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Tawa Associates Limited
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LETTER FROM THE CHAIRMAN

3 November 2014

Dear shareholders

I am writing to let you know that we have signed a definitive agreement to sell PXRE Reinsurance Company ("PXRE") to Catalina. In September we received a dividend of \$3m from PXRE and with the sale proceeds we anticipate we will have realised a total of \$64m from our investment. We purchased PXRE in 2008 for \$56m.

Under the pre demerger IFRS accounting conventions the net asset value of PXRE carried in our 2013 year end balance sheet, adjusted for the latest dividend, was \$24m. We anticipate reducing that value by \$12m in our 2014 year end accounts to reflect the sale.

The transaction is contingent upon the approval of PXRE's domiciliary regulatory, the Connecticut Commissioner of Insurance.

The sale proceeds will be used to repay borrowings, leaving the Group largely free from short term debt.

Yours sincerely



CG Bird
Chairman