THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the contents of this Circular or the action you should take, you should consult immediately a person authorised for the purposes of the Financial Services and Markets Act 2000 (as amended), who specialises in advising on the acquisitions and disposal of shares and other securities. The contents of this Circular are not to be construed as legal, business or tax advice. Each Shareholder should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice. Shareholders should rely only on the information in this Circular when considering the resolutions set out in the notice of Extraordinary General Meeting contained herein. No person has been authorised to give any information or make any representations other than those contained in this Circular and, if given or made, such information or representations must not be relied on as having been authorised by the Company. This document does not constitute an offer or invitation to any person to subscribe for or purchase, or the solicitation of an offer to subscribe for or purchase, any securities in Blackstar Group SE in any jurisdiction. This Circular should be read as a whole including the risk factors set out in Part 2 of this Circular.

If you sell or have sold or otherwise transferred all of your Shares, please immediately forward this Circular, but not the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Blackstar Shares, please immediately consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

BLACKSTAR

Blackstar Group SE

(a company incorporated and registered in Malta with number SE4)

Circular relating to the proposed acquisition by Blackstar of all the ordinary shares in Times Media Group Limited not already owned by it and its subsidiaries, and a 22.9% equity interest in Kagiso Tiso Holdings Proprietary Limited.

NOTICE OF EXTRAORDINARY GENERAL MEETING OF THE COMPANY

Notice of the Extraordinary General Meeting, to be held at 3rd Floor, Avantech Building, St Julian's Road, San Gwann, SGN 2805, Malta at 10:00 am (CET) on Monday, 23 March 2015 is set out at the end of this document. The action to be taken in respect of the Extraordinary General Meeting is set out in paragraph 16 of Part 1 of this document.

Copies of this document, the Form of Proxy and the Form of Direction are available to view, download and print on the "Publications" section of the Company's website at www.blackstar.eu and are also available for collection, free of charge, during normal business hours on any Business Day up until close of the Extraordinary General Meeting from the offices of the Company at 3rd Floor, Avantech Building, St Julian's Road, San Gwann, SGN 2805, Malta. Unless you have sold or transferred all your Shares you are recommended to retain this Circular for reference.

The Form of Proxy should be completed and returned to the Company's Registrars in accordance with the instructions printed on it as soon as possible. Certificated shareholders and own-name registered dematerialised shareholders who trade their shares on AltX of the JSE and are registered on the South African part of the register of members are strongly urged to send their signed Form of Proxy to South African Transfer Secretaries, Link Market Services South Africa Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than Thursday, 19 March 2015 at 10:00 am (SAST). Certificated shareholders who trade their shares on AIM of the London Stock Exchange and are registered on the AIM part of the register of members are strongly urged to send their signed Form of Proxy to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to be received by no later than Thursday, 19 March 2015 at 09:00 am (GMT).

Dematerialised shareholders registered on the South African sub-register, other than own-name registered dematerialised shareholders, who wish to attend the Extraordinary General Meeting in person, will need to

TABLE OF CONTENTS

TABLE OF CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Suspension of trading of the Existing Shares on AIM	Monday, 8 December 2014
Publication of this document	Thursday, 26 February 2015
Record date to participate and vote at the Extraordinary General Meeting	Thursday, 19 March 2015
Signed Forms of Proxy from certificated shareholders and own-name registered dematerialised shareholders who are registered on the South African part of the register of members should reach Link Market Services South Africa Proprietary Limited	by Thursday, 19 March 2015 at 10:00 am (SAST)
Forms of Direction from Depository Interest holders must reach Capita IRG Trustees Limited	by Wednesday, 18 March 2015 at 09:00 am (GMT)
For dematerialised shareholders registered on the South African sub-register, the time by which the CSDP or broker must provide all voting instructions to the transfer secretaries	by Thursday, 19 March 2015 at 10:00 am (SAST)
CREST message must be received by the issuer's agent RA10	by Wednesday, 18 March 2015 at 09:00 am (GMT)
Signed Forms of Proxy from certificated shareholders who trade their shares on AIM and are registered on the UK part of the register of members should reach Capita Asset Services	by Thursday, 19 March 2015 at 09:00 am (GMT)
Signed Forms of Proxy must reach the Company	by Thursday, 19 March 2015
Time by which dematerialised shareholders registered on the South African sub-register (other than own-name registered dematerialised shareholders) who wish to attend the Extraordinary General Meeting are requested to provide a copy of their letter of representation to the Company	by Wednesday, 18 March 2015 at 10:00 am (SAST)
Time by which Depository Interest holders who wish to attend the Extraordinary General Meeting are requested to provide a copy of their letter of corporate representation to the Company	by Monday, 16 March 2015 at 09:00 am (GMT)
Extraordinary General Meeting	Monday, 23 March 2015 at 10:00 am (CET)
Announcement of results of Extraordinary General Meeting	Monday, 23 March 2015

Each of the times and dates in the above timetable is subject to change.

If the Blackstar Shareholders approve the Resolutions at the Extraordinary General Meeting of the Company, a number of steps necessary for the completion of the Acquisitions will remain outstanding, including cancellation of the admission of the Existing Shares to AIM and the admission of the Enlarged Share Capital to trading on the Specialist Fund Market and the publication of a prospectus in accordance with the Prospectus Rules in connection therewith. It is currently expected that all of these outstanding steps will be completed in sufficient time to enable Completion to occur during the second quarter of 2015.

The times and dates set out in the expected timetable of principal events above, and mentioned throughout this document, may be adjusted by the Company and, if appropriate, details of the new times and dates will be notified to the Shareholders by an announcement through a Regulatory Information Service.

Unless otherwise stated in this document, *R17.74 = £1.00* sterling as derived from Bloomberg on 24 February 2015, being the Latest Practicable Date.

Share statistics

Shares in issue on the Latest Practicable Date (with 791,558, Shares held in treasury)	82,088,500
Shares in issue after the issue of shares in connection with the December 2014 Incentive Awards which is expected to occur in the week commencing 2 March 2015 (with no Shares held in treasury)	83,099,071
Expected New Shares to be issued as consideration for the acquisition of TMG*	90,794,152
Expected New Shares to be issued as consideration for the acquisition of KTH	92,831,798
Expected Enlarged Share Capital at Completion*	266,725,021
Expected number of Shares expected to be admitted to the SFM*	266,725,021

* Pursuant to the Scheme, the Company shall provide a Mix and Match Facility to Scheme Participants which will enable them to elect to receive either cash or New Shares or both as consideration. Should a Scheme Participant not make an election under the Mix and Match Facility they will be deemed to have elected to receive only the Cash Consideration. Therefore the number of New Shares to be issued in connection with the Scheme assumes that the maximum Cash Consideration is paid (R500 million (£28 million)). If elections for more than this amount are made, the maximum Cash Consideration available will be allocated among Scheme Participants in an equitable manner.

PART 1 – LETTER FROM THE CHAIRMAN OF BLACKSTAR GROUP SE

(Incorporated and registered in Malta under number SE4)

Directors:		*Registered Office:*
John Broadhurst Mills	(Non-executive Chairman)	Blackstar Group SE
Marcel Ernzer	(Non-executive Director)	3rd Floor, Avantech Building St Julian's Road
Richard Thomson Wight	(Non-executive Director)	San Gwann
Andrew David Bonamour	(Non-executive Director)	SGN 2805 Malta

Dear Shareholder, 26 February 2015

Proposed Acquisitions of all the ordinary shares in Times Media Group Limited not already owned by Blackstar and its subsidiaries, and a 22.9% interest in Kagiso Tiso Holdings Proprietary Limited

and

Notice of Extraordinary General Meeting to the Company

1. INTRODUCTION

On 8 December 2014, the Company announced that it had expressed an interest to acquire all the ordinary shares of Times Media Group Limited ("TMG") that it does not already own ("Scheme Shares") by way of a scheme of arrangement (the "Scheme") (the "Announcement"). The Announcement stated that the Company and the directors of TMG had agreed the terms of a recommended cash and share offer pursuant to which the Company or Blackstar (Cyprus) Investors Limited ("BCIL"), a wholly owned subsidiary of the Company, would acquire the Scheme Shares for a Cash Consideration of R22.00 (£1.24) or 1.44885 New Shares (which would value a TMG share at R24.50 (£1.38)) per Scheme Share. The aggregate Cash Consideration offered to the holders of Scheme Shares is limited to a maximum amount of R500 million (£28 million) with the remaining portion being settled by the issue of New Shares. The total consideration payable in terms of the Scheme is expected to be approximately R2 billion (£113 million) comprising R500 million (£28 million) in cash and 90.8 million New Shares. The actual number of New Shares to be issued will depend on the amount of cash elected to be received by the holders of Scheme Shares. In the event that the maximum Cash Consideration is paid, 90,794,152 New Shares will be issued, and if no Cash Consideration is paid, 123,722,561 New Shares will be issued.

In the same Announcement, the Company also announced that it had agreed with Tiso Investment Holdings Proprietary Limited (RF) ("TIH") and the Tiso Foundation Charitable Trust ("Tiso Foundation"), collectively ("Tiso"), the terms of an acquisition pursuant to which the Company or BCIL, will acquire the 22.9% interest in Kagiso Tiso Holdings Proprietary Limited ("KTH") owned by Tiso, a prominent South African investment holding company, for a total purchase price of approximately R2.06 billion (£116 million) comprising and no more than R500 million (£28 million) approximately 93 million New Shares ("Tiso Transaction").

The Tiso Transaction is conditional upon, amongst other matters, the successful implementation of the Scheme by no later than 31 August 2015. The Scheme also remains subject to various conditions precedent, including, amongst other matters, the approval of the Scheme by 75% of the holders of Scheme Shares attending the related Extraordinary General Meeting of TMG Shareholders. TMG Shareholders holding approximately 84.45% of the Scheme Shares have provided the Company with letters of support or undertakings ("Letters of Support") in terms of which they indicate that they intend to vote in favour of the Scheme. None of the Letters of Support have been withdrawn or cancelled as at the date of this Circular. The following TMG Shareholders have provided Letters of Support:

TMG Shareholder	Number of TMG Shares held	TMG Shares held as % of the Scheme Shares
The Public Investment Corporation SOC Limited[1]	22,121,093	25.90
Kagiso Asset Management Proprietary Limited[2][4]	20,032,976	23.46
Coronation Asset Management Proprietary Limited[2][4]	18,212,127	21.33
The Mehta Family Trusts[2][3]	11,750,399	13.76
Total	**72,116,595**	**84.45**

Notes:

(1) Letter of support provided, subject to certain terms and conditions.

(2) Revocable letter of firm support provided.

(3) Comprising, The HKM Family Trust, The BKM Family Trust, The YKM Family Trust and Meena Harishkumar Mehta Trust, which are all directly or indirectly controlled by the Mehta family.

(4) TMG Shares held on behalf of clients in terms of discretionary and/or non-discretionary mandates.

Owing to their size, the implementation of the Acquisitions requires the approval of Shareholders. Certain other matters are also required, or are considered by the Board to be desirable, to be included in the notice convening the Extraordinary General Meeting which are described in more detail below. Accordingly, the Extraordinary General Meeting has been convened for 10:00 am (CET) on 23 March 2015 at the offices of the Company at 3rd Floor, Avantech Building, St Julian's Road, San Gwann, SGN 2805, Malta. Further information in relation to the Resolutions and the Extraordinary General Meeting, actions to be taken, and the Directors' recommendations in relation thereto is given in paragraphs 13, 16 and 17 of this Part 1. The notice of the Extraordinary General Meeting is at the end of this document.

Upon the completion of the Acquisitions, subject to Shareholder approval, the Company will be renamed Tiso Blackstar Group SE ("Tiso Blackstar") and the Board intends to move the trading in its shares from AIM to the Specialist Fund Market ("SFM") of the London Stock Exchange as its primary market and in South Africa to move from AltX to the main board of the JSE (the "JSE Main Board").

I am writing to you to give you further details of the Proposals, including the reasons for them, to explain why the Board considers the Proposals to be in the best interests of the Company and Shareholders as a whole and to seek your approval of the Resolutions.

2. SUMMARY OF THE ACQUISITIONS

2.1 The Scheme

As at the date of this document, the Group owns 41,076,782 TMG Shares, representing approximately 32.5% of TMG's issued share capital, excluding treasury shares held by TMG subsidiaries (which is permitted under South African law). Pursuant to the Scheme, which will be subject to the terms and conditions set out in the Scheme Circular, holders of Scheme shares will be entitled to receive:

for each TMG Share R22.00 in cash or 1.44885 Blackstar Shares

and so in proportion for any number of TMG Shares held.

TMG Shareholders may elect to receive New Shares or cash for each Scheme Share held under the Mix and Match Facility being made available, subject to the aggregate amount of all cash consideration payable by the Company pursuant to the Scheme being limited to a maximum amount of R500 million (£28 million). Accordingly, the Company's ability to satisfy elections made under the Mix and Match Facility by Scheme Participants will depend on other TMG Shareholders making offsetting elections. The number of New Shares to be issued under the Scheme will range between 90,794,152 New Shares (in the event that the maximum Cash Consideration is paid) and 123,722,561 New Shares (if no elections for Cash Consideration are made).

The Scheme Consideration:

- values each Scheme Share at R22.00 (£1.24) if the Cash Consideration is selected and R24.50 (£1.36) per Scheme Share if the Share Consideration is selected;
- assuming that the maximum amount of cash consideration is paid, values the Scheme Shares at approximately R2 billion in aggregate (£113 million), implying a total value of approximately R3 billion (£169 million) for the entire issued share capital of TMG;
- if a holder of a Scheme Share elects to receive the Cash Consideration, represents a premium of approximately 10.9% to the 30 Day VWAP of a TMG Share of R19.83 (£1.12) on 20 November 2014, the last Business Day before the first announcement of the possibility of a material event for TMG; and
- if a holder of a Scheme Share elects to receive only the Share Consideration, represents a premium of approximately 23.6% to the 30 Day VWAP of a TMG Share of R19.83 (£1.12) on 20 November 2014, the last Business Day before the first announcement of the possibility of a material event for TMG.

In addition, the independent members of the board of directors of TMG (being the directors other than the Blackstar appointed directors of TMG) at a meeting held on Tuesday, 17 February 2015 resolved subject to the applicable provisions of South African law, to pay a dividend in an amount of R0.30 (thirty South African cents) (£0.02, two British pence) per TMG Share after the Scheme becomes operative but before it is implemented.

