

TISO BLACKSTAR GROUP SE
(Incorporated in England and Wales)
(Registration number SE000110)
(Registered as an external company with limited
liability in the Republic of South Africa under
registration number 2011/008274/10)
JSE share code: TBG
ISIN: GB00BF37LF46
("Tiso Blackstar" or "the Company")

ANNOUNCEMENT REGARDING:

- **THE PROPOSED DISPOSAL BY TISO BLACKSTAR OF ITS INTEREST IN KAGISO TISO HOLDINGS PROPRIETARY LIMITED;**
- **A SCHEME OF ARRANGEMENT FOR R4.15 PER SHARE (PREMIUM OF 78.5% TO 30 DAY VWAP) TO BE PROPOSED BY THE BOARD OF DIRECTORS OF TISO BLACKSTAR BETWEEN TISO BLACKSTAR AND ITS SHAREHOLDERS IN TERMS OF WHICH TISO BLACKSTAR WILL CANCEL THE SHARES HELD BY CERTAIN OF ITS SHAREHOLDERS;**
- **IN THE EVENT THAT THE SCHEME OF ARRANGEMENT IS NOT APPROVED OR DOES NOT BECOME EFFECTIVE, A STANDBY OFFER FOR R3.95 PER SHARE (PREMIUM OF 69.9% TO 30 DAY VWAP) TO BE MADE BY TISO BLACKSTAR IN TERMS OF WHICH TISO BLACKSTAR WILL ACQUIRE THE SHARES HELD BY CERTAIN OF ITS SHAREHOLDERS;**
- **THE PROPOSED DELISTING OF THE TISO BLACKSTAR SHARES; AND**
- **UNDERTAKINGS OF SUPPORT RECEIVED FROM TISO BLACKSTAR SHAREHOLDERS HOLDING 59% OF TISO BLACKSTAR'S ISSUED SHARES.**

1. INTRODUCTION

Tiso Blackstar shareholders ("**Shareholders**") are advised that the Company, through its wholly-owned subsidiary, Tiso Blackstar Holdings SE ("**TBH UK**"), entered into a written agreement titled "*Sale of Shares Agreement*" ("**KTH Sale Agreement**") with Tiso Investment Holdings (RF) Proprietary Limited ("**TIH**") on 26 June 2020 to dispose of its entire interest in Kagiso Tiso Holdings Proprietary Limited ("**KTH**") ("**KTH Sale Shares**") to TIH for an aggregate consideration of R850,000,000 ("**KTH Sale Consideration**"), subject to the material terms and conditions set out below ("**KTH Sale**").

Further to the KTH Sale, the board of directors of Tiso Blackstar ("**Board**") has resolved to seek the delisting ("**Delisting**") of Tiso Blackstar from the Main Board of the exchange operated by the JSE Limited ("**JSE**"). The Delisting shall be effected (subject to Shareholders approving the Delisting) pursuant to the JSE Listings Requirements and following either:

- the coming into effect of a scheme of arrangement (the "**Scheme**") pursuant to Part 26 of the Companies Act 2006 of the UK, as amended from time to time ("**UK Companies Act**"), between Tiso Blackstar and Scheme Shareholders (as defined below) in respect of their Tiso Blackstar shares ("**Shares**") (the "**Scheme Shares**") pursuant to which the Scheme Shareholders are able to make elections to either have their Shares cancelled (the "**Exit Election**") or to retain their Shares (the "**Continuation Election**"). Where Scheme Shareholders make (i) valid Exit Elections; (ii) invalid Exit Elections or invalid Continuation Elections; or (iii) no election in respect of their Scheme Shares; they will be treated as having made Exit Elections in respect of such Scheme Shares (the "**Exit Election Shares**"). The Exit Election Shares will be cancelled for a consideration of R4.15 per Exit Election Share; or
- in the event that the Scheme is not approved or does not come into effect, an offer to all Shareholders in terms of which Tiso Blackstar will acquire the Shares of those Shareholders who elect to dispose of their Shares for a consideration of R3.95 per Share ("**Standby Offer**").

