

# tiso blackstar group.

## **TISO BLACKSTAR GROUP SE**

(Incorporated in England and Wales)

(Registration number SE000110)

(Registered as an external company with limited liability in the Republic of South Africa under registration number 2011/008274/10)

JSE share code: TBG ISIN: GB00BF37LF46

("Tiso Blackstar" or "the Company")

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## **SPECIFIC REPURCHASE OF SHARES, DISTRIBUTION OF CIRCULAR AND NOTICE OF GENERAL MEETING**

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### **1 INTRODUCTION**

- 1.1 Shareholders are referred to the Company's SENS announcements, dated 27 June 2019, 29 July 2019, 10 September 2019 and 12 September 2019 ("**Transaction Announcements**"), regarding the proposed disposal of Tiso Blackstar's South African media, broadcasting and content assets, as well as its media, broadcasting and content assets in Ghana, Nigeria and Kenya and its South African radio assets, by way of, respectively, the SA Sale, the Africa Radio Sale and the SA Radio Sale (as such terms are defined in the applicable Transaction Announcements), to Lebashe Investment Group (Pty) Ltd ("**Lebashe**") for a combined aggregate purchase consideration of ZAR 1 050 000 000, subject to certain adjustments (collectively, the "**Transaction**").
- 1.2 The Transaction qualifies as a category 1 transaction in terms of the JSE Limited ("**JSE**") Listings Requirements, requiring the approval of Tiso Blackstar shareholders.

### **2 SPECIFIC REPURCHASE**

- 2.1 Tiso Blackstar has in place an existing long-term incentive scheme for employees, in the form of a forfeitable share plan, which was previously approved by Tiso Blackstar shareholders and the JSE ("**Forfeitable Share Plan**").
- 2.2 In terms of the rules of the Forfeitable Share Plan ("**FSP Rules**"), forfeitable shares may be awarded to employee participants of the scheme ("**Participants**"), following which such shares ("**Forfeitable Shares**") are registered in the names of those participants and held for their benefit. The ultimate vesting of such shares remains subject to the fulfilment of applicable employment and performance conditions over time.
- 2.3 Those Participants who are employed by Tiso Blackstar group companies that are being disposed of under the SA Sale ("**Media Participants**"), will no longer be employed by the Tiso Blackstar group following implementation of the SA Sale. This no fault termination of their employment will, under the FSP Rules, result in all previous unvested awards made to Media Participants vesting as soon as reasonably practicably possible following the disposal of the relevant Tiso Blackstar group company by which such person is employed, and once Tiso Blackstar's remuneration committee has determined the extent to which the applicable performance or other conditions imposed have been met ("**Early Vesting**").

- 2.4 The above Early Vesting is expected to reduce the number of Tiso Blackstar shares that would have vested in favour of Media Participants had it not been for the Transaction. In order to compensate Media Participants for this, and to ensure that Media Participants are retained by the Tiso Blackstar group until the Transaction is implemented, the Company's remuneration committee has determined that a cash bonus be awarded to Media Participants, subject to the successful implementation of the Transaction. Should journalists, editors and other key media staff resign prior to implementation of the Transaction, this could have a serious impact on its successful implementation.
- 2.5 In addition to the cash bonus and in order to provide Media Participants with an opportunity to dispose of the Forfeitable Shares that will vest as a result of the above at a fixed market-related price, it is proposed that Media Participants wishing to do so, be allowed to sell their vested Forfeitable Shares to the Company ("**Specific Repurchase**").
- 2.6 The Specific Repurchase would involve the repurchase by the Company of a maximum of 2 900 000 Tiso Blackstar shares, from the proceeds of the Transaction, at a price of R3.72 per share, being equal to the volume weighted average price of Tiso Blackstar shares traded on the JSE over the 30 trading days up to 31 July 2019, following which such shares may either be cancelled or retained in treasury, depending on which course of action is considered by the Company's directors to be in the best interests of shareholders at the time.
- 2.7 None of the Media Participants are directors, the company secretary or related persons of Tiso Blackstar for purposes of the JSE Listings Requirements, and the Specific Repurchase therefore does not involve related persons.
- 2.8 In terms of the JSE Listings Requirements, the Specific Repurchase will require shareholder approval by way of a special resolution. The Media Participants and their associates will be excluded from voting on such resolution.
- 2.9 The Specific Repurchase is subject to a reduction of the Company's share premium account occurring, so that it can be utilised as distributable reserves from which the Specific Repurchase may be made ("**Capital Reduction**"). Such a Capital Reduction requires the approval of shareholders by way of a special resolution, as well as court approval under the UK Companies Act 2006. Whilst the reserves arising from the Capital Reduction would be distributable, the Capital Reduction itself will not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company.