2.2 Tiso Transaction

Pursuant to the Tiso Transaction, which is subject to the terms and conditions of the Tiso Agreement, the Group will acquire the KTH Interest from Tiso for approximately R2.06 billion (£116 million) comprising 93 million New Shares, with an issue price of R16.91 (£0.95) per New Share, and no more than R500 million (£28 million). The Tiso Transaction will result in the Group holding a significant interest in KTH. Based on the audited financial information of KTH as at 30 June 2014, the Directors expect the acquisition of the KTH Interest to more than double the Group's NAV of R1.3 billion (£73 million) as at 30 June 2014 to approximately R3.0 billion (£169 million) after Completion of the Tiso Transaction. This figure excludes the effects on the NAV of the Group following completion of the Scheme although as described in more detail below, the Tiso Transaction is conditional upon the Scheme becoming unconditional in accordance with its terms.

The shareholding of Tiso in the Enlarged Group following the completion of the Acquisitions is expected to be within the range of 30% to 35%, depending on the election made by Scheme Participants under the Mix and Match facility and following the issue of New Shares pursuant to the Scheme. For so long as the Company remains listed on AIM, neither the UK nor the Maltese takeover rules, each derived from the Takeover Directive, apply. Upon Admission, provisions of the UK Takeover Code and its Maltese equivalent will apply but the threshold shareholding in the Company at which a mandatory takeover offer is required to be made will be governed by the Maltese takeover rules. This threshold is 50% plus one Share and, accordingly, no mandatory offer will be required to be made by Tiso at Completion.

It is proposed that, subject to Shareholder approval, Blackstar is renamed "Tiso Blackstar Group SE" ("Tiso Blackstar") upon completion of the Acquisitions.

3. BACKGROUND TO, AND REASONS FOR, THE ACQUISITIONS

3.1 Background to the Acquisitions

The Board believes that the current outlook for Blackstar remains optimistic in light of the Group's solid balance sheet and investment portfolio which continues to provide a foundation for growth and the ability to pursue multiple opportunities. The Group achieved another successful year of growth over the 2013 financial year, increasing Intrinsic NAV by 16.7% (before dividends) and has continued that success by increasing Intrinsic NAV by 5.3% (before dividends) for the six months ended 30 June 2014.

Over the past year, the Board has challenged the Company's investment advisory team to explore opportunities to reduce the discount that the Company's share price represents to its NAV, and the Board believes that the Acquisitions will be beneficial as the Company seeks to minimise any such discount.

With regard to TMG, in the face of digital media and the decline of tangible media (i.e. print media), the Blackstar Directors believe that whilst TMG currently has limited scope for future investment within its business model it has strong operational cash flow. If the Scheme becomes effective and the Acquisitions complete, as a wholly-owned subsidiary of the Enlarged Group, TMG's future cash flows may be utilised to support Tiso Blackstar's broader strategy allowing for potential reinvestment in other value-yielding companies and sectors.

The opportunity to acquire the remaining portion of TMG not already owned by the Group and the KTH Interest provides the potential for a significant step-change in the scale and ambition of the Group.

3.2 Reasons for the Acquisitions

The Directors believe that the creation of Tiso Blackstar will result in a dual listed, Africa-focused, diversified investment company of scale and a company focused on the pursuit of a growth strategy supported by solid, cash producing assets.

The Directors believe that Tiso Blackstar will be positioned to potentially further develop a strategic and mutually beneficial relationship with KTH through co-investment and other business development opportunities.

The Directors also believe that over the short to medium term, the successful completion of the Acquisitions will result in, amongst other matters:

- improved liquidity in the Shares and the New Shares (versus the Existing Shares and TMG Shares) resulting from the increased number of shares in issue and shareholders, the proposed migration to the SFM and the JSE Main Board;
- significantly enlarged NAV leading to enhanced market visibility and potentially improved marketability of Tiso Blackstar securities;
- increased black economic empowerment ownership levels;
- portfolio and head office costs being spread over a larger asset base thus reducing their effect on the NAV per Share; and
- recognition of a control premium in relation to TMG, which is currently entrenched and inaccessible in TMG's existing structure.

The Directors believe that the implementation of the Acquisitions will represent an attractive value proposition to Tiso Blackstar shareholders.

4. BACKGROUND TO TMG AND KTH

4.1 Information on TMG

TMG, which listed on the JSE in April 2008, has three divisions: Media, Broadcasting and Content and Retail Solutions.

The Media division is a premier newspaper and magazine publisher with publications including a number of national, regional and community newspapers, magazines in consumer, business and specialist fields. The Broadcasting and Content division houses the group's growing interests in TV, radio, films and music across the continent. The Retail Solutions division comprises the combined operations of Hirt & Carter and Uniprint, providing full service in the design, manufacturing and distribution of a wide range of commercial print products and services to corporate customers and institutions that have mass consumer markets, branches and networks throughout Africa.

Since first acquiring a significant interest in TMG during September 2012, Blackstar management has assumed key positions within the TMG management team and led numerous value-augmenting initiatives to the benefit of all TMG Shareholders. Blackstar has developed significant knowledge and built expertise in the business and operations of TMG and the directors believe the Company is well positioned to extract further value from TMG in the face of challenging market conditions for the benefit of the Enlarged Group's shareholders, including those Scheme Participants who receive Share Consideration under the Scheme.

Further details of TMG and its businesses are contained in Part 6 of this document.

4.2 Information on KTH

KTH was formed from the merger of Tiso Group Proprietary Limited ("Tiso Group") with Kagiso Trust Investments Proprietary Limited ("KTI") in July 2011. Tiso Group is the investment holding company of TIH which was established in 2001 and is jointly owned and managed by co-founders David Adomakoh and Nkululeko Sowazi. TIH has developed a solid reputation amongst a wide range of stakeholders for the manner in which it has conducted its business. A strong adherence to core principles of integrity and professionalism saw Tiso Group steadily evolve into one of South Africa's leading black companies with high quality investments across a wide range of sectors, and the development of a robust network of relationships which TIH continues to enjoy.

The success of TIH was meaningfully shared with the Tiso Foundation, a trust established by TIH through a donation of a significant shareholding in Tiso Group in 2002. TIH continues to play an active role in the Tiso Foundation although the Tiso Foundation has its own independent board of trustees with primary management responsibility. The Tiso Foundation is today a self-sustaining public benefit organisation and non-profit organisation whose primary focus is the enablement of young South Africans through programmes designed to develop academic and leadership talent. The successful implementation of the Tiso Transaction will serve to strengthen, underpin and extend the core programmes of the Tiso Foundation as a consequence of the cash component of the proceeds received through the Tiso Transaction.

Further details on David Adomakoh and Nkululeko Sowazi are set out in paragraph 10.2 of Part 1 of this document.

As at the Latest Practicable Date, the KTH investment portfolio has an aggregate NAV in excess of R9 billion (£507 million), comprising established companies principally in South Africa, and increasingly, other parts of the continent. These include investments in the media, resources, infrastructure, power and financial services sectors and include a mix of both listed and private investments.

Further details of KTH's current portfolios are contained in Part 7 of this document.

5. FURTHER DETAILS OF THE ACQUISITIONS

5.1 The Scheme

The Scheme remains conditional upon the fulfilment or, as the case may be, waiver of, amongst other matters, certain conditions precedent of which the following remain outstanding as at the date of this document:

- the procurement by Blackstar of a cash confirmation acceptable to the TRP in South Africa in support of the cash portion of the consideration payable pursuant to the Scheme;
- approval of the Scheme by Scheme Participants representing 75% or more of the voting rights attached to the Scheme Shares;
- confirmation from the Independent Directors of the Board of Directors of TMG that it intends to favourably recommend the Scheme to Scheme Participants;
- approval of the Acquisitions by Blackstar Shareholders;
- approval of the Scheme by the TRP, the JSE and the South African competition authorities; and
- the Tiso Transaction becoming unconditional in accordance with its terms, save for any condition pertaining to the Scheme becoming unconditional.

TMG, Blackstar and BCIL have entered into an agreement (the "Implementation Agreement") pursuant to which they have agreed the terms and conditions upon which the firm offer by Blackstar to acquire the Scheme Shares and the Scheme will be implemented.

TMG has agreed, pursuant to the Implementation Agreement, to pay Blackstar a break fee of R15 million (£0.8 million) if:

- the TMG Independent Board does not recommend or withdraws its recommendation that the TMG Shareholders vote in favour of the Scheme for reasons other than receipt by the TMG Independent Board of an offer other than Blackstar's offer ("Alternative Proposal") that is superior to Blackstar's offer ("Superior Proposal");

- the TMG Independent Board recommends an Alternative Proposal;
- TMG elects to implement an Alternative Proposal which is not a Superior Proposal;
- TMG breaches any material provision of the Implementation Agreement, and (where remedy is possible) fails to remedy such breach;
- TMG breaches any warranty in the Implementation Agreement which causes a material adverse change; and/or
- Blackstar terminates the Implementation Agreement as a result of TMG breaching any provision of the Implementation Agreement.

Blackstar has agreed to pay TMG a break fee of R15 million (£0.8 million) if it breaches any material provision, or undertaking contained, in the Implementation Agreement, including failing to implement the Scheme, provided that no break fee shall be payable by Blackstar in the event that:

- TMG recommends or implements an Alternative Proposal;
- TMG breaches any material provision or undertaking contained in the Implementation Agreement, and, where possible, fails to remedy such breach;
- an Alternative Proposal is announced and implemented; and/or
- Blackstar terminates the Implementation Agreement in accordance with its terms.

5.2 Tiso Transaction

Implementation of the Tiso Transaction remains, pursuant to the Tiso Agreement, conditional upon the fulfilment or waiver, as the case may be, amongst other matters, of the following conditions precedent (none of which have been met) by no later than 30 April 2015 (or such later date, prior to 31 August 2015, agreed to by Blackstar, BCIL, Tiso Foundation and TIH in writing):

- all necessary regulatory approvals and clearances for the implementation of the Tiso Transaction by the JSE;
- the current KTH shareholders waiving any pre-emptive rights they may have over Tiso's KTH Shares and approving the encumbrance of these shares by Blackstar for purposes of the Acquisition Finance;
- TIH procuring the necessary approvals from its financiers to transfer its KTH Shares to Blackstar;
- approval by the shareholders and boards of Blackstar and TIH as well as the trustees of the Tiso Foundation of all resolutions required for the implementation of the Acquisitions pursuant to those laws, regulations and other statutory documents relevant to them;
- Blackstar procuring confirmation by an independent expert that the issue of the New Shares has occurred at fair value; and
- the Scheme being proposed and becoming unconditional in accordance with its terms, save for any condition pertaining to the Tiso Transaction becoming unconditional.

The Tiso Agreement includes the following warranties in favour of Blackstar which are typical in transactions of this nature:

- all of the issued ordinary KTH Shares will comprise of one class and will rank *pari passu* with each other;
- the sellers (being Tiso Foundation and TIH) will deliver the KTH Shares free of any encumbrance;
- the sellers are the registered and beneficial owners of the KTH Shares and further confirm that to the best of their knowledge there have been no applications, steps, proceedings or orders for the deregistration, winding-up, liquidation, business rescue or administration of KTH or any of its subsidiaries; and
- KTH is not under any obligation to issue any treasury shares in the capital of KTH, including the treasury shares already held.

In addition, the KTH Sellers have agreed that they will consult with the Company in respect of any rights offers that may be undertaken by KTH between the date of the Tiso Agreement and the date of completion of the Tiso Transaction.

6. FINANCIAL EFFECTS OF THE ACQUISITIONS

6.1 Financial effects on the Intrinsic NAV

This information has been prepared for illustrative purposes to provide information about how the Acquisitions may affect the financial position of Blackstar Shareholders.

Blackstar	Before the Acquisitions	After the Acquisitions	% Change
Intrinsic Net Asset Value Per Share ("INAVPS") (cents)	1,691	1,726	2
INAVPS (pence)	94	96	2

Notes:

1. The figures included in the "Before the Acquisitions" column have been extracted, without adjustment, from Blackstar's INAVPS calculation as at 30 June 2014, as published in Blackstar's interim results announcement for the six months ended 30 June 2014.
2. The financial effects "After the Acquisitions" is based on the assumption that both Acquisitions become operative on 30 June 2014.
3. The financial effects "After the Acquisitions" include the following adjustments as a result of the Acquisitions:
   - the Group will acquire the KTH Interest from Tiso for approximately R2.06 billion (£116 million) comprising 93 million New Shares, with an issue price of R16.91 (£0.95) per New Share, and estimated cash of R486 million (£27 million);
   - based on the assumption that Scheme Participants elect to receive the maximum Cash Consideration, the Scheme Consideration is expected to be R2.54 billion (£143 million) which comprises of approximately 90.8 million New Shares issued at an issue price of R16.91 (£0.95) per New Share and total Cash Consideration R500 million (£28 million);
   - raising of third party debt funding of R600 million (£34 million) to settle the cash payable for the KTH Interest, once-off transaction costs, settlement of Blackstar's existing debt and remaining balance to be utilised for the purposes of funding future working capital requirements if required;
   - the payment of the pre-acquisition dividend of 30 cents (2 pence) per TMG Share after the Scheme becomes operative but before it is implemented resulting in Blackstar receiving a dividend on the TMG Shares it already holds;
   - the settlement of once-off related expenses of R45.5 million (£2.6 million) arising as a result of the Tiso Transaction and the Scheme; and
   - the revaluation of Blackstar's current 32.5% interest in TMG to a fair value of R24.50 (£1.38) per TMG Share.

6.2 Other financial effects

One-off transaction costs of approximately R45.5 million (£2.6 million) are expected to be incurred as a result of the Acquisitions which comprise debt raising costs of R9.8 million (£0.6 million), stamp duty of R9.1 million (£0.5 million), and professional fees of R26.6 million (£1.5 million).

6.3 Enlarged Group Debt

The Enlarged Group will obtain acquisition finance to fund the Scheme and the Tiso Transaction ("Acquisition Finance"). The Acquisition Finance comprises:

6.3.1 Bridge Facility

BCIL entered into a bridge facility agreement with RMB and Standard Bank, on or about 16 February 2015, whereby RMB and Standard Bank have jointly agreed to provide a facility of R500 million (£28 million) to Blackstar, specifically to fund the payment of the Cash Consideration under the Scheme ("Bridge Facility"). The Bridge Facility will be drawn down on the operative date of the Scheme, following which, on the same day, TMG will declare a dividend of R500 million (£28 million) to BCIL and this will be used to repay the Bridge Facility.