The material terms and conditions of the Scheme and the Standby Offer are more fully set out below.

2. RATIONALE

KTH is a black-owned investment company with a diversified asset portfolio covering the industrial, services, media, financial services and healthcare sectors. Tiso Blackstar's investment in KTH is a non-core investment and, in-line with its stated strategy, Tiso Blackstar's medium term view has been to dispose of its interest in KTH at a price which is reflective of the fair value of the investment.

The KTH Sale presents an opportunity for Tiso Blackstar to realise value through the disposal of its entire interest in KTH, for cash, in a single transaction and the proceeds received can be applied towards returning value to Shareholders.

Tiso Blackstar has had a significant reduction in its investments during 2019. The KTH Sale will further reduce the Company's investments. Considering this reduction in investments, the Board has determined that the Company's operations are no longer of a size that is suited to extract additional value from a listing versus the costs of retaining a listing. Additionally, trading in Shares on the Main Board of the JSE has been illiquid and has yielded little or no value for Shareholders for several years.

Given the values at which Shares have historically traded, Tiso Blackstar's access to capital through the market has been restricted, as any issue of Shares would have been extremely dilutive to Shareholders. This has resulted in an additional cost of capital (such as listing costs)

without additional benefit. Accordingly, the Board is of the view that the elimination of costs associated with a listing is in the best interest of Tiso Blackstar and its Shareholders.

Although the disposal of its assets has resulted in Tiso Blackstar no longer being suited to a listing on the JSE, it will place Tiso Blackstar in a position where it can present a cash offer to those Shareholders wishing to dispose of their interests in Tiso Blackstar. The Board is of the view that the price offered to those Shareholders that wish to dispose of their Shares will allow them to realise fair value for their investment in Tiso Blackstar, at a price well above the price that Shares have traded at for an extended period of time. Additionally, many Shareholders have expressed a view to the Board that they are locked into holding their Shares at current market prices and that the Company should facilitate a liquidity event to allow Shareholders to exit at a fair price, thereby unlocking value in the Shares.

Accordingly, the rationale for the Scheme, the Standby Offer and the Delisting is to provide Shareholders that wish to exit with the opportunity to do so at a fair price and at the same time preserve value for those Shareholders that wish to remain invested in Tiso Blackstar in an unlisted environment by rationalising the cost base.

3. SALIENT TERMS OF THE KTH SALE

3.1 Transaction Steps

The KTH Sale will be implemented via a sale of shares transaction, which in turn forms part of a series of indivisibly linked transaction steps which must be implemented sequentially in order to ultimately give effect to the KTH Sale ("**Transaction Steps**"). The Transaction Steps are set out and regulated in a written agreement headed "*Transaction Implementation Agreement*" which has been concluded by, amongst other parties, Tiso Blackstar, KTH and TIH ("**TIA**").

3.2 Settlement of KTH Sale Consideration

The KTH Sale Consideration which is payable by TIH to TBH UK for the KTH Sale Shares shall be paid in cash.

3.3 Categorisation of the KTH Sale

The KTH Sale constitutes a category 1 transaction pursuant to section 9 of the JSE Listings Requirements and a related party transaction pursuant to section 10 of the JSE Listings Requirements as a result of:

- the value of the KTH Sale Consideration exceeding 30% of Tiso Blackstar's market capitalisation as at the date of signature of the KTH Sale Agreement; and

- TIH being an associate of each of David Adomakoh ("**D Adomakoh**") and Nkululeko Sowazi ("**N Sowazi**"). D Adomakoh and N Sowazi are both directors of Tiso Blackstar. TIH is therefore an associate of related parties to Tiso Blackstar as contemplated in paragraph 10.1(b)(vii) of the JSE Listings Requirements.

The KTH Sale requires the approval of more than 50% of the votes exercised on the KTH Sale Resolution (as defined below), excluding the votes of the related parties and their associates.

