ahead as a digital challenger brand; and we are seeing continued improvement in our underlying financial performance, based on positive trends in our key metrics.

Most importantly, we have done so with the continued support of you, our shareholders.

We finally have the platform necessary to do what we've been trying to do – innovate and disrupt the New Zealand insurance industry through great service, simple policies and processes, and attractive pricing.

Since I last stood here, we have navigated two acquisition proposals with a singular focus on maximising shareholder value. As you will be aware, we ultimately signed a Scheme Implementation Agreement with Vero for $1.40 per share – a 77% premium to the share price prior to entering into a SIA with Fairfax. The sale was subject to New Zealand Commerce Commission approval which was subsequently declined.

I noted at the time that in such an event, the Board would look to raise capital to ensure a prudent level of capitalisation and solvency to protect the ongoing business from inherent risk.

The Board remains focussed on maximising shareholder value. Shares are currently trading at around 69 cents and the Tower Board still feel that the legacy of Canterbury continues to unfairly weigh on the share price.

Tower's FY17 results demonstrate a continuation and expansion of positive trends and steady green shoots growth.

- We continued to grow the number of policies in the core NZ book;
- We delivered a reduction in management expenses; and
- We controlled claims costs.

The business has managed to regain its financial equilibrium against a backdrop of a large number of natural events. And, while these events have offset some financial result improvements, importantly, underlying profit remains stable.

These metrics – together with the large number of you who chose to take up the rights issue – provide confidence that shareholder trust has not been misplaced.
Tower is now in a stronger capital position, enabling the business to accelerate its transformation, invest in the strategies and initiatives that will advance growth, while at the same time managing the inherent balance sheet risks associated with the Canterbury legacy.

I am pleased that the new government has announced their intention to undertake a review of the EQC. This is a welcome step in the right direction. We will ensure they know that, in our view, the Kaikoura model is one that works.

As we have previously outlined, investment in digital and IT is required to successfully complete Tower's emergence as a challenger brand. Richard will update you on those plans.

We remain confident that investment in these programmes of work that underpin the Tower transformation strategy will deliver long-term value for shareholders.

Given Tower's digital aspirations and increasing focus on technology to deliver transformation, the appointment of Wendy Thorpe to your Board is timely.

Wendy's appointment will enable the Board to refresh and rebalance, refocusing once again on the importance of diversity at the Board room table – diversity of experience, skill and gender. Wendy's extensive experience in both financial services and technology will be a welcome addition.

On behalf of the Board, I would also like to thank retiring director David Hancock for his years of service to Tower. His contribution as both a director and CEO has been extensive.

Tower's Board and management team remain strongly committed to paying dividends and to the efficient management of capital.
In FY16, we made the prudent decision to suspend payment of dividends as we grappled with the effects of the Canterbury Earthquake legacy.

This was only ever intended to be a short-term measure. We are pleased to advise the Board intends to recommence dividends at the 2018 full year, subject to financial performance.

Over the past year, Richard and his team have remained totally dedicated to advancing our transformation strategy and ensuring the positive trends seen in our underlying business results continue to gain momentum.

As a shareholder, it's great to know that Tower's future is in the hands of people who are committed and have the skills to complete the digital transformation.

In closing, I'd like to acknowledge and thank them for their work.
I'll now hand over to Richard and Jeff, who will take you through the results and our plans for the business, before we take questions.

JEFF WRIGHT

Thank you Michael and good afternoon everyone.

In 2017, Tower's Board made the decision to address the inherent uncertainty faced by the business, to repay the BNZ facility, and enable ongoing reinvestment in Tower, determining that additional capital of $70.8 million was required.

This additional capital would create certainty around the legacy of Canterbury run off, while also managing the balance sheet risks associated with the Peak Re and EQC receivables.

I am pleased to report that the capital raise was completed successfully with over 88% of our shareholders taking up their rights.

Our largest shareholder, Vero, participated and currently maintains their 19.99% stake and we experienced very strong take-up from existing institutional investors. A number of institutional investors who had previously sold their shareholding also re-joined, showing positive support for our business. This successful outcome indicates that there is a strong support for our strategy and confidence in Tower's underlying business.

With the capital raise complete, Tower now holds significant capital over and above the minimum regulatory requirement.

During our recent capital raise, we committed to addressing the legacy risks arising from the Canterbury earthquakes.

As was recently announced, Tower signed a settlement agreement with Peak Re where Tower will receive $22 million of the $43.75 million claimed by Tower. The write off of the residual amount will result in a $15.6 million after-tax impact on our profit.