6.3.2 Term Facilities

Upon settlement of the Bridge Facility, the Enlarged Group will have raised debt finance in an amount of approximately R1.05 billion (£59 million) (R500 million (£28 million) of which, as detailed below will be incurred at TMG level and will not be consolidated within Tiso Blackstar) for purposes of settling the cash portions of the amounts payable pursuant to the Scheme and the Tiso Transaction through a series of term facilities provided by RMB and Standard Bank ("Term Facilities"):

- R550 million (£31 million) will be borrowed by BCIL under a senior secured loan facility which is required to be repaid in full over 36 months after the advance date. This facility will incur interest on outstanding amounts at a rate equivalent to three month JIBAR plus 5% compounded and payable quarterly in arrears;
- R400 million (£23 million) will be borrowed by TMG under a senior secured sculpted amortising loan facility, repayable over a 60-month term. This facility will incur interest on outstanding amounts at a rate equivalent to three month JIBAR plus 3% compounded and payable quarterly in arrears; and
- R100 million (£6 million) to be drawn by TMG under a senior secured loan facility which is required to be repaid in full 60 months after the advance date. This facility will incur interest on outstanding amounts at three-month JIBAR plus 3.4% compounded and payable quarterly in arrears.

The respective amounts of each Term Facility will be advanced once all conditions precedent in the relevant funding agreements have been met, which include, amongst others, the following:

TMG:

- execution of the term facility agreements, inter-creditor agreement and all security documentation to the satisfaction of TMG, RMB and Standard Bank;
- all required regulatory and statutory approvals being obtained, including without limitation any required SARB approvals;
- TMG Shareholder and board resolutions providing the necessary constitutional consents where required;
- no event of default or potential event of default having occurred or being expected to occur; and
- all conditions precedent under the Scheme being fulfilled unconditionally or waived or amended with RMB and Standard Bank's prior written consent.

BCIL:

- execution of the term facility agreements and all security documentation to the satisfaction of BCIL, RMB and Standard Bank;
- the Tiso Transaction becoming unconditional;
- the Scheme becoming unconditional;
- the repayment or cancellation of any facilities currently existing within Blackstar and BCIL (if any);
- all required regulatory and statutory approvals being obtained;
- BCIL shareholder and board resolutions providing the necessary constitutional consents where required;
- no event of default or potential event of default having occurred or being expected to occur; and
- no market disruption having occurred.

6.4 Proportionate shareholdings and holdings of principal Shareholders

The expected shareholdings of the Enlarged Group are provided below, first on the assumption that the minimum number of 183,625,950 New Shares are issued (i.e. the maximum Cash Consideration is paid) resulting in an Enlarged Share Capital of 266,725,021, and secondly on the assumption that the maximum number of 216,554,359 New Shares are issued (i.e. the maximum Share Consideration is paid) resulting in an Enlarged Share Capital of 299,653,430 shares.

Name	Assuming the minimum number of New Shares are issued (i.e. the maximum Cash Consideration is paid)		Assuming the maximum number of New Shares are issued	
	Number of Shares (million)	%	Number of Shares (million)	%
Tiso Investment Holdings Proprietary Limited (RF)	53.8	20.2	53.8	18.0
Tiso Foundation Charitable Trust	39.0	14.6	39.0	13.0
Public Investment Corporation SOC Limited	23.5	8.8	32.1	10.7
Kagiso Asset Management Proprietary Limited (1)	21.3	8.0	34.6	11.5
Coronation Asset Managers Proprietary Limited (1)	19.4	7.3	26.4	8.8
Blackstar Directors and management (2)	17.5	6.6	17.5	5.8
The Mehta Family Trusts (3)	12.5	4.7	17.0	5.7
The Ceejay Trust	10.3	3.9	11.2	3.7
Other – less than 3.0%	69.4	25.9	68.1	22.8
Total	**266.7**	**100.0**	**299.7**	**100.0**

Notes:

(1) Includes shares held by these Shareholders on behalf of their clients.

(2) Includes 8,492,741 shares held by Messr Andrew Bonamour, both directly and indirectly.

(3) Comprising, The HKM Family Trust, The BKM Family Trust, The YKM Family Trust and Meena Harishkumar Mehta Trust, which are all directly or indirectly controlled by the Mehta family.

Upon the successful completion of the Acquisitions and Admission, existing Shareholders will hold approximately 31% of the Enlarged Group's expected issued share capital on the assumption that the minimum number of 183,625,950 New Shares are issued (i.e. the maximum Cash Consideration is paid) and approximately 27% on the assumption that the maximum number of 216,554,359 New Shares are issued (i.e. the maximum Share Consideration is paid).

7. MATTERS ANCILLARY TO THE ACQUISITIONS

7.1 Change of name

Conditional on the passing of Resolution VII, the Company will change its name to "Tiso Blackstar Group SE".

7.2 Change of accounting reference date

Conditional on completion of the Acquisitions, it is the Board's intention to change the accounting reference date of the Enlarged Group to 30 June in order to bring the Company's year end in line with TMG and KTH, which each have a year end of 30 June. The Group intends to publish audited financial information for the 12 months to 31 December 2014 and subsequently audited financial information for the six months to 30 June 2015.

8. MOVE FROM AIM TO THE SPECIALIST FUND MARKET AND FROM ALTX TO THE JSE MAIN BOARD

It is the Board's intention to make an application to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on the SFM, a regulated market of the London Stock Exchange and for the current trading on AIM to be cancelled. In order for the Enlarged Group to be admitted to trading on the SFM, the Company is required to publish a prospectus. The prospectus will be published before the Completion of the Acquisitions, which are expected to occur in the second quarter of 2015.

The Board believes that moving the admission to trading of the Company's Enlarged Share Capital from AIM to the SFM, and from AltX to the JSE Main Board, will increase the liquidity in the Shares which the Board hopes will lead to a reduction in the current discount of the quoted prices of the Shares to the Intrinsic NAV of the Company.

Admission of the Shares to the SFM requires the approval of Shareholders, but is also conditional upon the successful Completion of Resolution I. Accordingly if Resolution I is not passed and the Acquisitions do not complete, the shares will not be admitted to the SFM and the Company will request that the suspension of the Company's Shares from trading on AIM be lifted.

Certain consequences of moving from AIM to the SFM and certain regulatory consequences of trading on the SFM are set out in Part 4 of this Circular.

Shareholders will be notified by way of a Regulatory Information Service in the second quarter of the expected date of when Admission will become effective and that dealings in the Shares will commence on the SFM of the London Stock Exchange and on the JSE Main Board.

9. INFORMATION ON THE ENLARGED GROUP

9.1 Strategy

The Enlarged Group, (which will be known as Tiso Blackstar Group SE) will be a pan African investment company with its main listing and office in London and secondary listing in South Africa. Tiso Blackstar has its roots in Africa, and will bring a solid capital base and an investment and operational focus on growth, return on equity, capital allocation and sustainability. Tiso Blackstar aims to become a long term partner of choice for African business owners looking to expand or exit. Tiso Blackstar will have no limits on investment holding periods.

The core team has a successful long-term investment track record in Africa with strong relationships across the continent, providing know-how and implementation capacity across a range of industries. They have expertise in sourcing investment opportunities and extracting value with proven entrepreneurial ability and aligned underlying management.

The Tiso Blackstar businesses will be positioned at the centre of the high growth African consumer market including media, financial services, industrial and FMCG with market leading positions, high growth potential and strong cash flows. Tiso Blackstar will have investments across Southern Africa, West Africa (Nigeria and Ghana) and East Africa (Kenya, Tanzania, Uganda). Tiso Blackstar will aim to have a capital asset growth of 15% per annum over the next five years, and improve its operating cost to NAV ratio, and capacity for leverage for the benefit of all stakeholders through both organic and acquisitive growth. The Enlarged Group's strategy in the short to medium term will be to focus on the following:

- rationalisation of head office costs of the Enlarged Group, creating overall cost savings;
- cash flow management and reduction of term debt at a Tiso Blackstar level;
- continue to focus on making investments in West Africa (Nigeria and Ghana) and East Africa (Kenya, Tanzania, Uganda) and meeting the objectives set;
- further cost reduction, and growing the Media portfolio, within TMG;
- growth and generation of positive cash flows in the Broadcasting and Content business of TMG;
- improving the return on capital employed at Hirt & Carter, which is part of the Retail Solutions division of TMG and continue their focus on cash flow management; and
- improving the return on capital employed at Consolidated Steel Industries Proprietary Limited and continue to pursue its African growth strategy.

The Board believes that execution of the above strategy will enable the Enlarged Group to deliver its objectives of enhancing returns to Shareholders to levels which exceed those offered by comparable investment holding companies.

9.2 Portfolios

The Enlarged Group will focus on four principal areas, comprising Times Media, Industrial, Property, and KTH

9.2.1 Times Media

Media assets held by TMG are estimated to comprise approximately 31.7% of the total estimated NAV of the Enlarged Group and comprises of newspapers, magazines and digital publishing (Media Division), and Broadcasting and Content. This excludes the current Retail Solutions assets which will be reclassified as part of the Industrial portfolio of Tiso Blackstar after the completion of the Acquisitions.

Media Division

The Media division is a premier newspaper and magazine publisher with some of the most recognised brands in Africa made up of a number of national, regional and community newspapers and magazines in consumer, business and specialist fields.

The Media division's assets deliver a total audience in excess of 14 million readers. It is the largest publisher of English-language daily and weekly newspapers in South Africa. Its flagship title is the country's biggest weekly newspaper, The Sunday Times, but it also has numerous other popular newspaper and magazine publications as well as websites.

The Media division's brands include The Sunday Times, The Times, Sowetan, Sunday World, Daily Dispatch, The Herald, Business Class and SA Home Owner, online titles, TimesLive, SowetanLive, and trade and industry specific publications such as MIMS and SA Mining.

Broadcasting and Content Division

Broadcasting and Content houses TMG's growing interests in television, radio, films and music across the continent.

TMG owns three South African television channels as well as one of South Africa's leading TV production houses. TMG also has a wide range of other television and radio assets across Southern and West Africa.

Times Media Films is a leading independent distributor of filmed entertainment in Africa, representing studios such as Warner Bros, Twentieth-Century Fox and many of the major independent studios. It also plays a key role in supporting and developing South Africa's growing local movie industry.

9.2.2 Industrial

The Industrial portfolio is expected to constitute approximately 32.9% of the total estimated NAV of the Enlarged Group and comprises of the following principal investments:

- Consolidated Steel Industries Proprietary Limited (previously Stalcor Proprietary Limited) which comprises the Global Roofing Solutions ("GRS") business subsequent to the restructure of the steel investments which was finalised in January 2015.

  GRS consists of two leading South African roofing material manufacturing operations, GRS (established in 1964) and GRS HH Robertson (established in 1958), making it one of the largest metal roofing manufacturers in South Africa and the African continent.

  GRS is a dynamic, highly regarded producer, stockist and distributor of stainless steel and aluminium products. GRS service more than 4,000 customers drawn from all economic sectors, in particular the manufacturing, engineering, mining and construction industries.

- A 19.1% interest in Robor Proprietary Limited ("Robor"). Established in 1922, Robor is a manufacturer and supplier of welded steel tube and pipe, cold formed steel profiles and associated value added products. The company also supplies, distributes and adds value to carbon steel coil, plate, sheet and structural profiles.

- Hirt & Carter uses unique state-of-the-art systems and processes to manage the entire print communication process from origination to final distribution, using market innovation, technology and trend monitoring. Hirt & Carter is active at every link in the production chain, adding value at every stage of the process.
- Uniprint is South Africa's largest empowerment printer and a full-service provider in the design, manufacturing and distribution of a wide range of commercial print products and services to corporate customers and institutions that have consumer mass markets or branch networks throughout Africa.

9.2.3 Property

The property portfolio is expected to contribute 2.3% of the total estimated NAV of the Enlarged Group.

The wholly-owned subsidiary, Blackstar Real Estate Proprietary Limited owns eight commercial properties in the office and industrial property sectors. The core property strategy is to acquire properties in strong commercial locations in the industrial and office sectors with an emphasis on blue chip tenants. All of the properties held by the property portfolio are in South Africa with the exception of one property situated in a strong industrial location of Windhoek, Namibia.

9.2.4 KTH

KTH is an investment holding company established in July 2011, following the merger between Kagiso Trust Investments Proprietary Limited and Tiso Group Proprietary Limited.

KTH's investee entities include market leaders in key sectors including, amongst others, media, resources, infrastructure, power and financial services and include a mix of both listed and private investments. KTH maintains a long-term investment horizon and is therefore able to partner with companies throughout their business cycles, without undue pressure to exit in the short or medium term.

KTH's investments include, amongst others:

- Kagiso Media Proprietary Limited ("KML") – 100% shareholding

  KML is a wholly owned subsidiary of KTH. KML has interests in substantial media assets in the following segments:

  Broadcasting: KML is a successful operator of highly productive radio assets such as wholly owned East Coast Radio which is based in KwaZulu-Natal and Jacaranda FM (80% holding), which broadcasts into Gauteng, Limpopo, North West and Mpumalanga. KML has also maintained strategic investment stakes in OFM (Free State) (24.9%), Heart 104.9 (Western Cape) (20%) and Gagasi 99.5 (KwaZulu-Natal) (20%) and an economic interest in Kaya FM (Gauteng) (47.4%). These radio assets are complemented by the group's national radio sales house MediaMark (50%), which is jointly controlled in partnership with Lagardère Radio International ("LARI").

  Information and Other: Knowledge Factory (70% shareholding), a property and geospatial data company, provides clients with information about their target markets through a number of data sources. KML owns 100% of Juta and Company which is one of the largest local publishers of quality student textbooks in the fields of commerce, accounting, communications, social science, health, education and law. Tivvit Solutions Proprietary Limited, which is 60% owned by KML, specialises in the information technology sector and creating Business to Consumer ("B2C") software solutions for the real-estate industry. In addition KML acquired a 90% stake in Kaufman Levin Associates ("KLA") in September 2012. KLA is a leading market research and insights agency that specialises in bespoke information solutions aligned with strategic business and brand needs.