3.4 Conditions Precedent

The KTH Sale is conditional upon the fulfilment and/or waiver, by no later than 30 September 2020, of, *inter alia*, the following conditions precedent which remain outstanding as at the date of this announcement ("**KTH Sale Conditions**"):

- the KTH Sale has been approved at a meeting of the Shareholders by more than 50% of the votes of such shareholders voting in person or by proxy in accordance with the provisions of the UK Companies Act and / or the JSE Listings Requirements; and
- the TIA has been entered into and has become unconditional in accordance with its terms, save in respect of any condition requiring that the KTH Sale Agreement has become unconditional.

The TIA is in turn conditional upon the fulfilment and/or waiver, by no later than 30 September 2020, of the condition precedent that each of the transaction agreements giving effect to the Transaction Steps ("**Transaction Agreements**") has been entered into and has become unconditional in accordance with its terms, save for any condition requiring that the TIA has become unconditional.

The KTH Sale Conditions may only be waived by agreement in writing between the parties to the KTH Sale Agreement and the dates for fulfilment of such KTH Sale Conditions may only be extended by agreement in writing between such parties.

The closing date (and the effective date) of the KTH Sale shall occur upon implementation of the Transaction Steps pursuant to the TIA, which is expected to occur before 30 September 2020.

3.5 Use of proceeds

If the Scheme becomes effective, the proceeds received pursuant to the KTH Sale shall be predominantly used to fund the Scheme Consideration (as defined below) payable in respect

of the Scheme. If the Standby Offer becomes operative, the proceeds of the KTH Sale shall be predominantly used to fund the Standby Offer.

3.6 Other significant terms of the KTH Sale

The KTH Sale Agreement includes title warranties pursuant to which TBH UK warrants in favour of TIH that -

- TBH UK is and will be the registered and beneficial owner of the KTH Sale Shares and is and will be entitled to dispose of the same; and
- no other party is or will have any claim to or over or in respect of the KTH Sale Shares, nor are they or will they be encumbered in any way.

In addition to the title warranties, the KTH Sale Agreement includes other general power, capacity and authority warranties standard for a transaction of this nature.

3.7 Business of Tiso Blackstar post the KTH Sale

Post the KTH Sale, the business of Tiso Blackstar will primarily comprise of Hirt & Carter as well as its non-core media, broadcasting and content assets in Ghana, Nigeria and Kenya.

4. SALIENT TERMS OF THE SCHEME AND THE STANDBY OFFER

4.1 Structure of the Scheme and Standby Offer

The Scheme is proposed to be an arrangement between Tiso Blackstar and those Shareholders who are listed in the securities register of the Company on the record date in respect of the Scheme (such persons being referred to as the "**Scheme Shareholders**"). The Scheme is structured pursuant to Part 26 of the UK Companies Act by way of a reduction in the capital of the Company ("**Capital Reduction**") by the cancellation of the Exit Election Shares. The procedure involves an application by Tiso Blackstar to the High Court of Justice in England and Wales ("**UK Court**") to sanction the Scheme.

The Standby Offer will become operative in the event that (i) any condition relating to the Scheme is not fulfilled and (where applicable) not waived; or (ii) the Scheme otherwise lapses or fails. Under the Standby Offer, Tiso Blackstar will repurchase Shares from those Shareholders who make an election to sell such Shares.

4.2 Shareholder Approval

A meeting of Shareholders listed in the securities register of the Company on the voting record date will be convened ("**Court Meeting**") in order to consider and, if deemed fit, approve the Scheme.

Additionally, a general meeting of Shareholders listed in the securities register of the Company on the voting record date will be convened ("**General Meeting**") in order to consider and, if deemed fit, approve the following resolutions:

- a special resolution approving the implementation of the Scheme and the Capital Reduction ("**Scheme Resolution**");
- an ordinary resolution approving the Delisting pursuant to the JSE Listings Requirements ("**Delisting Resolution**");
- an ordinary resolution approving and authorising the KTH Sale ("**KTH Sale Resolution**"); and
- an ordinary resolution approving an off-market purchase of its own Shares by Tiso Blackstar pursuant to the Standby Offer under section 44 of the UK Companies Act ("**Repurchase Resolution**").

