

New Bond Capital Limited  
(Previously Mvelaphanda Group Limited)  
Incorporated in the Republic of South Africa  
Registration number: 1995/004153/06  
Share code: NBC  
ISIN: ZAE000170726  
("New Bond Capital" or "NBC")

Blackstar Group SE  
(Previously Blackstar Group PLC)  
(Registered in Malta with registration number SE 4)  
(Registered as an external company with limited liability in the Republic of South Africa under registration number 2011/008274/10)  
Share code: BCK / BLCK  
ISIN: MT0000620105  
("Blackstar")

**JOINT ANNOUNCEMENT OF THE FIRM INTENTION OF BLACKSTAR TO MAKE AN OFFER TO ACQUIRE THE ENTIRE ISSUED SHARE CAPITAL OF NEW BOND CAPITAL BY WAY OF A SCHEME OF ARRANGEMENT (THE "SCHEME")**

**1. INTRODUCTION**

- 1.1. Shareholders of New Bond Capital ("New Bond Capital Shareholders" or "NBC Shareholders") are advised that Blackstar has made an offer for the acquisition by Blackstar, or its wholly owned subsidiaries, of the entire issued ordinary share capital of New Bond Capital, (the "Target Shares"), by way of a scheme of arrangement in terms of section 114 of the Companies Act 71 of 2008, as amended (the "Companies Act").
- 1.2. If implemented, the Scheme will result in New Bond Capital Shareholders receiving newly issued ordinary shares in Blackstar ("Blackstar Shares") (the "Scheme Consideration"). The mechanism for the calculation of the Scheme Consideration is set out in more detail in paragraph 4 below. The Scheme Consideration will not have a cash alternative.
- 1.3. The board of directors of New Bond Capital has agreed to propose the Scheme on the terms and conditions summarised herein.

**2. RATIONALE FOR THE SCHEME FOR NEW BOND CAPITAL SHAREHOLDERS**

- 2.1. The Scheme will give NBC Shareholders a mechanism to exit the company, which has effectively become a "cash shell" after the completion of the unwinding of its investment portfolio.
- 2.2. NBC's remaining funds will be used, inter alia, for administrative expenses required to complete the complex and extensive task of settling outstanding liabilities and unwinding structures in the various group subsidiaries. This is expected to be a lengthy process as the group has had a long operating history and there are a number of unresolved queries relating to prior years which need to be resolved. The NBC board is obliged to hold back cash in order to meet the wind-down cost and any liabilities that may still arise. Additional assets acquired by Blackstar in

terms of the Scheme will be used by Blackstar for investment opportunities as per Blackstar's stated investment policy.

- 2.3. NBC currently has operating expenses that are greater than the income being earned on the cash invested which is not a sustainable situation.
- 2.4. NBC Shareholders will receive shares in Blackstar, which is an active investment holding company with a primary listing on the Alternative Investment Market, operated by the London Stock Exchange, and a secondary listing on the JSE's AltX.
- 2.5. Full details of Blackstar, its management and its track record will be included in the Scheme circular to be sent to New Bond Capital Shareholders (the "Scheme Circular").

### **3. RATIONALE FOR THE SCHEME FOR BLACKSTAR SHAREHOLDERS**

- 3.1. Implementation of the Scheme will result in an increase in the asset base of Blackstar, thereby effectively reducing the cost base as a percentage of assets as the cost structure will not change. Blackstar will assume the assets and liabilities of NBC and will settle the outstanding liabilities in the ordinary course of business. The additional assets acquired by Blackstar will be used for investment opportunities as per its stated investment policy.
- 3.2. The Scheme will not dilute Blackstar shareholders ("Blackstar Shareholders") as described in the Scheme Consideration below.

### **4. SCHEME CONSIDERATION**

4.1. The Scheme Consideration shall be calculated with reference to the intrinsic net asset value per ordinary share ("NAV") of each of Blackstar and NBC as at 31 December 2012, less a 10% (ten percent) discount on each such NAV.