  New Media: The New Media segment is spearheading KML's presence beyond its traditional radio base. New Media was conceptualised as a strategic intervention to develop KML's capabilities to operate in the "new media" and internet space. Kagiso MSN division (100%) was established in a partnership with Microsoft ("MSN") in 2010 to manage and localise the www.howzit.msn.com portal in South Africa. Under the terms of the agreement, KML also became the sole sales partner for all Microsoft's Windows Live properties – including Hotmail and Windows Live Messenger in South Africa and sub-Saharan Africa, thus increasing KML's market share of the region's online market.

Content: KML holds 50.1% of the shares in Urban Brew Studios, one of the largest independent television studios in Africa, producing television content for all South African broadcasters. Its business model comprises a studio facility offering, distribution platforms through a number of television channels, and the creation of various popular South African television programmes. For over 25 years, Urban Brew has been one of the most prolific audio visual content producers on the African continent, producing a substantial portion of the South African Broadcasting Corporation (SABC) prime time programmes, including Khumbul' ekhaya, Live and YoTV.

It also runs several channels for the MultiChoice/M-Net Group: community channels, Soweto TV and 1KZN, One Gospel and Dumisa on DSTV, and Lokshin Soapie, Zabalaza on Mzansi Magic, Inkaba.

- Exxaro Resources Limited ("Exxaro") – 4.2% shareholding

  KTH holds a 9.71% interest in Black Economic Empowerment holding company, which in turn holds a 52.05% interest in Exxaro. Exxaro is a South African-based mining group, listed on the JSE. Exxaro has a diverse and world-class commodity portfolio in coal, mineral sands, base metals and industrial minerals, with exposure to iron ore through a 20% interest in Sishen Iron Ore Company ("SIOC"). As the second-largest South African coal producer with capacity of 45 million tonnes per annum and the third-largest global producer of mineral sands, Exxaro is a significant participant in the coal and mineral sands markets and provides a unique listed investment opportunity into these commodities. As one of South Africa's largest, diversified mining companies, Exxaro is well positioned to grow domestically, and its existing operational interests in Namibia, Australia and China and strong project pipeline provide a base for growth in international markets. Exxaro operates in four areas, which are coal, sands, base metals and industrial minerals as well as iron ore.

- Idwala Industrial Holdings Proprietary Limited ("Idwala") – 30.5% shareholding

  Idwala is a company focused on mining, processing, distribution and sales of lime and industrial minerals, having been established in 1998 as a result of a management buy-out of the lime and industrial mineral assets held by Anglo-Alpha Cement Limited (currently Holcim (South Africa) Proprietary Limited). Idwala exploits a scarce and unique white calcitic and dolomitic limestone deposit in the Port Shepstone area of KwaZulu-Natal. This operation entails the quarrying, crushing, further milling, screening and upgrading of the limestone through flotation and fine milling/micronising. Idwala process silica and pyrophyllite mainly for the paper, paint, plastics, ceramics, glass and adhesive markets. A new specialty product recently introduced to this operation is Silkidwala, which is a calcined pyrophyllite. It is used in the paper and paint industries as a local replacement for imported calcined clay. The magnetite is upgraded through a process of magnetic separation, drying, milling and classification into different grades of fineness. It is sold mainly as heavy separation media to the coal industry.

- Actom Proprietary Limited ("Actom") – 18.6% shareholding

  Actom is the largest manufacturer, repairer and distributor of electro-mechanical equipment and turnkey solutions in Southern Africa, employing about 7,500 people with an annual order intake in excess of R7.5 billion (£423 million). It is a black empowered company with 42 operating units, 43 production, service and repair facilities, and 36 distribution outlets throughout Southern Africa. Actom holds numerous technology, distribution and value added reseller agreements with various partners, both locally and internationally.

- MMI Holdings Limited ("MMI") – 7.1% shareholding

  MMI is a South African based financial services group listed on the JSE. MMI was formed from the merger of Metropolitan and Momentum. With market capitalisation of R26.7 billion (£1.5 billion) and an embedded value of some R31.1 billion (£1.8 billion), MMI was already the third largest life insurer in South Africa when it listed on the JSE on 1 December 2010.

The core businesses of MMI are long and short-term insurance, asset management, savings, investment, healthcare administration and employee benefits. Product solutions are provided to all market segments. MMI operates in 12 countries outside of South Africa, providing employee benefits, healthcare funding and administration, as well as long-term insurance solutions.

The above investments account for about 71% of KTH's net equity value. The rest of the portfolio comprises minority interests in a broad range of investments as summarised below:

- AECI Limited;
- Kagiso Asset Management Proprietary Limited;
- Fidelity Bank Limited (Ghana);
- Adcock Ingram Limited;
- Sea Harvest Corporation Proprietary Limited;
- Eris Property Group Proprietary Limited;
- Emira Property Fund;
- Mototolo joint venture;
- Aveng Limited;
- Macsteel Services Centre SA Proprietary Limited;
- Aurora Wind Power Proprietary Limited;
- Moyeng Energy Proprietary Limited; and
- Imvelo Consortium.

KTH's investment policy can be summarised as follows:

- KTH focuses in companies in specific sectors with strong, involved management teams. These companies are generally high growth or cash generative and meet KTH's investment criteria of, amongst other matters, generating market related returns for KTH. KTH maintains a long-term horizon and can therefore partner with companies throughout cycles without any pressure to exit.
- KTH sees the African continent as its primary market and will seek to manage a portfolio spanning across various sectors on the continent.
- KTH adheres to the strictest code of ethical and professional conduct as an organisation and through its participation in various corporate governance structures of its investee companies seeks to ensure that the highest standards of corporate governance are adhered to.

9.3 Key strengths

The Directors believe that the Enlarged Group's key strengths will be:

- pan African investment holding company providing global investors a gateway to Africa's growth story;
- successful long-term investment track record in Africa;
- strong relationships across the African continent, providing know-how and implementation capacity;
- credentials for sourcing investment opportunities and extracting value;
- proven entrepreneurial ability, aligned management and no limits on investment holding periods;
- Tiso Blackstar incorporates businesses with market leading positions, high growth potential and strong cash flows at the centre of the high growth African consumer market; and
- long-term partner of choice for African business owners looking to expand or exit.

10. ENLARGED GROUP BOARD AND CORPORATE GOVERNANCE

10.1 Board of Directors, Proposed Directors and Management

Following completion of the Proposals including the move to the SFM, the Enlarged Group Board will be strengthened with the appointment to the Board of Directors of Tiso Blackstar of David Adomakoh and Nkululeko Sowazi, and will comprise of:

David Adomakoh	Proposed Non-executive Group Chairman
John Mills	Independent Non-executive Group Deputy Chairman*
Nkululeko Sowazi	Proposed Non-executive Director
Andrew Bonamour	Non-executive Director
Marcel Ernzer	Independent Non-executive Director
Richard Wight	Independent Non-executive Director

*Currently independent Non-executive Chairman of Blackstar

Following Completion, the Enlarged Group will be advised by its wholly-owned subsidiary Blackstar SA, whose management team comprises of:

Nkululeko Sowazi	Proposed Chairman, Blackstar SA
David Adomakoh	Proposed Director, Blackstar SA
Andrew Bonamour	Chief Executive Officer, Blackstar SA
Thomas Bemelman	Director (Investment Advisory), Blackstar SA
William Marshall-Smith	Director (Investment Advisory), Blackstar SA
Sheenagh Grota	Director (Finance), Blackstar SA
Safeera Mayet	Director (Legal), Blackstar SA

10.2 Tiso Blackstar Director Biographies

Profiles of the existing and Proposed Tiso Blackstar Directors are set out below:

David Adomakoh, aged 49, Proposed Non-executive Group Chairman

David is the Chairman of TIH, a co-founder of Tiso Group and served as its Group Managing Director. He is a former Director of Chase Manhattan Limited, London; Head of the Chase Manhattan Bank, Southern Africa; Executive Director of Robert Fleming Holdings South Africa Limited; and Head of Africa Corporate Finance at JPMorgan Chase Bank, N.A. Johannesburg branch. He currently serves as a non-executive director of KTH, and Chairman of its Investment and Valuation Committee. David serves as a non-executive director of Nedbank Group Limited and Vanguard Group Limited (Ghana). His experience spans 25 years in executive management and investment banking, and includes principal investing, corporate and project finance advisory work, debt capital raising, and financial derivatives in a number of countries, predominantly in Africa and Europe. He has also served on the boards of a number of South African, Nigerian and Ghanaian companies. He is a founder trustee of The Tiso Foundation, and a World Fellow of the Duke of Edinburgh's International Award.

David holds a BSc (Econs) Hons (London School of Economics) and Diplôme de Langue et de Civilisation (La Sorbonne, Université de Paris).

John Mills, aged 45, Independent Non-executive Group Deputy Chairman

John Mills, a qualified solicitor, is currently a director of Maitland Luxembourg SA and for more than 15 years has been a principal in the Maitland Group. He acts as a director for a number of private and public companies and investment funds, both regulated and unregulated. He has had extensive experience in advising clients in the structuring and exiting of private equity investments, through a variety of international investment vehicles.

Nkululeko Sowazi, aged 51, Proposed Non-executive Director

Nkululeko is the Chairman of KTH, a leading South African Investment holding company with significant interests in the media, financial services and resources sectors. KTH was formed in July 2011 following the merger of two leading black owned investment firms, KTI and Tiso Group with combined gross assets of R15 billion (£846 million). Nkululeko was the Executive Chairman and co-founder of Tiso Group which was formed in 2001 and grew to a multi-billion

Rand investment company by the time the merger was concluded. He is currently a non-executive director of the JSE listed companies Grindrod Limited and Litha Healthcare Group Limited. He serves as a non-executive director of Actom Holdings Proprietary Limited and Idwala Industrial Holdings Proprietary Limited. Nkululeko also serves on a number of not for profit organizations. He is a founder trustee of Tiso Foundation, Chairman of the Homeloan Guarantee Company and Housing for HIV Foundation based in Washington D.C.

He serves on the board of governors of Michaelhouse College and is a World Fellow of the Duke of Edinburgh's International award.

He holds a BA degree in economics and a MA from the University of California, Los Angeles (UCLA).

Andrew Bonamour, aged 43, Non-executive Director

Andrew is the founder of Blackstar and the chief executive officer ("CEO") of Blackstar SA and TMG. Andrew previously worked at Brait SA Limited ("Brait") where he held positions in investment banking, principal investment divisions and corporate finance. At Brait, Andrew originated and played a lead role in a variety of transactions ranging from leveraged buyouts, mergers and acquisitions, capital replacements and restructurings. Andrew has an in depth knowledge of, and experience in, corporate finance, private equity and investment banking. Andrew holds a Bachelor of Commerce. Andrew is also a director of several listed and unlisted companies.

Marcel Ernzer, aged 59, Independent Non-executive Director

Marcel Ernzer is an independent consultant within the financial sector. He was an auditor and later a consultant with Price Waterhouse Luxembourg from 1982 to 1986. From 1987 to 1996, he was responsible for setting-up and managing Unico Financial Services, a PSF in Luxembourg, owned by Credit Agricole, DZ Bank, Rabobank, RZB Austria, Cera Bank (later KBC) and Okobank. He is currently a director of Insinger de Beaufort Holdings S.A., Camera di Commercio Italo-Lussemburghese, Pro Fonds (Lux) Sicav and certain family owned commercial companies including Tetrabat, Taxirent and FAS. Over the previous years he was a director of several financial services companies including Corporate Management Services owned by Commercial Union, EEK Invest owned by Evangelische Kreditgenossenschaft, Piac owned by RZB Austria, UKB owned by Kokusai Securities and Witherthur Financial Services owned by Winterthur. He was also a director of several investment funds and was serving on the board of ALFI, the Association of the Luxembourg Fund Industry until 1998.

Richard Wight, aged 56, Independent Non-executive Director

Richard Wight has over 30 years experience in financial services. He started his career trading fixed income for Kidder Peabody, Bank of America and SG Warburg, before running capital protected funds for Credit Suisse Private Bank and traded futures and equities for a privately held hedge fund. He resides in Malta, holds both American and Maltese citizenship and acts as the local non-executive director and investment committee member for several Malta-based financial entities. He is a graduate of Cornell University.

Directors will be paid a fixed non-executive directors fee payable quarterly and will be determined taking into consideration the existing non-executive directors' fees and market related fees paid by similar companies.

10.3 Management biographies

Tiso Blackstar's wholly owned-subsidiary Blackstar SA will provide investment advisory services to the Company. Profiles of the Blackstar SA directors and proposed directors are set out below:

Nkululeko Sowazi, aged 51, Proposed Chairman, Blackstar SA

Please refer to 10.2 for further details.

David Adomakoh, aged 49, Proposed Director, Blackstar SA

Please refer to 10.2 for further details.

Andrew Bonamour, aged 43, Chief Executive Officer, Blackstar SA

Please refer to 10.2 for further details.

William Marshall-Smith, aged 36, Director (Investment Advisory), Blackstar SA

William joined Blackstar in 2005 and has over 12 years experience in corporate finance, public and private investing in Africa. William is a director of Blackstar SA and is the financial director of TMG. He serves on the boards of a number of private and publicly quoted companies and is a chartered accountant.

Thomas Bemelman, aged 31, Director (Investment Advisory), Blackstar SA

Thomas joined Blackstar in June 2006 and has over eight years experience in corporate finance, and public and private investing in Africa. Thomas is a director of Blackstar SA and is responsible for managing the financial valuations, modelling and the quantitative side of the business as well as assisting with the investment advisory function and the concluding of investment transactions. Thomas holds a Bachelor of Commerce with Honours in Investment Management from the University of Johannesburg.

Sheenagh Grota, aged 35, Director (Finance), Blackstar SA

Sheenagh is a chartered accountant and is responsible for the financial management of Blackstar and its subsidiaries, including group financial reporting, the Group's corporate governance, and listing and tax compliance. She has been with Blackstar for the past six years.

Safeera Mayet, aged 35, Director (Legal), Blackstar SA

Safeera completed her articles of clerkship with Tugendhaft Wapnick Banchetti & Partners ("TWB") in Johannesburg and was admitted as an Attorney in 2005. Safeera joined Tiso Group in 2009 as the Head of Legal and Governance and continued on with the merged KTH until 2014 as the Head of Legal. She joined Blackstar SA in February 2015. Safeera holds a BCom and LLB degree from the University of the Witwatersrand and is an admitted attorney in the High Court of South Africa. She also holds an MBA degree from the Gordon Institute of Business Science.