This agreement is a significant step forward in removing legacy risks. As shown on the slide we had a very strong capital position at 31 December 2017. Following the Peak re settlement and the natural events earlier this year, Tower Insurance Limited estimates to hold approximately $132 million of solvency capital which represents $23 million above RBNZ minimum requirements.

In addition there is a further $39 million of corporate cash held by Tower Limited. These combined surpluses represent the equivalent of 290% Minimum Solvency Capital. This includes adjustment for February storm experience.

In Canterbury, we continue making good progress closing claims. Of the 564 property claims we had remaining in September 2016, we closed 403 in the 12 months to September 2017. In the same period, we received 106 completely new claims. We currently have less than 300 open claims remaining.

This represents solid progress in working through the difficult end of Canterbury legacy claims.

We are pleased that Tower customers impacted by the Kaikoura earthquakes have had a vastly different experience. The new way of working between insurers and the EQC has thankfully enabled customers to get help faster and provides insurers with 100% visibility over claims associated with their customers, ensuring claims are settled fairly and quickly.

Tower received 365 over-cap and other claims outside of EQC scope as a result of the Kaikoura quakes and I am pleased to say that the vast majority of these have been finalised, with only 10 over-cap claims and 10 claims outside of the EQC scope remaining. We have also managed a further 3,136 under-cap claims on behalf of the EQC.

I will now hand over to Richard who will cover last financial year's performance, and provide an update on our strategic plan and the progress we are making.

RICHARD HARDING

Thank you Jeff and Michael and good afternoon everyone.

2017 saw Tower continue the transformation of its underlying business and deliver pleasing results, despite experiencing a number of distractions throughout the year.

At previous meetings I have spoken about the need to focus on three key imperatives:

- delivering a high performance customer service culture
- operational excellence, and
- accurate pricing of risk

I'm pleased to say that this focus is driving our transformation and improving core metrics, delivering a strong underlying performance in FY17.

Encouraging trends in policy and premium growth, claims cost control and expense reduction was achieved against the backdrop of an unprecedented number of large natural events which have affected the underlying result.

In light of these positive trends, it's especially disappointing to have reported a loss of $8 million. This was driven by the legacy of the Canterbury earthquakes, resulting in additional provisions for Canterbury of $11.4 million after tax, and further after tax impacts of:

- $7.2 million from the additional risk margin for Canterbury, as determined by the Board
- $4.1 million from the Kaikoura earthquake

- $3.1 million from activity relating to the Vero and Fairfax proposals

For the year ending 30 September 2017, underlying profit remained stable. Our continued focus on customers grew GWP in the core New Zealand portfolio by 5.8% and added over 12,000 policies to our books. As a result, total GWP also grew, reaching $312.4 million across New Zealand and the Pacific.

Our disciplined approach to managing claims controlled costs, despite a challenging environment. And, our focus on management expenses delivered a $3.9 million improvement in FY17.

And as Jeff touched on, solid progress continued to be made in Canterbury, with the number of open Canterbury Earthquake continuing to reduce.

These solid foundations show the strength of our underlying business in both New Zealand and the Pacific, and the powerful platform this provides for future growth.

Significant opportunity exists in the Tower business and our clear strategic plan will see us accelerate the progress we have made transforming into a digital challenger.

There are many similarities between the New Zealand and Australian insurance industries: two large multi-nationals hold a high percentage of the market share through multiple underwritten brands.

This high market share results in cross-subsidisation which is especially prevalent in New Zealand. What we see are low-risk customers in areas such as Auckland, subsidising insurance for those customers who live in higher risk locations in other parts of the country.

Cross-subsidisation creates a huge market opportunity for Tower. What happened in Australia 5 to 7 years ago was that challenger brands started entering the market and achieved significant growth thanks to their ability to target those customers who were unfairly subsidising others.

As I have spoken about previously, accurate pricing of risk is at the core of what an insurance company does and is a key strategic pillar for Tower.

This year we are accelerating our approach to risk based pricing, especially in respect to earthquake exposure. We will be using some of the most sophisticated and up to date earthquake data available to accurately price insurance at an individual address level.

Pricing risk accurately will deliver tangible benefits for Tower. It will allow us to pursue our growth ambitions thanks to our ability to target those customers in low risk areas who were unfairly subsidising others.

Over time, this will deliver significant savings in our reinsurance costs as a result of lower exposure in high earthquake risk areas such as Wellington, Napier and Gisborne.