For the Scheme Resolution to be approved, it must be supported by 75% of the Shareholders voting in person or by proxy. Each of the ordinary resolutions to be proposed at the General Meeting must be supported by more than 50% of the votes exercised on the resolution in order for it to be approved.

D Adomakoh, N Sowazi and their associates shall be excluded from voting on the KTH Sale Resolution. However, D Adomakoh and N Sowazi and their associates will be taken into account for purposes of determining a quorum.

The Scheme Resolution shall be conditional upon the approval of the Scheme at the Court Meeting and the approval of the Delisting Resolution and KTH Sale Resolution.

The Scheme and the Standby Offer will be subject to the conditions set out in paragraphs 5 and 6 below.

4.3 Scheme consideration

In terms of the Scheme, Tiso Blackstar will propose to cancel the Scheme Shares, with disposing Scheme Shareholders receiving as consideration for the cancellation R4.15 per Exit Election Share, to be settled in cash ("**Scheme Consideration**").

The Scheme Consideration represents a 78.5% premium over the 30 day volume weighted average price of the Shares as at 25 June 2020.

4.4 Standby Offer consideration

In terms of the Standby Offer, Tiso Blackstar will propose to re-acquire Shares at a price of R3.95 per Share, to be settled in cash ("**Standby Offer Consideration**").

The Standby Offer Consideration represents a 69.9% premium over the 30 day volume weighted average price of the Shares as at 25 June 2020.

5. SCHEME CONDITIONS

The Scheme will be subject to the fulfilment or waiver, as applicable, of the following conditions:

- by no later than 31 December 2020 (or such later date as may be determined by the Company and notified to Shareholders through an announcement on SENS):
 - the KTH Sale Resolution being approved by more than 50% of votes of Shareholders entitled to and, in fact, voting in person or by proxy. For the avoidance of doubt, D Adomakoh and N Sowazi and their associates will be excluded from voting on the KTH Sale Resolution;
 - the Scheme being approved at the Court Meeting by a majority in number of Scheme Shareholders voting in person or by proxy and holding at least 75% of the Shares;
 - the Scheme being approved at the General Meeting by at least 75% of the Shareholders voting in person or by proxy;
 - the Delisting Resolution being approved by more than 50% of votes of Shareholders entitled to and, in fact, voting in person or by proxy;
 - the KTH Sale being implemented and the KTH Sale Consideration being paid in cash, as contemplated in paragraph 3.2, and received by Tiso Blackstar;
 - the Board obtaining an opinion from an independent expert confirming that the KTH Sale is fair to Shareholders and an opinion from that independent expert confirming that the Scheme is fair to Shareholders;
 - Scheme Shareholders holding, in aggregate, no more than 161 450 000 Shares making Exit Elections or being deemed to have made Exit Elections pursuant to the Scheme;
 - all regulatory approvals required to implement the Scheme and the Delisting being obtained either unconditionally or on such conditions as are reasonably acceptable to the parties, including:
 - the JSE granting the approval of the Delisting; and

- the Scheme and the Capital Reduction receiving sanction from the UK Court and the stamped court order confirming such sanction being received by the Company for filing,

collectively referred to as the "**Scheme Conditions**".

If, on or after the date of the Circular (defined below), any dividend and/or other distribution and/or return of capital is declared, made or paid or becomes payable in respect of the Shares with a record date before the court hearing, Tiso Blackstar reserves the right to reduce the Scheme Consideration payable under the terms of the Scheme for the Scheme Shares by an amount up to the amount of such dividend and/or other distribution and/or return of capital, in which case any reference in this document to the Scheme Consideration payable under the terms of the Scheme will be deemed to be a reference to the Scheme Consideration as so reduced. In such circumstances, Shareholders would be entitled to retain any such dividend and/or other distribution and/or return of capital.