10.4 Corporate Governance

The Company is classified, and following the Acquisitions will continue to be classified, as a "smaller" company for the purposes of the Corporate Governance Code. The Company supports high standards of corporate governance and complies, and intends to comply with, the Corporate Governance Code, to the extent appropriate and as it applies to smaller companies. Accordingly, the Company has taken the opportunity represented by the Acquisitions, its admission to the SFM and JSE Main Board and the proposed Board changes set out above to review its corporate governance more widely.

On Admission, the Enlarged Group Board will comply with the Corporate Governance Code's recommendations in relation to boards of smaller companies below the FTSE 350, by including at least two non-executive directors who are regarded as being independent in character and judgment and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

In light of the admission to the SFM and increased size of the Group, the directors will review the corporate governance arrangements for the Enlarged Group prior to Admission.

11. CURRENT TRADING AND OUTLOOK OF THE ENLARGED GROUP

The Blackstar balance sheet remains strong with a diversified investment portfolio, and the Blackstar Group has continued to generate revenue and satisfactory results. The cost base has been considerably reduced in both the South African and Maltese operations and any additional cash generated from investments will continue to be utilised to repay any outstanding debt. Blackstar remains focused on increasing its income streams and facilitating the growth of its balance sheet.

TMG's operating environment has been difficult in the past, but there has been extensive restructuring and repositioning, and the results of this extensive work are starting to come through and will start benefiting the Enlarged Group over the next two years. TMG has been working hard on making its investments in Africa meet its expectations. Several new initiatives have been launched which are believed to benefit TMG in terms of long-term growth and sustainability. In addition, the hard work done on changing the philosophy and culture of TMG to be more entrepreneurial has had a positive overall effect on the TMG group.

KTH is in the process of streamlining their portfolio in order to focus on the core, large investments. KTH remains focused on investing in companies in specific sectors with strong, involved management teams. The KTH investment portfolio has an aggregate net asset value approaching R10 billion (£564 million) comprising quality blue chip companies principally in South Africa, and increasingly, other parts of the continent. KTH sees the African continent as its primary market and will seek to manage a portfolio spanning across various sectors on the continent.

The Enlarged Group shall be a dual listed, Africa-focused, diversified investment company with scale, and shall be positioned to potentially further develop a strategic and mutually beneficial relationship with KTH through co-investment and other business development opportunities and shall pursue a growth strategy supported by solid, cash producing assets.

12. DIVIDEND POLICY

The Enlarged Group Board recognises that regular dividends are an important part of shareholder wealth creation. Following the completion of the Acquisitions, whilst the board will seek to pay dividends when the circumstances permit, the Enlarged Group's focus in the short to medium term will be on reducing the amount of the Enlarged Group's debt to lower levels. For so long as the acquisition financing remains in place, prior to a declaration of a dividend, written consent is required from providers of the Acquisition Finance, namely RMB and Standard Bank.

13. EXTRAORDINARY GENERAL MEETING AND SUMMARY OF RESOLUTIONS TO BE PROPOSED

The Proposals are subject to, amongst other matters, Shareholders' approval. Notice of Extraordinary General Meeting of the Company to be held at the offices of the Company at 3rd Floor Avantech Building, St Julian's Road, San Gwann, SGN 2805, Malta at 10:00 am (CET) on Monday, 23 March 2015 is set out at the end of this Circular, at which the Resolutions will be proposed.

A summary of the Resolutions are set out below and the full text of the Resolutions are set out in the Notice of Extraordinary General Meeting at the end of this Circular.

Shareholders should note that if the Resolutions are not passed, the Proposals will not proceed, the Acquisitions will not be completed and Admission will not occur. In these circumstances, the Company would request that the suspension of trading of its shares on AIM be lifted.

Resolution I: approval of the Acquisitions

Resolution I is an ordinary resolution to approve the terms of, and authorise the Directors to implement, the Acquisitions.

Resolution II: ancillary approvals and authorities required for the Acquisitions

Resolution II, an extraordinary resolution, is a resolution to provide for ancillary authorities necessary to implement the Proposals and is conditional on the approval by Shareholders of the Acquisitions.

The resolution proposes to increase the authorised share capital of the Company in order to provide it with sufficient authority to issue Blackstar Shares in connection with the Acquisitions and to provide an appropriate amount of headroom for the Enlarged Group following the completion of the Acquisitions.

Resolution III: an ordinary resolution, to authorise Directors to issue shares

Paragraph (A) is to authorise the Directors, for the purposes of section 85 of the Companies Act, to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company of up to a maximum aggregate nominal amount of €164,581,313 in connection with the Acquisitions. This is the maximum possible nominal amount of New Shares that the Company could be required to issue and allot to the KTH Sellers and TMG Shareholders pursuant to the Acquisitions, and amounts to 216,554,359 Shares.

Paragraph (B) is to provide the Company with general authorities, calculated by reference to the estimated Enlarged Share Capital, typically given to companies on the Specialist Fund Market. Paragraph (B) is to authorise the Directors, subject to and conditional on Admission, for the purposes of section 85 of the Act, to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company of a maximum aggregate nominal amount (in addition to the authority granted in paragraph (A of this Resolution III) of €75,912,202 (representing one third of the estimated Enlarged Share Capital on the assumption that the maximum Share Consideration is paid for TMG Scheme Shares resulting in an Enlarged Share Capital of 299,653,430 Ordinary Shares). This power will expire on the earlier of 31 December 2015 and the conclusion of the Annual General Meeting of the Company to be held in 2015 and is in substitution for the similar authority granted at the Company's 2014 Annual General Meeting.

Resolution IV: waiver of Pre-Emption Rights

Resolution IV is an extraordinary resolution which is subject to and conditional on Admission, and is in substitution for the authority granted at the Company's 2014 Annual General Meeting, to dis-apply statutory pre-emption rights up to a maximum aggregate nominal amount of €11,386,830 (representing 5% of the estimated Enlarged Share Capital on the assumption that the maximum Share Consideration is paid for TMG Scheme Shares resulting in an Enlarged Share Capital of 299,653,430 Ordinary Shares).

This power will expire on the earlier of 31 December 2015 and the conclusion of the Annual General Meeting of the Company to be held in 2015 and is in substitution for the similar authority granted at the Company's 2014 Annual General Meeting.

The Directors have no present intention of exercising this authority but consider it desirable that they should have the flexibility to act in the best interests of Shareholders when opportunities arise.

Resolution V: renewing general authorities to buy-back shares

Resolution V is an extraordinary resolution which is conditional on Admission, and which authorises the Company to purchase its own Shares. This authority will replace any current general authority to reflect the increased issued share capital of the Company following Admission so as to enable the Company to respond promptly should circumstances arise such that the market purchase of its own shares would be in the best interests of the Company and its shareholders.

The proposed authority would enable the Company to purchase up to approximately 10% of the estimated Enlarged Share Capital of the Company, which is a maximum of 29,965,343 Shares, on the assumption that the maximum Share Consideration is paid for TMG Scheme Shares resulting in an Enlarged Share Capital of 299,653,430 Ordinary Shares, with a stated upper limit on the price payable of not more than 105% of the average middle market quotation for the ordinary shares of the Company for the five Business Days immediately preceding the day on which the share is contracted to be purchased.

Resolution VI: approval of revised management incentive scheme

Resolution VI is an ordinary resolution which is conditional on completion of the Acquisitions and which approves certain amendments to the management incentive scheme in light of the Acquisitions. Details of the changes to the management incentive scheme are set out in Part 5 of this Circular.

Resolution VII: approval of change in Company's name

Resolution VII is an extraordinary resolution to approve the change in the Company's name to "Tiso Blackstar Group SE" upon completion of the Acquisitions.

Resolution VIII: migration of the Company's listing

Resolution VIII is an ordinary resolution to approve the migration of the Company's listing from: (a) the AIM Market, operated by the London Stock Exchange, to the SFM (where it will continue to be primarily listed); and (b) the Company's secondary listing on the AltX to the JSE Main Board subject to and upon completion of the Acquisitions.

Resolutions IX and X: appointment of new directors

Resolutions IX and X are ordinary resolutions proposed as separate resolutions. The resolutions concern the appointment, conditional on completion of the Acquisitions, of Mr Nkululeko Sowazi and Mr David Adomakoh to the Board of Directors of the Company.

14. FURTHER INFORMATION

Your attention is drawn to the further information contained in Parts 3, 4, 6 and 7 of this Circular before deciding what action to take in respect of the Extraordinary General Meeting.

You are advised to read this whole document including the risk factors set out in Part 2 and not to rely solely on the information contained within this letter.

15. STRATEGY OF THE GROUP IF THE PROPOSALS ARE NOT COMPLETED

If the Resolutions are not passed at the Extraordinary General Meeting and the Acquisitions are not completed, or if for any other reasons the Proposals are not completed, then the Group will continue with its current strategy as per the Company's stated investment policy and request that the suspension of trading of its shares on AIM be lifted.

16. ACTION TO BE TAKEN

Shareholders will find enclosed with this Circular a Form of Proxy for use at the Extraordinary General Meeting. Whether or not Shareholders intend to be present at the meeting, Shareholders are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon. To be valid the Form of Proxy must be completed and signed, and the signed Form of Proxy must either reach the Company's registered office at 3rd Floor, Avantech Building, St. Julian's Road, San Gwann, SGN 2805, Malta or be emailed to info@blackstar.eu in either case by no later than Thursday, 19 March 2015 at 10:00 am (CET). In order to assist shareholders:

- certificated shareholders and own-name registered dematerialised shareholders who trade their shares on AltX of the JSE, and are registered on the South African part of the register of members, are strongly urged to send their signed Form of Proxy to South African Transfer Secretaries, Link Market Services South Africa Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than Thursday, 19 March 2015 at 10:00 am (SAST); and
- certificated shareholders who trade their shares on AIM, and are registered on the AIM part of the register of members, are strongly urged to send their signed Form of Proxy to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to be received by no later than Thursday, 19 March 2015 at 09:00 am (GMT),

so as to enable the Form of Proxy to be forwarded on your behalf to the Company no later than Thursday, 19 March 2015.

Dematerialised shareholders registered on the South African sub-register, other than own-name registered dematerialised shareholders, who wish to attend the Extraordinary General Meeting in person, will need to request their Central Securities Depository Participant ("CSDP") or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such shareholders and the CSDP or broker. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the Extraordinary General Meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein by no later than Wednesday, 18 March 2015 at 10:00 am (SAST). The CSDP or broker must provide all voting instructions to the transfer secretaries by no later than Thursday, 19 March 2015 at 10:00 am (SAST).

Holders of Depository Interests representing shares in the Company can instruct Capita IRG Trustees Limited, the Depository using the Form of Direction, or amend an instruction to a previously submitted direction, via the CREST system. The CREST message must be received by the issuer's agent RA10 by 09:00 am (GMT) on Wednesday, 18 March 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with instructing Capita IRG Trustees Limited via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a direction appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertified Securities Regulations 2001. In any case your Form of Direction must be received by the Company's Registrars no later than 09:00 am (GMT) on Wednesday, 18 March 2015 or 72 hours before the time appointed for holding any adjourned meeting.

Completion and return of the Form of Proxy will not prevent Shareholders from attending and voting at the meeting should they so wish.

The completion and return of a Form of Direction will not preclude you from attending the meeting and voting in person should you subsequently wish to do so providing a Letter of Corporate Representation has been requested from the Depository.

17. RECOMMENDATION

The Board considers that the Proposals and the Resolutions to be proposed at the Extraordinary General Meeting are in the best interests of the Company and Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions as they intend to do or procure in respect of their own beneficial holdings of Shares which in aggregate amount to 9,256,132 Existing Shares representing approximately 11.4% of the existing issued ordinary share capital of the Company.

Shareholders should note that notwithstanding the passing of the Resolutions, there can be no guarantee that the Acquisitions, and therefore Admission, will take place.

Yours faithfully,

John Mills
Non-executive Chairman

PART 2 – RISK FACTORS

1. THE ACQUISITIONS ARE SUBJECT TO A NUMBER OF CONDITIONS WHICH MAY NOT BE SATISFIED OR WAIVED

The implementation of the Scheme is subject to the satisfaction (or waiver, where applicable) of a number of conditions, including:

- approval of the Scheme and related resolutions by the requisite majority of Scheme Participants at the Extraordinary General Meeting; and
- approval of the Scheme by Blackstar Shareholders pursuant to applicable laws and regulations.

The implementation of the Tiso Transaction is subject to the satisfaction (or waiver, where applicable) of a number of conditions, including:

- the Scheme becoming effective;
- the procurement by Blackstar of the Acquisition Finance;
- all necessary regulatory approvals and clearances by the JSE and the SARB; and
- approval by the shareholders of Blackstar and TIH as well as the trustees of the Tiso Foundation of all resolutions required for the implementation of the Tiso Transaction.

There is no guarantee that these (or other) conditions will be satisfied (or waived, if applicable), in which case the Acquisitions will not proceed to Completion but the Company will remain liable to pay estimated one-off transaction costs of approximately R21.9 million (£1.2 million) in respect of the Acquisitions. The conditions to the Acquisitions are set out in more detail in Part 1 of this document.

2. SYNERGY BENEFITS AS A RESULT OF THE SCHEME MAY FAIL TO MATERIALISE OR BE MATERIALLY LOWER THAN HAVE BEEN ESTIMATED

The Board believes the Scheme will achieve significant operational cost savings for the Enlarged Group. However, there is a risk that the projected synergy benefits will fail to materialise, or that they may be materially lower than have been estimated, which may have a significant impact on the profitability of the Enlarged Group in the future.

3. THE COMPANY HAS NO CONTROL OVER THE INVESTMENTS MADE BY KTH

Completion of the Tiso Transaction will result in a significant investment in another fund. While the Directors will review KTH's compliance with its investment objective and investment policy, and the Company will have a degree of influence due to its position as a substantial shareholder, the Company will not have control over the specific investments and has no right to require the disposal of specific investments by KTH.

Instead, the Company will rely on the skills and capabilities of the management of KTH in selecting, evaluating, structuring, negotiating, executing, monitoring and exiting trading positions and investments and in appropriately managing any uninvested capital of KTH.

4. COMPLETION OF THE ACQUISITIONS WILL RESULT IN A SIGNIFICANT INVESTMENT BY THE COMPANY IN TWO INVESTMENTS

Upon successful Completion of the Acquisitions, the Company's investments in TMG and KTH will represent 88.1% of the Company's portfolio which is a significant proportion. Until such time as the Company acquires further assets and diversifies its portfolio, there is an inherent risk to the Company in having such a concentration.