Importantly though, for customers, it results in equitable pricing across New Zealand. While this means some customers will see increases in their premiums, others may decrease depending on where they live and the risk their property faces. For our customers, less than 1 percent will see a significant increase in their premiums.

With this core building block in place, and our continued focus on creating a unique customer value proposition, we are well on our way to becoming a leading digital challenger brand.

As well as getting these basics right, we will build strength and value by challenging the norm with our desire to do things differently. We will drive change and transform the business by continuing to challenge everything we do.

We will have the ability to build new and different insurance products that we will sell through new and evolving channels. Improved data capability will allow us to offer these new products in compelling, targeted ways to niche and profitable customer segments.

Our focus on digital and data, which is already paying dividends, will only increase. However, to see a step change in results and deliver long-term shareholder value, further investment is needed.

A new IT platform that combines our existing data with that of our partners will allow us to know our customers and accelerate our transformation. As a result, we will see significant improvements in our performance.

Work is already underway and we have recently re-engaged EIS to ensure we have a robust business case and execution plan ready to seek approval from the Board later this month.

The new IT build is likely to take 12 months and we will immediately use the new platform for new business and then start the migration of the existing book.

Subject to the Board approving our new IT platform, we envisage the transformation of the core New Zealand business would be largely complete by the end of FY20. There are some earlier key milestones that we will update you on as we progress.

This investment will transform the way we deliver insurance to New Zealand.

Instead of taking months of planning, coding and testing to deliver new products we will be able to immediately build, create and test new products with our customers.

We will move from systems and processes that require many long hours of work to make the slightest pricing changes, to a platform that enables instant, granular and targeted pricing.
Instead of having over 300 legacy products managed in different systems, resulting in confusion for both customers and employees, our simple, streamlined product set, housed on the one platform will mean it's easier for us to help ensure our customers receive what they are entitled to.

But most importantly it reduces complexity for our whole business. As well as the opportunity to quickly test and learn, we will be able to significantly reduce our cost base and realise large productivity gains.

Tower has the unique ability to become a leading digital challenger brand in a way that the other big players just can't match:

- Our size and the culture we are creating enables us to be nimble and rapidly respond to customers and market changes;
- We've built partnerships with some of New Zealand's most innovative and dynamic brands, including Trade Me Insurance and Air New Zealand's AirPoints programme; and

- We've built underwriting and digital capability that has already delivered new products and an improved digital offering that is driving customer growth

It is clear that our transformation is already well underway and while the last 18 months have focussed on stabilising the underlying business and delivering improvements in key areas, these were crucial first steps.

The coming 12 months will provide a challenge of a different kind. We now have the clear space to invest and it is up to us to push harder, to accelerate our progress and continue executing on the plan we have in place.

The transformation of our underlying business is underway. We are driving improved performance and are seeing pleasing results as we approach the half way point of the current financial year.

In the second half of last year I spoke about the impressive 9% GWP growth we achieved in our core New Zealand book.

Tower is growing and the trends of the prior half continue. New Zealand GWP is tracking above our expectations, growing at 14.3% compared this same period last year. This growth is being achieved through our focus on digital and activities that are increasing both market share and profitability.

Our digital channels, our simple, award winning products, and the innovative partnerships we have entered into are resulting in more customers choosing Tower, with policy numbers increasing by more than 5,000 in the four months to 31 January 2018.

Our efforts are well and truly paying dividends, with our digital channels delivering beyond what we expected. Digital GWP for the four months to 31 January 2018 has more than doubled to $5.9 million compared to the same period last year.

Industry wide strengthening of rating across all of our lines is offsetting claims inflation as well as contributing to GWP growth.

In the Pacific, we continue to see growth in Fiji and Vanuatu and are taking a prudent approach to the PNG commercial lines market which remains very soft.

Management expenses remain in line with our expectations, and our focus on controlling operational costs continues.

On the claims front, the initiatives we have in place have held our claims costs relatively flat, despite continued claims inflation across the industry.

It has been a very active period for us in terms of weather activity. We have seen two large storms in New Zealand earlier this year and Cyclone Gita more recently impacting communities in the Pacific Islands and New Zealand.

Our thoughts remain with the communities impacted by these events and we will be working with our customers through the recovery to set things right for them.

