

17 October 2012

**Blackstar Group SE**  
("Blackstar" or "the Company" or "the Group")

**Receipt of EGM Requisition**

Blackstar announces that on 12 October 2012 it received a requisition from Anson Registrars Limited a/c DAMILLE (as nominee for, and acting on the instructions of Damille Investments Limited) (the "Requisitioning Shareholder"), a holder of approximately 18 per cent. of the share capital of the Company, to call an extraordinary general meeting of the Company ("EGM").

Pursuant to the Company's Articles of Association, the Company is obliged to call an EGM following the receipt of a requisition for an EGM from shareholders holding in excess of five per cent. of the share capital of the Company. Therefore, and as required under the Company's Articles of Association, a notice convening an EGM, together with the recommendation of the board of directors of the Company (the "Board") to vote against the resolutions contained in the requisition to be proposed at the EGM, will be sent to shareholders by 2 November 2012.

The purpose of the EGM is to consider resolutions (the "Requisitioned Resolutions"), to be proposed as ordinary resolutions, for the Company to:

1. make no new investments until it has implemented a buy back of up to 15% of the ordinary shares of the Company via a tender offer at a price which represents no more than a 10 % discount to net asset value ("NAV"); and
2. adopt a new distribution policy that requires the company to assess its free cash position on a monthly basis, and should the discount to NAV be:
  - a. greater than 25%, return 100% of the Company's free cash to shareholders
  - b. between 15% and 25%, return 50% of the Company's free cash to shareholders
  - c. less than 15%, all free cash will be available for new investments.

In response to the requisition, the Board wishes to advise shareholders of the following in relation to the Requisitioned Resolutions:

- The Company has a clear Investment Policy that directs its investment team towards building a balanced portfolio of both listed and unlisted investments that offer both long term capital growth and income returns to Blackstar and its investors;
- The Board believes the Company has been successful in implementing its Investment Policy since its introduction in 2006 and Blackstar is well positioned for future growth through a strong pipeline of attractive current and near term investment opportunities that are actively being pursued.
- The Company has a clearly stated capital management policy, namely that to the extent that Blackstar has capital in excess of its needs, it will be returned to shareholders in the form of capital reductions, special dividends or share buybacks where appropriate.
- The definition of "free cash" in the Requisitioned Resolutions results in a capital management policy which is materially different from the Company's existing capital management policy and which the Board considers will be materially detrimental to the Company's ability to implement its Investment Policy.
- Even though Blackstar's investment in Mvelaphanda Group Limited ("Mvela Group") is complex, the Board is confident that it will in due course be converted to cash. Consistent with the capital management policy, the Board intends to apply these cash proceeds to support Blackstar's existing investments and pursue the strong pipeline of attractive new investment opportunities that can deliver growth for all shareholders. Excess capital (being capital above these requirements, as determined by the Board), will be returned to shareholders in accordance with its stated capital management policy.

- Although the Company currently trades at a discount to NAV, the Board notes that this discount is comparable and in some cases less than the discount to which the Company's peers trade on the AIM market and the JSE. Notwithstanding the foregoing, Blackstar has demonstrated a good track record of returning capital to shareholders, when appropriate:
  - In the last 5 years Blackstar has returned a total of £20.81 million to shareholders:
    - In 2012, Blackstar returned £2.27 million through share buybacks
    - In 2011, Blackstar returned £6.22 million through a special dividend
    - In 2010, Blackstar returned £0.49 million through a dividend and £3.08 million through share buybacks
    - In 2009, Blackstar returned £5.77 million through share buybacks
    - In 2007, Blackstar returned £2.98 million through share buybacks
- The Board has the support of a majority of the Company's shareholders to continue with its current Investment Policy and fundamental long-term strategy, and the Requisitioned Resolutions could jeopardise the success of these. In this regard, Blackstar has recently received irrevocable undertakings from 22 shareholders together holding in excess of 50.1% of the issued share capital of the Company which are valid for a period of 12 months to vote against any resolution proposed at a general meeting that may jeopardise the success of the implementation of the Investment Policy and the long term vision of the Investment Policy in its current form including, inter alia, any resolution to grant or renew the authority for the Company to purchase its own shares via a general or specific authority (which would include tender offers).
- The Board believes that, given the irrevocable undertakings and the compelling arguments in favour of the Company continuing with its current Investment Policy and fundamental long-term strategy, the Requisitioned Resolutions are bound to fail. The Board is disappointed that despite this having been communicated to the Requisitioning Shareholder, it has still decided to requisition an EGM, which can only be viewed as a waste of the Company's time and money.
- The Board remains committed to maximising returns for all shareholders and believes that this will be achieved by continuing to pursue the Company's Investment Policy whilst having regard to its capital management policy and, as is evidenced by the irrevocables, there is strong support for this from long-term investors.
- The passing of the first Requisitioned Resolution would prevent the Company from making any new investments until a tender offer has been implemented as described above. The Board does not believe that the Company will have the ability to fund a tender offer as anticipated by the Requisitioned Resolutions and at the same time continue to pursue its Investment Policy and does not believe that a buy back via such a tender offer will maximise returns for all shareholders. Any such tender offer will require a further extra-ordinary resolution to be passed by shareholders and, given the irrevocables and the support for the Board's strategy, any such resolution is also bound to fail.

Andrew Bonamour, director of Blackstar, commented, "Blackstar has had an outstanding year both in acquisitions made and returns generated from realisations. We have always kept in close contact with shareholders, have a history of returning excess capital and have a supportive shareholder base which is evidenced by the irrevocables obtained. The management team (and trusts associated with them) are the largest shareholder grouping in the Company and their interests are accordingly closely aligned with other shareholders."

The Board therefore intends to strongly recommend that shareholders vote against the Requisitioned Resolutions, as the members of the Board intend to do in respect of their own individual holdings of shares in the Company at the EGM.

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