PART 3 – ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors, whose names appear on page 18 above, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. INFORMATION ON THE COMPANY

The Company was incorporated in England and Wales on 20 June 1989 with registered number 02396996. It changed its name to Blackstar Investors Plc on 26 January 2006. On 27 June 2011 it converted into a Societas Europaea called Blackstar Group SE (with registered number SE000030) and it transferred its registered office from the UK to Malta on 21 May 2012 and was registered in Malta (with number SE4) on 27 June 2011.

Blackstar is presently dual listed with a primary listing on AIM and a secondary listing on AltX of the JSE in South Africa.

The Company is currently an investment company, whose objective is to gain exposure to the growth on the African continent largely through companies in South Africa with the underlying themes of strategic market position and strong cash flow. More information about the Company can be found on its website www.blackstar.eu.

3. THE NEW SHARES

The New Shares to be issued pursuant to the Acquisitions will be credited as fully paid and rank *pari passu* in all respects with the Existing Shares.

It is expected that the Existing and New Shares will be admitted to trading on the Specialist Fund Market of the London Stock Exchange and application will be made to admit trading to the JSE Main Board which will be subject to the JSE's approval. The New Shares will be issued in registered form and will be capable of being held in certificated or uncertificated form. Pending the issue of definitive certificates in respect of the New Shares, transfers will be certified against the register. Whereas the implementation of the Acquisitions will result in a reverse-takeover of Blackstar for purposes of the JSE Listings Requirements, Blackstar will need to satisfy the JSE that it continues to meet the listing criteria of the JSE post implementation. In this regard, a prospectus will be published by Blackstar before the Completion of the Acquisitions, which is expected to occur in the second quarter of 2015.

PART 4 – CERTAIN REGULATORY CONSEQUENCES OF MOVING FROM AIM TO THE SFM

1. CONSEQUENCES OF ADMISSION TO THE SFM

The table below lists some of the key similarities and differences between the SFM and AIM:

	SFM	AIM
Compliance with the London Stock Exchange's Admission and Disclosure Standards	Yes	No
Requirement for a sponsor	No	No
Requirement for a Nominated Adviser	No	Yes
Shareholder consent required for a material change in/departure from investment policy	No	Yes
Prior shareholder approval and/or notice required for certain significant and/or related party transactions	No	Yes
Provision of annual report and accounts, including additional statements concerning the investment portfolio	Yes	Yes
Provision of an interim management statement	Yes	No
Provision of a half-yearly report	Yes	Yes
IFRS for financial reporting (or equivalent standard for non-EEA issuers)	Yes	Yes
Inside information: publication to the market as soon as possible as set out in the Disclosure and Transparency Rules	Yes	In part
Drawing up and maintaining an insider list	Yes	No
Publication of an "Annual Information Update" containing or referring to all information which the company has made public over the previous 12 months	Yes	No
Applicability of Transparency Directive notifications of the acquisition or disposal of major shareholdings	Yes	Yes
Transactions by persons discharging managerial responsibilities disclosure	Yes	Yes
Pre-emption rights	Yes	Yes
Prospectus/document for further issues (>10% shares of same class admitted to trading)	Yes	Yes
Content requirements for circulars sent to shareholders	No	In part
Restrictions on a company's purchase of its own securities (e.g. tender offers)	No	Yes

2. CERTAIN REGULATORY CONSEQUENCES OF CANCELLATION OF TRADING ON AIM

On Admission, the Company will no longer be required to comply with the provisions of, amongst other things, the following provisions of the AIM Rules for Companies of the London Stock Exchange ("AIM Rules"):

- Rule 1 of the AIM Rules under which a company admitted to trading on AIM is required to appoint and retain a nominated adviser ("Nomad") at all times. The Nomad is responsible to the London Stock Exchange for assessing the appropriateness of a company for AIM and for advising and guiding an AIM company on its responsibilities under the AIM Rules.
- Rule 12 of the AIM Rules under which an AIM company must notify RIS without delay as soon as the terms of a substantial transaction is agreed. A substantial transaction is one that exceeds 10% in any of the specified class tests.
- Rule 13 of the AIM Rules under which an AIM company must also notify an RIS without delay of a transaction with a related party that exceeds 5% in any of the specified class tests.
- Rules 14 and 15 of the AIM Rules under which an AIM company has to obtain shareholder approval before it: (i) enters into a transaction that amounts to a reverse takeover (a reverse takeover is an acquisition (or series of acquisitions in a 12 month period) that exceeds 100% in any of the class tests or results in a fundamental change of business, board or voting control); or (ii) makes any disposal which, when aggregated with any disposals in the previous 12 months, exceeds 75% in any of the class tests.

It should be noted that the Company will no longer be required to comply with the AIM Rules and the London Stock Exchange will no longer have the authority to impose sanctions in respect of any breach of such requirements by the Company notwithstanding the Company's voluntary compliance with any of the AIM Rules with which the Company has indicated above that it intends to comply on a voluntary basis, nor to impose sanctions in respect of any breach of such requirements by the Company.

Following the move by Blackstar to the SFM, the SFM will be considered by the JSE to be the primary exchange and therefore the London Stock Exchange will be the primary regulator of Blackstar. Accordingly, additional regulations with which Blackstar will be required to comply with will be limited. There is no material increase in the regulatory environment envisaged as a result of the Acquisitions, in so far as the JSE is concerned.

PART 5 – SUMMARY OF PROPOSED AMENDMENTS TO MANAGEMENT INCENTIVE SCHEME

The Directors continue to believe that the success of the Enlarged Group will be dependent upon the retention and incentivisation of its management and employees. The Company is constantly in competition with other companies and funds who vie for the talent it has.

Therefore, the Directors believe that it is imperative that the Enlarged Group's share incentive scheme is an attractive proposition while incentivising and aligning management's interests with those of the sustained growth of the Enlarged Group's NAV per New Share over the medium to long term.

The Company's current share incentive scheme is structured so that it is non-dilutive for Shareholders. Participants in the scheme accrue shares based on a portion of the NAV growth per Share that has been created. In order to retain talent over the long term, participants receive the value of their share incentives incrementally, over a defined period of time.

At present, the NAV per Share at the end of each incentive period is compared to the NAV per Share at the beginning of such period and 15% of the increase in the NAV per Share is multiplied by the NAV at the beginning of the period and allocated to the incentive pool twice a year. The value in the incentive pool is paid out part in cash and part in Shares approximately within two months after the end of each incentive period.

In order to further align the scheme participant's incentives with the performance expectations of the Enlarged Group's Shareholders, it is proposed that the current scheme will be amended as follows:

(a) the percentage of the increase which determines the incentive pool be reduced from 15% to 10% which the Board believes is a more appropriate percentage in light of the increased size of the Enlarged Group;

(b) the size of the incentive pool is to be determined annually instead of twice a year; and

(c) the incentive pool will be distributed solely in Shares.

Benefits to Shareholders

The principal benefits of the proposed revised scheme to Shareholders include:

- Shareholder's value is not diluted as the Scheme only pays out when value is created (as with the current management incentive scheme rules);
- 100% of the incentive is settled in Blackstar Shares which are locked up for three years aligning management to focus on growing the NAV per Share. This also limits the cash reduction of the Company as the Company no longer has an obligation to settle half of the incentive pool in cash; and
- management are incentivised to reduce the operating costs (as high operating costs will reduce the NAV per Share) and focus on growing NAV per Share which is the ultimate alignment with Shareholders.

PART 6 – INFORMATION ON TMG

Listed on the JSE in April 2008, TMG is a media company that informs, educates, entertains and connects people in a continent where economic progress and social reforms are critical goals.

TMG has three divisions, namely Media, Broadcasting and Content and Retail Solutions.

The Media division is a newspaper and magazine publisher with some of the most recognised brands in Africa. This stable of publications is made up of a number of national, regional and community newspapers and magazines in consumer, business and specialist fields.

The Media division's assets deliver a total audience in excess of 14 million readers. It is the largest publisher of English-language daily and weekly newspapers in South Africa. Its flagship title is the country's biggest weekly newspaper, The Sunday Times.

Its general interest daily newspapers include The Times, the country's largest quality national daily, and the iconic Sowetan. TMG is also the publisher of South Africa's most authoritative business paper, Business Day, and one of the leading weekly financial magazines, The Financial Mail. TMG's total newspaper audience in South Africa is in excess of 8 million. TMG has recently acquired a significant stake in The Star, Kenya's third largest daily.

TMG publishes several niche magazine titles including the popular SA Homeowner title. Picasso, its contract publisher, has recently experienced strong profit growth by publishing free magazines that are delivered to the Company's extensive subscriber database, which is easily the biggest in South Africa.

Times Media news websites reach an audience of over 6 million unique browsers each month. It's most popular sites are TimesLive and SowetanLive.

Broadcasting and Content houses the Group's growing interests in TV, radio, films and music across the continent.

In South African television, TMG owns three television channels being Business Day TV, Homechannel and Ignition, and one of South Africa's leading TV production houses Ochre Moving Pictures which makes, amongst others, Scandal and Takalani Sesame. TMG's radio assets in South Africa are VUMA in KwaZulu-Natal and Rise FM in Mpumulanga. The major interests across the continent include Radio Africa Group ("RAG") in Kenya and Multimedia Ghana. RAG owns and operates five of the top performing radio stations in Kenya and recently launched Bamba TV, a digital terrestrial TV platform. Multimedia Ghana owns six radio stations across Ghana and satellite TV platform Multi TV. It is the country's leading independent radio and TV company and has two of the top radio stations in Accra – Joy FM and Adom.

Times Media Films is the leading independent distributor of filmed entertainment in Africa, representing studios such as Warner Bros, Twentieth-Century Fox and many of the major independent studios. It also plays a key role in supporting and developing South Africa's growing local movie industry. Gallo Music Publishers and Gallo Record Company – both divisions of TMG own some of the largest catalogues of South African music and remain a significant presence in the local industry. Recent catalogue investments have boosted the scale of the music business.

The Retail Solutions division is a one-stop retail and FMCG marketing solutions company that has the largest intellectual capital database in the country of FMCG graphics. The combination of these companies provides opportunities to link both creative and technical innovation. Retail Solutions includes both the Hirt & Carter and Uniprint operations. Hirt & Carter uses unique state-of-the-art systems and processes, to manage the entire print communication process, from origination to final distribution, while adding value at every stage, using market innovation, technology and trend monitoring. Uniprint is South Africa's largest empowerment printer and a full-service provider in the design, manufacture and distribution of a wide range of commercial print products and services to corporate customers and institutions that have consumer mass markets or branch networks throughout Africa.

After completion of the Acquisitions it is intended that the assets within the Retail Solutions Division will be included as part of the Industrial portfolio of Tiso Blackstar.

Set out below is a summary of the financial results for the continuing operations of TMG for the three years ended 30 June 2014, extracted from the published financial information of TMG.

	30 June		**30 June**		**31 March**	
	2014	**2014**	**2013**	**2013**	**2012***	**2012***
	Rm	£m	Rm	£m	Rm	£m
Revenue	3,995	225	3,831	216	3,949	223
Profit before exceptional items	272	15	225	13	187	11
Profit/(loss) before taxation	332	19	(70)	(4)	(16)	(1)
Net assets	1,528	86	1,208	68	2,207	124

*Please note these figures have been reviewed and not audited. On 25 September 2012, TMG acquired the entire issued ordinary share capital of Avusa Limited ("Avusa") via a scheme of arrangement. The application of IFRS results in Avusa being recognised as the acquirer for accounting purposes, and the transaction being accounted for as a reverse acquisition. Accordingly, the consolidated Group annual financial statements for the 12 months ended 30 June 2013 are issued in the name of TMG. Prior to the reverse acquisition Avusa had a 31 March financial year end. As such a comparative set of audited annual financial statements for 30 June 2012 are not available and only reviewed numbers were provided in the 2013 annual financial statement.

PART 7 – INFORMATION ON KTH

KTI

KTI was formed in December 1993 by Kagiso Trust as a vehicle to generate sustainable, long-term financial support for Kagiso Trust for community development and to achieve true economic empowerment through active, operational involvement in underlying strategic investments.

KTI's investments performed consistently well over the past 15 years enabling it to substantially grow its balance sheet. This allowed it to make several acquisitions and to enter into joint arrangements with strong partners.

KTI concentrated on 3 distinct investment sectors; namely financial services (investment banking, life insurance and asset management); resources (power and infrastructure sectors); and ICT (industrial and information communication technology and media).

KTI's investment decisions reflected its objective of being a relevant and dynamic contributor to driving socio-economic transformation. Forging strong partnerships with subsidiary and investee companies were crucial in building long-term relationships that were based on the core values and ethos that were an integral part of its history.

TISO GROUP

Tiso Group, one of South Africa's leading black-controlled and managed investment companies, was established in 2001. Founded by some of Africa's leading entrepreneurs, it remained a business largely owned by its management and staff (54%). The Tiso Foundation was an 18% shareholder.

Tiso Group also had a successful shareholder relationship with four of Africa's leading financial institutions, namely Standard Bank, Investec Bank Limited, Rand Merchant Bank and Liberty Group Limited who, in aggregate, held 27% of its issued share capital.

Powered by a highly competent and experienced senior executive team, with experience from leading international and domestic banking firms, Tiso Group developed a reputation for delivery with the utmost integrity.

An unwavering focus on fundamentals allowed Tiso Group to build a strong and defensive investment portfolio with stakes in blue chip companies in the infrastructure and natural resources sectors and with strategic holdings in construction, steel merchanting, coal, industrial minerals, mining services, power and property development companies. With its strong emphasis on relationships, Tiso Group built a solid platform which positioned the Group for continued growth both in South Africa and the African continent as a whole.

KTH

KTH was created by the merging of two leading black owned and managed companies in South Africa, KTI and Tiso Group, in 2011. KTH is an investment holding company focusing on infrastructure, media, healthcare, resources, and financial services, across Africa.

The merger of KTI and Tiso Group essentially involved the sale of the underlying investment portfolios of these two companies into KTH. These two companies are being wound up as they no longer hold any investments.