6. STANDBY OFFER CONDITIONS

The Standby Offer will only be implemented in the event that any one of the Scheme Conditions is not fulfilled or waived, as the case may be, or if the Scheme otherwise lapses or fails ("**Standby Offer Trigger Event**").

If a Standby Offer Trigger Event occurs, the Standby Offer will be subject to the fulfilment or, where applicable, waiver of the conditions precedent that by no later than 31 December 2020 (or such later date as may be determined by the Company and notified to Shareholders through an announcement on SENS):

- the KTH Sale being implemented and the KTH Sale Consideration being paid in cash and received by Tiso Blackstar;
- the Delisting Resolution is approved by the requisite number of Shareholders voting in person or by proxy;
- the Board obtaining an opinion from an independent expert confirming that the KTH Sale is fair to Shareholders and an opinion from that independent expert confirming that the Standby Offer is fair to Shareholders;
- all regulatory approvals required to implement the Standby Offer and the Delisting, including the JSE granting the approval of the Delisting, are obtained either unconditionally or on such conditions as are reasonably acceptable to the parties;
- the acquisition of Shares in terms of the Standby Offer being approved by more than 50% of the votes of Shareholders voting in person or by proxy; and
- Shareholders validly accepting the Standby Offer in respect of an aggregate of less than or equal to 169 625 000 Shares by 11:00am BST (12:00pm SAST) on the first Friday falling

on or after the 20th business day after the date on which the Standby Offer is open for acceptance; provided that if that Friday is not a business day, the closing date of the Standby Offer shall be the business day preceding that Friday (or such other date as the JSE may direct),

collectively referred to as the "**Standby Offer Conditions**".

Tiso Blackstar shall be entitled to waive in writing the Standby Offer Conditions in whole or in part or determine an extended date for the fulfilment of any of them.

If, on or after the date of the Circular (defined below), any dividend and/or other distribution and/or return of capital is declared, made or paid or becomes payable in respect of the Tiso Blackstar Shares with a record date before the settlement of the Standby Offer Consideration, Tiso Blackstar reserves the right to reduce the Standby Offer Consideration payable under the terms of the Standby Offer by an amount up to the amount of such dividend and/or other distribution and/or return of capital, in which case any reference in this document to the Standby Offer Consideration payable under the terms of the Standby Offer will be deemed to be a reference to the Standby Offer Consideration as so reduced. In such circumstances, Shareholders would be entitled to retain any such dividend and/or other distribution and/or return of capital.

Should a Standby Offer Trigger Event occur, all important dates and times pertinent to the Standby Offer will be published on SENS and in the press.

7. CIRCULAR AND SALIENT DATES

Further details of the KTH Sale, the Scheme, the Standby Offer and the Delisting will be included in a circular to Shareholders to be posted on or about 18 August 2020 ("**Circular**"). The Circular will, *inter alia*, contain a report of an independent expert regarding the fairness of the KTH Sale, a report of an independent expert regarding the fairness of the Scheme and the Standby Offer, a notice of the Court Meeting and a notice of the General Meeting, a form of proxy and forms of election for purposes of making the Continuation Election and Exit Election.

The Circular will also set out the salient dates pertaining to the KTH Sale, the Scheme, the Standby Offer and the Delisting, which dates will also be announced by Tiso Blackstar on SENS and in the press on the date on which the Circular is posted to Shareholders.

8. IRREVOCABLE UNDERTAKINGS AND LETTERS OF SUPPORT

Tiso Blackstar has received irrevocable undertakings and letters of support from certain Shareholders representing in aggregate 59% of the issued share capital of Tiso Blackstar to vote in favour of all resolutions necessary for approval of the KTH Sale, the Scheme, the

Standby Offer and the Delisting. Only the Scheme requires the approval of 75% of the votes cast on the relevant resolution whereas the KTH Sale, the Standby Offer and Delisting only require the approval of the majority of the votes cast on the relevant resolutions.

