TAWA ASSOCIATES LIMITED ("TAL")

UK taxation treatment of the return of capital

The summary below does not constitute tax or legal advice. Any person who is in any doubt as to their tax position, or who is subject to taxation in any jurisdiction other than the United Kingdom, should consult their own professional adviser without delay.

The following statements are intended only as a general guide to current UK law and HMRC published practice (both of which are subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK taxation treatment of Shareholders and are intended to apply only to individuals who are resident and domiciled in the United Kingdom for UK tax purposes, who are absolute beneficial owners of TAL Ordinary Shares (otherwise than through a self-invested personal pension) and who hold them as investments (and not as securities to be realised in the course of a trade). The tax position of Shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies, authorised unit trusts and open ended investment companies and collective investment schemes, are not considered.

No distribution liable to income tax should arise on issue of the Bonus Shares. Shareholders should not be treated, by virtue of the receipt of Bonus Shares, as making a part disposal of their Ordinary Shares for the purposes of taxation of capital gains. The Bonus Shares should be treated as the same asset and as having been acquired at the same time as the Ordinary Shares.

The cancellation of the Bonus Shares will be treated as a disposal of them for the purposes of taxation of capital gains. A Shareholder's base cost for Ordinary Shares will be apportioned between his Ordinary and Bonus Shares by reference to their market values on the date the Bonus Shares are cancelled.

Where a Shareholder disposes of Bonus Shares at a gain, capital gains tax will be payable to the extent that the gain exceeds any unutilised portion of their annual exemption (£11,100 for 2015/16) and after taking account of any capital losses (and other reliefs or exemptions) available to the individual. Capital gains tax will be charged at 18 per cent. where the individual's taxable income and gains (including any gain on disposal of the Bonus Shares) are less than the upper limit of the income tax basic rate band (for 2015/16 £31,785, after any personal allowance and subject to any gift aid payments made). To the extent that any chargeable gains when aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 28 per cent.

Where a Shareholder disposes of the Bonus Shares at a loss, the loss should be available to offset against other current year gains or carried forward to offset against future gains.