TIH is a co-founder of KTH, one of South Africa's leading privately held investment companies, and was established in 2001.TIH is jointly owned and managed by co-founders David Adomakoh and Nkululeko Sowazi. In July 2011, TIH entered into an agreement to merge Tiso Group with KTI to form KTH. Nkululelo Sowazi is Chairman of KTH and David Adomakoh is Chairman of the KTH Investment and Valuation Committee. In addition to their roles at TIH and KTH, both David Adomakoh and Nkululeko Sowazi hold positions on the boards of directors of a variety of listed and unlisted companies and as trustees on various trusts.

KTH focuses on investing in companies in specific sectors with strong, involved management teams.

These companies are generally, high growth or cash generative and meet the investment criteria of amongst other matters generating market related returns for KTH. KTH maintains a long-term horizon and can therefore partner with companies throughout cycles without any pressure to exit.

KTH sees the African continent as its primary market and will seek to manage a portfolio spanning across various sectors on the continent.

As at June 2014 the KTH investment portfolio had an aggregate NAV in excess of R9 billion (£507 million), comprising established companies principally in South Africa, and increasingly in other parts of the continent. These include investments in sectors including, *inter alia*, media, resources, infrastructure, power and financial services sectors. Larger investments include KML, MMI Holdings Limited, Exxaro Resources Limited, Actom Investment Holdings Proprietary Limited and Idwala Industrial Holdings Proprietary Limited.

Set out below is a summary of the financial results for KTH for the three years ended 30 June 2014, extracted from the audited financial information of KTH.

	2014	**2014**	**2013 (Restated)**	**2013 (Restated)**	**2012**	**2012**
	Rm	£m	Rm	£m	Rm	£m
Revenue	1,582,607	89,229	1,357,614	76,554	1,068,133	60,222
Operating profit	183,706	10,358	122,345	6,898	274,297	15,465
Profit/(loss) before taxation	(569,614)	(32,115)	(208,853)	(11,775)	454,613	25,631
Net assets	7,187,869	405,259	9,493,271	535,239	9,252,659	521,673

Note:

Pursuant to changes in certain relevant IFRS coming into effect in 2014, the annual financial statement of KTH have been restated in the 2014 financial year, to reflect restated 2013 financial results. Accordingly, the 2012 financial results may not be comparable as these figures have not been restated.

KTH's investment policy can be summarised as follows:

- KTH focuses in companies in specific sectors with strong, involved management teams. These companies are generally high growth or cash generative and meet KTH's investment criteria of, amongst other matters, generating market related returns for KTH. KTH maintains a long-term horizon and can therefore partner with companies throughout cycles without any pressure to exit.
- KTH sees the African continent as its primary market and will seek to manage a portfolio spanning across various sectors on the continent.
- KTH adheres to the strictest code of ethical and professional conduct as an organisation and through its participation in various corporate governance structures of its investee companies seeks to ensure that the highest standards of corporate governance are adhered to.

DEFINITIONS

"30 Day VWAP"	the volume weighted average price of a share as traded on the JSE for the 30 trading days preceding a specific date
"Acquisitions"	collectively, the Tiso Transaction and the acquisition of the ordinary shares in TMG not already owned by the Company by way of the Scheme
"Acquisition Finance"	an amount of no less than R1.05 billion (£59million) to be provided to Blackstar by Rand Merchant Bank, a division of First Rand Limited, and The Standard Bank of South Africa Limited
"Admission"	admission of the Enlarged Share Capital to trading on the London Stock Exchange's Specialist Fund Market
"AIM"	the market operated by the London Stock Exchange known as AIM
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange from time to time
"AltX"	the Alternative Exchange of the JSE
"Annual General Meeting"	an Annual General Meeting of the members of the Company
"BCIL"	Blackstar (Cyprus) Investors Limited (company number HE 177097), a limited liability company incorporated in accordance with the laws of the Republic of Cyprus and a wholly-owned subsidiary of Blackstar
"BDO LLP"	BDO LLP in its capacity as adviser to the Company in connection with the Admission to the SFM
"Blackstar Shares" or "Shares"	ordinary shares of €0.76 each in the share capital of the Company
"Blackstar SA"	Blackstar Group Proprietary Limited (company number 2005/042844/07), a South African wholly-owned subsidiary of Blackstar, which provides investment advisory services to the Group
"Board" or "Directors"	the administrative organ of the Company constituted in accordance with the Statutes and the SE Regulation
"Business Day"	any day other than a Saturday, a Sunday or a public holiday on which banks are open for normal transactions in London, Johannesburg and Malta
"Cash Consideration"	an amount of R22.00 (£1.24) per each Scheme Share payable in cash pursuant to the Scheme up to an aggregate maximum amount of R500 million (£28 million)
"CET"	Central European Time
"certificated" or "in certificated form"	a Share which is not in uncertificated form
"Circular"	this document, including the information incorporated into it by reference
"Companies Act"	the Companies Act 1995 (Chapter 386 of the laws of Malta), as amended

"Company" or "Blackstar"	Blackstar Group SE (company number SE4) (with its tax residence and principal establishment in Malta), a Societas Europaea, with its registered office in Malta and which is currently governed by the SE Regulation (Council of the European Union Regulation Number 2157/2001 of 8 October 2001 on the Statute for a European Company) and the applicable Malta laws and regulations
"Completion"	completion of the Acquisitions, which is conditional on, amongst other matters, the passing of the Resolutions and Admission
"Corporate Governance Code"	the UK Corporate Governance Code in the latest form issued by the Financial Reporting Council from time to time
"CREST"	the paperless settlement system operated by Euroclear UK & Ireland under the CREST Regulations to facilitate the transfer of title to, and the holding of, shares in uncertificated form
"Depository Interest"	a depository interest in respect of a Share
"DTRs"	the disclosure rules and transparency rules issued by the FCA in its capacity as the competent authority for the purposes of Part VI FSMA
"Enlarged Group"	the Group as enlarged by the acquisition of the Scheme Shares and the Tiso Transaction, assuming completion of the Acquisitions
"Enlarged Group Board"	the Board of directors of the Company as it will be constituted on Completion which is expected to be the Directors and the Proposed Directors
"Enlarged Share Capital"	the issued share capital of the Company upon Admission, comprising the Existing Shares and the New Shares
"Euroclear UK & Ireland"	Euroclear UK & Ireland Limited (incorporated in England and Wales under registered number 2878738), the operator of CREST
"EUR" or "€"	the currency introduced at the start of the Third Stage of European economic and monetary union in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome on 25 March 1957, as amended from time to time
"Existing Shares"	the existing ordinary shares of €0.76 each in the issued share capital of the Company prior to Completion
"Extraordinary General Meeting"	the Extraordinary General Meeting of the Company to be held on Monday, 23 March 2015 (and any adjournment thereof) for the purposes of considering the Resolutions, notice of which is set out at the end of this document
"FCA"	the Financial Conduct Authority of the United Kingdom
"Form of Direction"	the form of direction to be used by Depository Interest holders to instruct the Depository how to vote on their behalf
"Form of Proxy"	the form of proxy to be used by Shareholders in connection with the Extraordinary General Meeting
"FMCG"	fast moving consumer goods
"FSMA"	the Financial Services and Markets Act 2000, of the United Kingdom, as amended
"GBP" or "£"	British Pounds, the official currency of Great Britain
"GMT"	Greenwich Mean Time
"Group"	the Company and its subsidiary undertakings as at the date of this document

“Intrinsic NAV”	a measure of the underlying value of the Group’s assets whereby listed investments on recognised stock exchanges are valued using quoted bid prices and unlisted investments are shown at Directors’ valuation, determined using the discounted cash flow methodology
“JIBAR”	Johannesburg Interbank Agreed Rate, a money market rate used in South Africa which is determined as an average of the rates indicated by local and international banks
“JSE”	JSE Limited, a company duly registered and incorporated under the company laws of South Africa, licensed as an exchange under the Securities Service Act 2004 of South Africa
“JSE Main Board”	the Main Board of the JSE
“Kagiso Trust”	Kagiso Charitable Trust (Master’s Reference Number IT 374/87), an inter vivos trust duly registered in accordance with the laws of the Republic of South Africa
“KML”	Kagiso Media Proprietary Limited (Registration Number 2013/055452/07), a private company incorporated in accordance with the laws of South Africa
“KTH”	Kagiso Tiso Holdings Proprietary Limited (Registration Number 2011/000848/07), a private company incorporated in accordance with the laws of South Africa
“KTH Interest”	the 213,235 KTH Shares owned by Tiso representing 22.9% of the ordinary issued share capital of KTH (excluding 68,831 treasury shares held by a KTH subsidiary)
“KTH Sellers”	the sellers of the KTH Interest
“KTH Shares”	ordinary shares in the issued share capital of KTH, specifically excluding the one deferred ordinary share issued by KTH
“KTI”	Kagiso Trust Investments Proprietary Limited (Registration Number 1993/007845/07), a private company incorporated in accordance with the laws of South Africa
“Latest Practicable Date”	close of business on Tuesday, 24 February 2015
“Listing Rules”	the latest edition of the listing rules issued by the FCA in its capacity as the competent authority for the purposes of Part VI FSMA
“London Stock Exchange”	London Stock Exchange Group plc or its successor(s)
“Malta”	the Republic of Malta
“Mix and Match Facility”	the ability of Scheme Participants to elect to receive up to R500 million (£28 million) in aggregate of their Scheme Consideration in cash (and, if elections for more than this amount are made, the maximum Cash Consideration available will be allocated among Scheme Participants in an equitable manner)
“NAV”	the value of a Company’s assets less the value of its liabilities
“New Shares”	new ordinary shares of €0.76 each to be created and issued by Blackstar in connection with the Acquisitions
“One Capital”	One Capital Advisory Proprietary Limited in its capacity as adviser to the Company
“Part VI Rules”	the DTRs, the Listing Rules and the Prospectus Rules
“Proposals”	the proposals set out in this document, including the Acquisitions, the authorities necessary to implement the Acquisitions, Admission (and the related cancellation of trading in the Shares on AIM), the change of name and amendments to the Company’s articles of association

"Proposed Directors"	the proposed directors of the Company, who will be appointed to the Board with effect from Completion, whose names are set out in paragraph 10.1 of Part 1 of this document
"Prospectus Rules"	the prospectus rules issued by the FCA in its capacity as the competent authority for the purposes of Part VI FSMA
"Rand" or "R"	South African Rand, the lawful currency of South Africa
"Registrars"	both or either of Capita Registrars Limited and Link Market Services South Africa Proprietary Limited, as the context requires
"Regulatory Information Service" or "RIS"	any of the services set out in Schedule 12 to the Listings Rules of the UK Listing Authority and any services of SENS as set out in the JSE Listing Requirements
"Resolutions"	the proposed resolutions set out in the notice of Extraordinary General Meeting and each one a Resolution
"RMB"	FirstRand Bank Limited (acting through its Rand Merchant Bank division), a company duly registered in South Africa with Registration Number 1929/001225/06
"SARB"	the South African Reserve Bank
"SAST"	South African Standard Time
"Scheme"	the scheme of arrangement, proposed by the TMG Independent Board, pursuant to which Blackstar and/or BCIL proposes to acquire the Scheme Shares for the Scheme Consideration
"Scheme Circular"	the circular being posted to TMG Shareholders setting out details of the Scheme
"Scheme Consideration"	the aggregate value of the consideration to be paid pursuant to the Scheme to Scheme Participants based on R22.00 (£1.24) in cash or 1.44885 New Shares for each Scheme Share
"Scheme Participants"	the holders of Scheme Shares as at the Scheme Record Date who can participate in the Scheme
"Scheme Record Date"	the date upon which the holders of Scheme Shares qualify and are recorded for participation in the Scheme
"Scheme Shares" or "TMG Shares"	the 85,393,630 ordinary shares of no par value each, in the share capital of TMG (not already owned by BCIL and/or the Company, and excluding 606,733 treasury shares held by TMG subsidiaries) which Blackstar or BCIL proposes to acquire through the Scheme
"SENS"	Stock Exchange News Service is a service that provides access to company announcements as prescribed by the JSE Listing Requirements
"Shareholders" or "Blackstar Shareholders"	holders of Shares from time to time
"South Africa"	the Republic of South Africa
"Share Consideration"	the consideration of up to 1.44885 New Shares for each TMG Share offered pursuant to the Scheme and the Tiso Transaction
"Specialist Fund Market" or "SFM"	a regulated market of the London Stock Exchange
"Standard Bank"	The Standard Bank Of South Africa Limited (acting through its Corporate and Investment Banking division), a company duly registered in South Africa with Registration Number 1962/000738/06
"Takeover Directive"	Directive 2004/25/EC on takeover bids as adopted by the European Parliament and the Council of the European Union

"TIH"	Tiso Investment Holdings Proprietary Limited (RF) (Registration Number 2000/027686/07), a private company incorporated in accordance with the laws of South Africa
"Tiso"	TIH and Tiso Foundation (collectively)
"Tiso Agreement"	the agreement entered into between TIH, Tiso Foundation, Blackstar and BCIL on 5 December 2014 in terms of which the terms and conditions of the Tiso Transaction were agreed
"Tiso Blackstar"	Tiso Blackstar Group SE, the proposed new name for the Company at Completion
"Tiso Foundation"	the trustees for the time being of The Tiso Foundation Charitable Trust (Master's Reference Number IT 2962/02), a trust registered in accordance with the laws of South Africa
"Tiso Group"	Tiso Group Proprietary Limited (Registration Number 1999/010875/07) a private company incorporated in accordance with the laws of South Africa
"Tiso Transaction"	the proposed acquisition of the KTH Interest by BCIL in exchange for the Tiso Transaction Consideration
"Tiso Transaction Consideration"	the consideration to be paid to Tiso for the KTH Interest comprising approximately 93 million New Shares and no more than R500 million (£28 million)
"TMG"	Times Media Group Limited (Registration No. 2008/009392/06), a public company incorporated in accordance with the laws of South Africa, the ordinary shares of which are currently listed on the JSE Main Board and held as follows: approximately 32.5% (excluding treasury shares) by Blackstar and/or BCIL and the balance by the public. Incorporates Times Media Group Limited and its subsidiaries
"TMG Independent Board"	the members of the TMG board of directors who are not also members of the Blackstar Board who have recommended the Scheme to the holders of Scheme Shares
"TMG Shareholders"	the shareholders of TMG (other than Blackstar and its subsidiaries)
"TRP"	the Takeover Regulation Panel established in accordance with section 196 of the Companies Act, 71 of 2008 of South Africa
"uncertificated" or "in uncertificated form"	recorded on the relevant register of ordinary Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"UK Takeover Code"	the City Code on Takeovers and Mergers of the United Kingdom
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland

NOTICE OF EXTRAORDINARY GENERAL MEETING

BLACKSTAR GROUP SE

(a company incorporated and registered in Malta with number SE4
(the "**Company**")

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at 10:00 am (CET) on Monday, 23 March 2015 at 3rd Floor, Avantech Building, St. Julian's Road, San Gwann, SGN 2805, Malta, for the purpose of considering, and if thought fit, passing the following Resolutions which will be proposed as extraordinary resolutions or ordinary resolutions, as applicable. Terms defined in the Circular of the Company of which this notice forms part have the same meanings herein except to the extent that they are otherwise defined in this notice.