Tiso Blackstar has furthermore received irrevocable undertakings from certain Shareholders, representing in aggregate 44% of the issued share capital of Tiso Blackstar, in terms of which they irrevocably undertake to exercise the Continuation Election and to not accept the Standby Offer in respect of their Shares.

9. DELISTING

Following implementation of the Scheme or the Standby Offer, application will be made by Tiso Blackstar to the JSE to terminate the listing of the Shares on the exchange operated by the JSE.

10. FINANCIAL INFORMATION

The net asset value of KTH as at 31 December 2019, being the date of the last reviewed (six months interim) financial statements of KTH, was R5,689,192,000.

The reviewed profit after tax attributable to the shareholders of KTH for the six months ended 31 December 2019 was R228,785,000.

The KTH reviewed interim financial statements were prepared in accordance with International Financial Reporting Standards and the South African Companies Act No. 71 of 2008. The Company is satisfied with the quality of the KTH interim financial statements.

The *pro forma* financial effects of the KTH Sale, the Scheme and the Standby Offer will be detailed in the Circular.

11. BOARD RESOLUTIONS, RECOMMENDATION AND FAIRNESS OPINION

The Board has appointed BDO Corporate Finance Proprietary Limited as independent expert to provide it with external advice in relation to the KTH Sale, the Scheme, the Standby Offer and the Delisting.

The substance of the external advice and the views of the Board will be detailed in the Circular.

Messrs D Adamakoh and N Sowazi recused themselves from participating in the passing of the Board resolutions necessary to approve the KTH Sale and matters ancillary thereto.

Messrs D Adamakoh, N Sowazi and A Bonamour recused themselves from participating in the passing of the Board resolutions necessary to, *inter alia*, approve the Scheme, the Standby Offer and the Delisting and matters ancillary thereto.

12. EXCHANGE CONTROL APPROVAL

The Financial Surveillance Department of the South African Reserve Bank ("**SARB**") has approved the Scheme and/or the Standby Offer and the Delisting. The approval granted by the SARB is conditional on either:

- Shareholders which are residents of South Africa and continue to hold Shares after the Delisting, disposing of such Shares, within a period of 12 months, to a non-resident of the Common Monetary Area and receiving the proceeds in South Africa in terms of the Exchange Control Regulations; or
- the "loop" created by the South African residents holding more than 40% of the unlisted Shares being unwound by restructuring the shareholding in the South African entities which hold such Shares.

13. RESTRICTED JURISDICTIONS

The circulation of this announcement and the distribution of the Circular in certain jurisdictions outside of South Africa and the UK may be restricted or prohibited by the laws of such foreign jurisdiction. In such cases, this announcement and the Circular is deemed to have been provided for information purposes only, and Tiso Blackstar and the Board do not accept any responsibility for any failure by Shareholders to inform themselves about, and to observe, any applicable legal requirements in any relevant foreign jurisdiction. Shareholders who are resident or incorporated in such jurisdictions should inform themselves about any applicable legal requirements which they are obliged to observe in relation to the transactions contemplated herein or in the Circular. It is the responsibility of any such Shareholder to satisfy himself/herself as to the full observance of the laws of any relevant jurisdiction in connection with the transactions outlined herein and in the Circular. Shareholders who are resident or incorporated in such jurisdictions shall be deemed to have warranted that they have complied in all respects with all laws and requirements in relation to their participation (or otherwise) in the transactions outlined herein and in the Circular. Shareholders who are in doubt as to their position should consult their professional advisors.

London
26 June 2020

Sponsor
PSG Capital



Independent Expert
BDO



Corporate Advisor
Vestra Advisory



Independent Reporting Accountants
Deloitte & Touche and PricewaterhouseCoopers



English Legal advisor
Paul Hastings



SA Legal Advisor
Cliffe Dekker Hofmeyr