- We expect the New Year's storm that hit the North Island to cost between $1.4 - $1.8 million after tax
- The storms in February resulting from ex-cyclone Fehi are estimated to cost between $2.2 – 3.2 million after tax
- Cyclone Gita had a larger impact in the Pacific Islands, with fewer claims received in New Zealand. Tower expects the gross impact of Cyclone Gita to be between $5 - $8 million.
- Our storm aggregate reinsurance restricts losses of such events. As a result, the total after-tax impact of weather activity to date is estimated to be no more than $7 million at this time. Following these events, the non-catastrophe reinsurance programme will not have been fully utilised and currently, cover remains available for potential events the second half.

In Canterbury, we continue to make progress. Our most recent actuarial review in December was in line with prior estimates and the solid closure of claims continues.

Along with the resolution of the Peak Re dispute, it is clear that we are removing the legacy risks arising from the Canterbury earthquakes and providing clear air for us to accelerate our transformation.
As you can see, the work we are doing sets us up well for the future.

Since the full year, our focus has been on progressing initiatives that will accelerate our transformation and deliver long-term shareholder value:

- Delivering what customers want is seeing us constantly refine our digital channel and product offering to ensure growth continues;
- A new approach to data is enabling a more targeted and granular approach to risk-based pricing and underwriting which will improve long-term profitability; and
- A continued focus on the efficient management of claims and improved business processes will see the stabilisation of BAU claims costs and management expenses.

You can be confident that we are transforming Tower and that the work we are doing will deliver you significant long-term value.

Before I hand back to Michael, I want to thank the Tower executive and wider team for the effort they have put in over the past year and the continuous improvement we have seen as a result.

Thank you.

ENDS

TOWER

Annual Shareholder Meeting

Full Year Results to 30 September 2017

1 March 2018

Meeting agenda

TOWER

- Chairman's address
- Capital raise update
- CEO's address and performance overview
- Questions
- Board resolutions
- General business

Chairman’s address

Michael Stiassny
Chairman

Chairman's address

Transformation into digital challenger accelerating
- Capital raise successfully completed
- Management team focused on accelerating digital challenger brand strategy

Ongoing Board refresh
- New director, Wendy Thorpe, brings extensive financial and technology experience to the Tower Board
- Committed to increasing Board diversity
- David Hancock retires from Tower Board

Solid capital base and commitment to efficient capital management
- Tower's Board and management team remain strongly committed to paying dividends
- The Board intends to recommence dividends at the 2018 Full Year, subject to financial performance

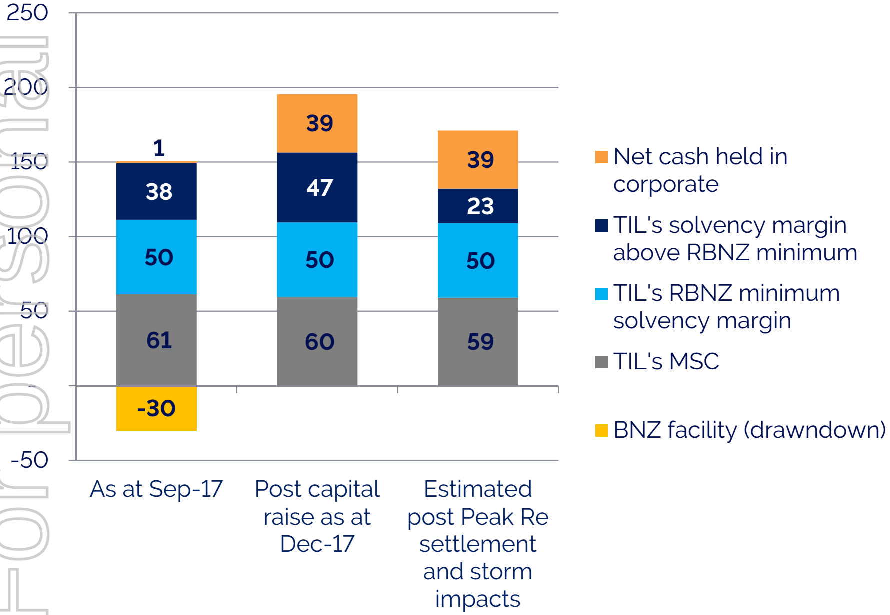
Capital raise update

Jeff Wright
Chief Financial Officer

Capital position

Strong take-up by NZ institutions and retail shareholders shows belief in underlying business and strategy

TOWER INSURANCE LIMITED SOLVENCY POSITION PLUS CORPORATE CASH($m)



CAPITAL RAISE COMPLETED

- Tower's Board and management determined additional capital required to strengthen solvency capital position and enable investment for the future
- Capital raise successfully completed with over 88% of shareholders taking up rights
- Strong capital base allows investment in future and acceleration of transformation into a challenger brand