4.2. The Scheme Consideration shall be calculated in accordance to the following formula –

$$(A \div B) \times 100 = X$$

where –

A = NAV of NBC, less a 10% (ten percent) discount

B = NAV of Blackstar, less a 10% (ten percent) discount

X = the number of Blackstar shares

exchanged for every 100 (one hundred) Target Shares ("Swap Ratio")

4.3. Thus the Scheme Consideration as at 31 December 2012 is the Swap Ratio of 1.1200 (one point twelve) Blackstar Shares for 100 (one hundred) Target Shares disposed of in terms of the Scheme, provided that any fraction of a Blackstar Share which an NBC Shareholder (participating in the Scheme) becomes entitled to will be rounded-off such that if it comprises 0.5 (zero comma 5) or –

4.3.1 more of a Blackstar Share, it will be rounded upwards; and

4.3.2 less of a Blackstar Share, it will be rounded downwards.

4.4. In the event that the NAV of either Blackstar or NBC has increased or decreased by more than 10% (ten percent) as at a particular future date (to be agreed upon between Blackstar and NBC and which will be a date prior to the release of the Scheme Circular), from the NAV of either Blackstar or NBC as at 31 December 2012, Blackstar and NBC will recalculate the Swap Ratio by applying the

methodology for the calculation of the Swap Ratio set out in this section 4 ("Adjusted Swap Ratio").

- 4.5. The Adjusted Swap Ratio will be announced to NBC Shareholders on SENS and in the press as soon as possible after it has been calculated. The aforementioned announcement will also contain pro forma financial effects of the Scheme once the Adjusted Swap Ratio has been determined. Any dispute between the Parties in relation to the calculation of the Scheme Consideration and in particular the Swap Ratio and the Adjusted Swap Ratio will be referred for determination by an independent corporate financier operating in the Republic of South Africa.

## **5. SHAREHOLDER SUPPORT**

Blackstar has received irrevocable undertakings or written confirmations of support from NBC Shareholders to vote in favour of the Scheme which shareholders collectively hold 75.5% of the Target Shares.

## **6. SCHEME CONDITIONS**

- 6.1. The Scheme will be subject to the fulfilment (or waiver, where applicable) of the following conditions precedent ("Scheme Conditions") on or before 30 June 2013 -

6.1.1. the passing of all resolutions required to implement the Scheme by the requisite majority of Blackstar Shareholders, which resolutions will include, *inter alia*, the increase of Blackstar's authorised share capital and the authority to issue the Scheme Consideration by Blackstar;

6.1.2. the approval of the Scheme by the requisite majority of New Bond Capital Shareholders as contemplated in section 115(2)(a) of the Companies Act, and (a) to the extent required, the approval of the implementation of such resolution by a High Court in South Africa in terms of section 115(2) and/or section 115(3) of the Companies Act; and (b) if applicable, New Bond Capital not treating the aforesaid resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;

6.1.3. in relation to any objections to the Scheme by New Bond Capital Shareholders:

6.1.3.1. no New Bond Capital Shareholders give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act and vote against the resolutions proposed at the Scheme general meeting; or

6.1.3.2. if New Bond Capital Shareholders give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and vote against the resolutions proposed at the Scheme general meeting, that New Bond Capital Shareholders holding no more than 10% (ten percent) of the Target Shares, eligible to be voted at the Scheme general meeting, give such notice and vote against the resolutions proposed at the Scheme general meeting; or

6.1.3.3. if New Bond Capital Shareholders holding more than 10% (ten percent) of all Target Shares eligible to vote at the Scheme general meeting give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and vote against the resolutions proposed at the Scheme general meeting, that the relevant New Bond Capital Shareholders do not exercise their appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act within thirty business days following the Scheme general meeting, in respect of more than 10% (ten

percent) of the Target Shares eligible to be voted at the Scheme general meeting; and

6.1.4. in respect of the implementation of the Scheme and only to the extent that same may be applicable, the approval of the South African Competition Authorities, the South African Reserve Bank, the JSE, the TRP (through the issue of the requisite compliance certificate), the London Stock Exchange and any other relevant regulatory authorities (either unconditionally or subject to conditions acceptable to Blackstar and NBC); and

6.1.5. the approval of the listing of the Blackstar ordinary shares to be issued as the Scheme Consideration from the Blackstar South African share register by JSE.

6.2. The Scheme Conditions in paragraphs 6.1.1, 6.1.2, 6.1.4 (save for the approval by the Competition Authorities which may be waived by NBC) and 7.1.5 cannot be waived.