RESOLUTION I, which is proposed as an ordinary resolution

1. APPROVAL OF THE ACQUISITIONS

THAT the terms of the Acquisitions as set out in the Circular be and are hereby approved and the directors of the Company be and are hereby authorised to implement the Acquisitions and generally and unconditionally authorised to exercise the powers conferred by this resolution and all the powers of the Company to the extent that the directors of the Company (or a duly appointed committee thereof) determine it necessary or desirable to implement the Acquisitions.

RESOLUTION II, which is proposed as an extraordinary resolution

2. AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

Purpose

In view of the Acquisitions, it is proposed to increase the authorised share capital of the Company in order to enable new allotments of shares in the Company, including the fresh issue of shares in the Company in connection with the Acquisitions.

Proposal

THAT:

Subject to the passing of Resolution I above, the authorised share capital of the Company be increased and restructured so that Clause 6 of the Memorandum and Articles of Association of the Company be amended and replaced in its entirety with the following: "The authorised share capital of the Company shall be: €304,000,000 divided into 400,000,000 ordinary shares having a nominal value of €0.76 each."

RESOLUTION III, which is proposed as ordinary resolutions

3. DIRECTORS' AUTHORITY TO ALLOT AND ISSUE SHARES

A. Subject to the passing of Resolutions I and II above, and conditionally upon the increase in authorised share capital in Resolution II becoming effective, and, in pursuance to and in connection with the Acquisitions, the directors be generally and unconditionally authorised pursuant to article 85 of the Companies Act (Chapter 386 of the laws of Malta) (the **"Companies Act"**) and in terms of Article 4.1 of the Company's Articles of Association (the **"Articles"**) to exercise all the powers of the Company to allot and issue Equity Securities (as defined in the Articles) in the Company up to an aggregate nominal amount of €164,581,313. This authority (unless previously revoked, varied or renewed) shall expire five (5) years from the date of adoption of this Resolution.

B. Subject to the passing of Resolution II above, and conditionally upon the increase in authorised share capital in Resolution II becoming effective and subject to and conditional upon the earlier of Admission or the readmission of the Company's shares in the Alternative Investment Market of the London Stock Exchange, and, in such case only in substitution for all previous authorisations currently in force (but not the authorisation under Resolution 3 (A)) and in accordance with Article 4.1 of the Articles, the Board be generally and unconditionally authorised pursuant to article 85 of the Companies Act to exercise all the powers of the Company to allot and issue Equity Securities (as defined in the Articles), up to a maximum aggregate nominal amount (which maximum is in addition to the authority granted in paragraph (A) of the Resolution III) of €75,912,202 for a period expiring (unless previously revoked, varied or renewed) on 31 December 2015 or, if sooner, the Annual General Meeting to be held in 2015, but if the Company has, before such expiry, made an offer or entered into an agreement which would or might require Equity Securities to be allotted after this authority expires, the directors may allot Equity Securities in pursuance of such offer or agreement as if this authority had not expired.

RESOLUTION IV, which is proposed as an extraordinary resolution

4. DIS-APPLICATION OF STATUTORY PRE-EMPTION RIGHTS

Purpose

To authorise the Directors to restrict or withdraw the shareholders' statutory pre-emption rights in respect of:

(a) issues of shares for cash consideration; and

(b) the sale of the treasury shares by the Company (if such statutory pre-emption rights are applicable in relation thereto,

for as long as the Board of Directors remains authorised to issue Equity Securities under Resolution III (B).

Proposal

Subject to, and conditional on, Admission, and, in such case only in substitution for any previous authorisations currently in force but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities and pursuant to Article 88(7) of the Companies Act and in accordance with Article 4.4 of the Articles, the Board be generally authorised to restrict the statutory pre-emption rights of the Company's shareholders in respect of the issue of new shares by the Company for cash consideration and in respect of the sale of treasury shares by the Company, for as long as the directors remain authorised to issue Equity Securities under Resolution III (B), provided that this power shall be limited to the allotment of Equity Securities up to an aggregate nominal amount of €11,386,830. The power granted by this resolution will expire when the Board no longer remains authorised to issue Equity Securities under Resolution III (B), save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

RESOLUTION V, which is proposed as an extraordinary resolution

5. COMPANY'S AUTHORITY TO PURCHASE ITS OWN SHARES

Purpose

To authorise the Company to re-purchase its own shares within the parameters of the Companies Act.

Proposal

A. Subject to and conditional on Admission and in such case only in substitution for any previous authorisations currently in force, the Company be and is generally and unconditionally authorised pursuant to Article 3.4 of the Articles and in accordance with article 106 of the Companies Act to make market purchases of its own ordinary shares, including depository interests relating to such ordinary shares (the "**Ordinary Shares**") on such terms and in such manner as the Directors shall determine, provided that:

   (a) the Ordinary Shares to be purchased are fully paid up;

   (b) the maximum aggregate nominal value of Ordinary Shares authorised to be purchased is €22,773,661 representing as at the date of this notice, 29,965,343 Ordinary Shares;

   (c) the maximum price which may be paid for each Ordinary Share shall be 5% above the average of the middle market quotations for an Ordinary Share on the exchange on which the Ordinary

Shares are purchased for the five business days immediately before the day on which the purchase is made (in each case exclusive of expenses);

(d) the minimum price which may be paid for each Ordinary Share shall be one euro cent;

(e) all conditions and limitations imposed by the Companies Act are adhered to, and

this authority (unless previously revoked, varied or renewed) shall expire on 31 December 2015 or, if sooner, at the end of the Annual General Meeting of the Company to be held in 2015 except that in relation to any offers or promises for the purchase of Shares made before such date, the contract in relation to such acquisitions may be executed wholly or partly after such date as if such authority has not expired.

RESOLUTION VI, which is proposed as an ordinary resolution

6. APPROVAL OF THE AMENDED AND RESTATED MANAGEMENT INCENTIVE SCHEME

THAT the amended and restated management incentive scheme presented to the meeting and initialled by the Chairman be and is approved and adopted as the new management incentive scheme.

RESOLUTION VII, which is proposed as an extraordinary resolution

7. CHANGE IN NAME OF THE COMPANY

Purpose

Subject to and upon completion of the Acquisitions, it is proposed that the name of the Company be changed to "Tiso Blackstar Group SE".

Proposal

THAT subject to and upon completion of the Acquisitions, the name of the Company be changed to "Tiso Blackstar Group SE" and that the consequential amendments to the Memorandum and Articles of Association of the Company be approved.

RESOLUTION VIII, which is proposed as an ordinary resolution

8. CHANGE IN LISTING

Subject to and upon completion of the Acquisitions to approve:

A. the migration of the Company's listing from the AIM Market, operated by the London Stock Exchange, to the SFM (where it will continue to be primarily listed); and

B. the migration of the Company's secondary listing on the AltX to the Main Board of the JSE.

RESOLUTION IX, which is proposed as an ordinary resolution

9. APPOINTMENT OF MR NKULULEKO SOWAZI AS NEW DIRECTOR

Subject to, and conditional on the completion of the Tiso Transaction, to appoint Mr Nkululeko Sowazi (South African Identity Number 630416 5991 084) as new director of the Company with effect from the date of completion of the Tiso Transaction.

RESOLUTION X, which is being proposed as an ordinary resolution

10. APPOINTMENT OF MR DAVID ADOMAKOH AS NEW DIRECTOR

Subject to, and conditional on the completion of the Tiso Transaction, to appoint Mr David Adomakoh (British Passport No. 761 335 269) as new director of the Company with effect from the date of completion of the Tiso Transaction.

Resolutions I, III, VI, VIII, IX and X are ordinary resolutions. Resolutions II, IV, V and VII are extraordinary resolutions.

The quorum requirement in relation to all Resolutions is at least two members present or represented at the Extraordinary General Meeting. If the Extraordinary General Meeting is not quorate, it can be adjourned to a date not less than seven and not more than 30 days after the Extraordinary General Meeting as the Chairman shall determine.

Ordinary resolutions may be passed by a member or members holding more than 50% of the voting rights attached to shares represented and entitled to vote at the meeting.

Extraordinary resolutions require:

- a 75% majority by nominal value of the shares represented at the Extraordinary General Meeting and entitled to vote thereat; and
- a majority vote of at least 51% in nominal value of all the shares entitled to vote at the Extraordinary General Meeting.

If one but not both of the majorities for an extraordinary resolution is met, a second meeting may be convened within 30 days to take another vote. At the said second meeting, either one of the following majorities will suffice:

- 75% majority by nominal value of the shares represented and entitled to vote at the second meeting; or
- a simple majority in nominal value where more than half in nominal value of all of the shares entitled to vote are represented at the meeting.

26 February 2015

By order of the Board:

John Broadhurst Mills
Marcel Ernzer
Richard Thomson Wight
Andrew David Bonamour

Registered Office:

Blackstar Group SE
3rd Floor, Avantech Building
St Julian's Road
San Gwann
SGN 2805
Malta

EXPLANATORY NOTES

1. This notice of Extraordinary General Meeting is being mailed to the Members on the Register of Members of the Company as at Thursday, 26 February 2015. Members registered on the Register of Members as at Thursday, 19 March 2015 (the "Record Date") shall have the right to participate and vote at the Extraordinary General Meeting. Any change to an entry on the Register after the Record Date shall be disregarded in determining the right of any person to attend and vote at the Extraordinary General Meeting.

2. A member entitled to attend and vote may appoint a proxy to attend and vote instead of him/her using the enclosed Form of Proxy. The appointed proxy need not be a member but must attend the Extraordinary General Meeting to represent you. Details of how to appoint the Chairman of the Extraordinary General Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the Extraordinary General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

3. To be valid, the Form of Proxy must be signed and the signed Form of Proxy must either reach the Company's registered office at 3rd Floor, Avantech Building, St. Julian's Road, San Gwann, SGN 2805, Malta or be emailed to info@blackstar.eu in either case by no later than Thursday, 19 March 2015. In order to assist shareholders:

   (a) certificated shareholders and own-name registered dematerialised shareholders who trade their shares on AltX of the JSE Stock Exchange and are registered on the South African part of the register of members are strongly urged to send their signed Form of Proxy to South African Transfer Secretaries, Link Market Services South Africa Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than Thursday, 19 March 2015 at 10:00 am (SAST); and

   (b) certificated shareholders who trade their shares on AIM of the London Stock Exchange and are registered on the AIM part of the register of members are strongly urged to send their signed Form of Proxy to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to be received by no later than Thursday, 19 March 2015 at 09:00 am (GMT),

   so as to enable the Form of Proxy to be forwarded on your behalf to the Company no later than Thursday, 19 March 2015.

4 Dematerialised shareholders on the South African sub-register, other than own-name registered dematerialised shareholders, who wish to attend the Extraordinary General Meeting in person, will need to request their Central Securities Depository Participant ("CSDP") or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such shareholders and the CSDP or broker. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the Extraordinary General Meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein by no later than Wednesday, 18 March 2015 at 10:00 am (SAST). The CSDP or broker must provide all voting instructions to the transfer secretaries by no later than Thursday, 19 March 2015 at 10:00 am (SAST).

5. Holders of Depository Interests representing shares in the Company can instruct Capita IRG Trustees Limited, the Depository, or amend an instruction to a previously submitted direction, via the CREST system. The CREST message must be received by the issuer's agent RA10 by 09:00 am (GMT) on Wednesday, 18 March 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with instructing Capita IRG Trustees Limited via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a direction appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertified Securities Regulations 2001. In any case your Form of Direction must be received by the Company's registrars no later than 09:00 am (GMT) on Wednesday, 18 March 2015 or 72 hours before the time appointed for holding any adjourned meeting.

6. Please indicate in the Form of Proxy the number of shares in relation to which they are authorised to act as your proxy.

   Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.

7. A Form of Proxy which may be used to appoint a proxy and give Form of Proxy directions accompanies this Notice of Extraordinary General Meeting. If you are a shareholder on the AIM sub-register and do not receive a proxy form and believe that you should have one, or if you require additional proxy forms in order to appoint more than one proxy, please contact Capita Registrars on 0871 664 0300 or from overseas +44 208 639 3399. Calls cost 10 pence per minute plus network charges, lines are open 08:30 am to 17:30 pm (GMT) Monday to Friday. If you are a shareholder on the South African sub-register and do not receive a Form of Proxy and believe that you should have one, or if you require additional Forms of Proxy in order to appoint more than one proxy, please contact Link Market Services South Africa Proprietary Limited on 011 713 0800, lines are open 08:00 am to 16:30 pm (SAST) Monday to Friday.

8. In order to participate and vote at the Extraordinary General Meeting, a Member being a body corporate, association of persons, foundation or other body of persons, a representative thereof will only be eligible to attend and be admitted to the Extraordinary General Meeting, and to vote thereat, if a Form of Proxy has been (a) duly executed in his/her favour by the competent organ of the entity Notice of Extraordinary General Meeting continued which he/she represents, and (b) submitted to the Company Secretary in accordance with the procedures set out at notes 3, 4 or 5 above, as the case may be.

9. Any one of the joint holders of any share for the time being conferring a right to vote may vote either personally or by proxy at any meeting in respect of such share as if he were the sole holder, provided that if more than one of the joint holders is present at any meeting, either personally or by proxy, the person whose name stands first in the register as one of such holders, and no other, shall be entitled to vote in respect of the share.

10. Admission to the Extraordinary General Meeting will commence one hour before the advertised and appointed time.

    The following information is also made available to the Members on the Blackstar Group SE website www.blackstar.eu/Publications:

    (a) a copy of this Notice of Extraordinary General Meeting;

    (b) the total number of shares and voting rights at the date of the Notice of Annual General Meeting;

    (c) the document to be submitted to the Extraordinary General Meeting;

    (d) the Form of Proxy for the Extraordinary General Meeting; and

    (e) the Form of Direction.