SOLID PROGRESS FINALISING CANTERBURY EARTHQUAKE CLAIMS

- The number of open Canterbury Earthquake claims reduced by 241 in FY17
- Tower's Board elected to create an additional risk margin for Canterbury claims of $10m
- Decision made to close Christchurch office at conclusion of Canterbury Earthquake recovery programme
- Settlement agreement reached with Peak Re

GOOD PROGRESS IN KAIKOURA

- Resolution of Kaikoura claims remains on track

TOWER

CEO's address & performance overview

Richard Harding
Chief Executive Officer

Improving business performance

TOWER

Positive momentum in GWP growth with effective claims management and ongoing expense reduction

- Full year loss of $8m for FY17, a $13.5m improvement on prior year

ACHIEVEMENTS

✓ GWP growth of 5.8% achieved in core NZ portfolio

✓ Maintained claims discipline despite challenging environment

✓ $3.9m improvement in management expenses

✓ Solid progress being made in Canterbury with a further reduction of 241 open claims

Key metrics	FY17	FY16
Total GWP	**$312.4m**	$303.2m
GWP growth in core NZ portfolio[1]	**5.8%**	1.9%
Growth in policies in core NZ portfolio[1]	**12,441**	2,509
Claims expenses	**$131.6m**	$127.7m
Management and sales expenses	**$102.4m**	$106.3m
Underlying profit[2]	**$18m**	$20.1m
Reported loss after tax[3]	**$8m**	$21.5m
Open Canterbury earthquake claims	**323**	564

1. Core portfolio is the NZ business and excludes ANZ legacy portfolio
2. "Underlying profit" does not have a standardised meaning prescribed by Generally Accepted Accounting Practice (GAAP) and may not be comparable to similar measures presented by other entities. While Tower has applied a consistent approach to measuring underlying profit in the current and comparative periods, it is not subject to audit or independent review. Tower uses underlying profit as an internal reporting measure as management believes it provides a better measure of Tower's underlying performance than reported profit, as it excludes large or non-recurring items that may obscure trends in the underlying performance of the Tower group. Tower considers that underlying profit is useful to investors as it makes it easier to compare the underlying financial performance of Tower between periods.
3. "Reported loss after tax" is calculated and presented in accordance with GAAP and is taken from Tower Limited's audited financial statements for the year ended 30 September 2017.

Clear strategic plan to grow Tower as the leading digital challenger brand

TOWER

Traditional insurance

- Product and price transparency
- Simplification of policies and processes
- Underwriting refinement and capability build
- Claims process efficiency
- IT refresh, security, and regulatory requirements

Digital distribution

- Digital self-service and engagement tools
- Partnerships through extended ecosystem
- Pacific operating model & growth plan
- Product and underwriting experimentation
- Data-driven insights for risk and decision-making

Customer experience

- Setting it right at the moment of truth
- Predictive modelling and data analytics
- Simple and easy underwriting and claims experiences
- Automation and technology to accelerate claims
- Sophisticated pricing and risk understanding

Challenger brand

- Personalised price, cover, and service
- Power to choose when and how to pay
- Community of loyalists and vocal advocates
- Innovative leadership (i.e. instant claims)
- Challenger culture, capability, and leadership

Solid foundations in place

To achieve high performance, investment is required

Trading update

Positive trends continue in first few months of the FY18 year

✓ **Revenue growth is continuing to build on the positive momentum seen in FY17**

- Continued strong GWP and policy growth in NZ book
- Growth through digital remains a standout performer
- Retention remains steady
- Management expenses in line with plan
- Pacific business remains steady with tightened approach to risk management in soft and high-risk markets

Update on storms

- Tower received approximately 300 claims as a result of the New Year storms, and based on analysis to date, Tower estimates the financial impact will be between $1.4 - $1.8 million after tax.
- Tower has received 244 claims so far, as a result of ex-cyclone Fehi. Tower estimates that the financial impact will be between $2.2 – $3.2 million after tax.
- Cyclone Gita had a larger impact in the Pacific Islands, with fewer claims received in New Zealand. Tower expects the gross impact of Cyclone Gita to be between $5 - $8 million.

Questions

Board resolutions

Board resolutions

- **Resolution 1**
  - Appointment and remuneration of auditor
- **Resolution 2**
  - Re-elect Steve Smith as a director
- **Resolution 3**
  - Elect Wendy Thorpe as a director

General business