6.3. The Scheme Conditions in paragraphs 6.1.3 and the approval by the Competition Authorities under clause 6.1.4 may be waived by NBC upon written notice to Blackstar, prior to the date for the fulfilment of this Scheme Condition..

6.4. NBC will be entitled to extend the date for the fulfilment of any of the Scheme Conditions, by up to 30 days, in its own discretion, upon written notice to Blackstar, but shall not be entitled to extend the date to a date later than the aforesaid 30-day period without the prior written consent of Blackstar.

## **7. CONFIRMATION AS TO SCHEME CONSIDERATION**

7.1. As the Scheme Consideration is entirely comprised of newly issued Blackstar shares, no cash confirmation is required in terms of Regulation 111(4) of the Companies Regulations, 2011 (the "Regulations").

7.2. Blackstar confirms that it has sufficient ordinary shares available to issue as Scheme Consideration for the Target Shares.

## **8. DELISTING OF NEW BOND CAPITAL**

Upon implementation of the Scheme, an application will be made to the JSE to terminate the listing of the entire ordinary issued share capital of New Bond Capital on the JSE.

## **9. EXISTING HOLDING OF SHARES IN NEW BOND CAPITAL, BLACKSTAR ACTING AS PRINCIPAL**

9.1. As of the date of this announcement, Blackstar beneficially held 1 584 456 ordinary shares, either directly or indirectly, in New Bond Capital, equal to approximately 0.3% of the issued share capital of New Bond Capital.

9.2. Blackstar confirms that it is the ultimate prospective purchaser of the Target Shares and is acting alone and not in concert with any party.

## **10. INDEPENDENT BOARD, OPINION AND RECOMMENDATIONS**

10.1. In order to comply with the requirements of the Regulations relating to the composition of an independent board, Phumzile Langeni and Nonkqubela Maliza have been co-opted as independent non-executive directors to the New Bond Capital board of directors, with immediate effect until the implementation date of the Scheme.

10.2. As required in terms of the Companies Act and the Regulations, New Bond Capital has constituted an independent board, comprising Patrick Ntshalintshali, Phumzile Langeni and Nonkqubela Maliza (the "New Bond Capital Independent Board"). The New Bond Capital Independent Board will appoint an independent expert acceptable to the TRP to provide the New Bond Capital Independent Board with external advice in regard to the Scheme and to make appropriate recommendations to the New Bond Capital Independent Board for the benefit of New Bond Capital Shareholders. The substance of the external advice and the opinion of the New Bond Capital Independent Board will be detailed in the Scheme Circular.

#### **11. FURTHER DOCUMENTATION AND SALIENT DATES**

Further details of the Scheme will be included in a Scheme Circular, which is expected to be posted to New Bond Capital Shareholders on or about 29 March 2013. The salient dates in relation to the Scheme will be published prior to the issuing of the aforementioned documentation.

#### **12. FOREIGN SHAREHOLDING**

The offer, as will be more fully set out in the Scheme Circular, is not made to any shareholder of New Bond Capital in any jurisdiction where it would be illegal for such offer to be made.

#### **13. NEW BOND CAPITAL INDEPENDENT BOARD RESPONSIBILITY STATEMENT**

The New Bond Capital Independent Board accepts responsibility for the information contained in this announcement which relates to New Bond Capital and confirms that, to the best of its knowledge and belief, such information which relates to New Bond Capital is true and the announcement does not omit anything likely to affect the importance of such information.

#### **14. BLACKSTAR RESPONSIBILITY STATEMENT**

The board of directors of Blackstar accepts responsibility for the information contained in this announcement which relates to Blackstar and confirms that, to the best of its knowledge and belief, such information which relates to Blackstar is true and the announcement does not omit anything likely to affect the importance of such information.

Johannesburg & London

4 March 2013

Transaction advisor to New Bond Capital: PKF Corporate Finance (Pty) Ltd

Sponsor to New Bond Capital: PSG Capital (Pty) Ltd

Legal advisor to New Bond Capital: Cliffe Dekker Hofmeyr Inc.

Sponsor to Blackstar: PSG Capital (Pty) Ltd

Nomad to Blackstar: Liberum Capital Limited

Legal advisors to Blackstar: Paul Hastings (Europe) LLP