### 3 FINANCIAL EFFECTS

- 3.1 Shareholders should kindly refer to the Company's SENS announcement dated 10 September 2019, which contains information regarding the financial effects of the Transaction.
- 3.2 The Specific Repurchase will be for cash only and will occur from the proceeds of the Transaction. As such, and assuming that the maximum number of 2 900 000 shares are repurchased by the Company, the impact of the Specific Repurchase on the financial information of the Company will be as follows –
- 3.2.1 as the cash resources available from the proceeds of the Transaction will be used to settle the total Specific Repurchase consideration and associated costs, the available cash resources will decrease by approximately R11.1 million; and
- 3.2.2 it is currently anticipated that up to approximately 2 900 000 Forfeitable Shares that were previously awarded to Media Participants will vest as a result of the SA Sale (see para 2.3 above in this regard). In terms of accounting principles, Forfeitable Shares are, prior to their vesting, accounted for as if they are treasury shares, as they remain subject to the risk of forfeiture should certain conditions ultimately not be met. Accordingly, should the anticipated maximum number of 2 900 000 Forfeitable Shares vest as a result of the SA Sale (reducing the number of treasury shares, in terms of accounting principles, by the same number), the repurchase of those shares by

the Company will, in terms of accounting principles, have no impact on the number of treasury shares should the repurchased shares be cancelled or, should they be retained by the Company, will result in the number of treasury shares increasing by the number of shares repurchased. However, in contrast to the above accounting treatment, Forfeitable Shares do not fall within the definition of treasury shares under the JSE Listings Requirements, meaning that neither the vesting of the Forfeitable Shares, nor their repurchase would, from a JSE Listings Requirements perspective, impact on the number of treasury shares (save in the event that the repurchased shares are not cancelled, in which case treasury shares will increase by the number of shares retained). Tiso Blackstar currently has 639 262 treasury shares in issue, as defined under the JSE Listings Requirements.

- 3.3 Detailed financial information regarding the Transaction, the Specific Repurchase and related matters is disclosed in the Circular (as defined below) and shareholders are encouraged to consider same to gain a more complete understanding of their financial effects.

#### 4 **DISTRIBUTION OF CIRCULAR AND NOTICE OF GENERAL MEETING**

- 4.1 A circular (“**Circular**”), detailing the Transaction, the Specific Repurchase, the Capital Reduction and related matters is being distributed to shareholders today, Friday, 20 September 2019. The Circular also incorporates a notice convening a general meeting of shareholders (“**General Meeting**”) for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions contained therein.
- 4.2 Notice is hereby given that the General Meeting will be held at Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BD, United Kingdom on Wednesday, 23 October 2019 at 9:00 am Greenwich Mean Time (“**GMT**”) (10:00 am South African Standard Time (“**SAST**”)), to consider and, if deemed fit, to pass, with or without modification, the requisite resolutions required for the Transaction, the Specific Repurchase, the Capital Reduction and related matters.
- 4.3 The Circular is available in English only. Copies may be obtained during normal business hours from the registered office of the Company and from the offices of the Company’s sponsor, PSG Capital, from Friday, 20 September 2019 until Wednesday, 23 October 2019 (both days inclusive). A copy of the Circular will also be available on the Company’s website at <http://www.tisoblackstar.com/tbg/investors/publications/>.

#### 5 **IMPORTANT DATES AND TIMES**

The table below sets out important dates and times in relation to the General Meeting, the Transaction, the Specific Repurchase, the Capital Reduction and related matters.

**2019**

Record date in order to be eligible to receive the Circular, including notice of the General Meeting	Friday, 13 September
Circular distributed to shareholders on	Friday, 20 September
Announcement of the distribution of the Circular and of the date and place of the General Meeting released on SENS on	Friday, 20 September
Above announcement published in the South African press on	Monday, 23 September
Last day to trade in Tiso Blackstar shares in order to be eligible to attend, participate in and vote at the General Meeting	Tuesday, 8 October

Record date in order to be eligible to attend, participate in and vote at the General Meeting	Friday, 11 October
Forms of proxy in respect of the General Meeting to be lodged by 9:00 am GMT (10:00 am SAST) on	Monday, 21 October
Forms of Proxy not lodged timeously, to be handed to the chairman of the General Meeting before the proxy exercises the rights of the shareholder at the General Meeting on	Wednesday, 23 October
General Meeting of shareholders to be held at 9:00 am GMT (10:00 am SAST) on	Wednesday, 23 October
Results of General Meeting released on SENS on	Wednesday, 23 October
Results of General Meeting published in the press on	Thursday, 24 October
SA Sale expected to be implemented on or about	Thursday, 31 October
Expected date by which the Capital Reduction will be registered with the UK Companies House, as required in order to implement the Specific Repurchase	Wednesday, 20 November
Expected date for the delisting from the JSE of the shares repurchased by the Company in terms of the Specific Repurchase, from the commencement of trading on the JSE on or about	Wednesday, 27 November
Africa Radio Sale expected to be implemented by	Friday, 29 November
	<b><u>2020</u></b>
SA Radio Sale expected to be implemented by no later than	Friday, 31 July

## Notes

1. All of the above dates and times are subject to change. Any changes made will be notified to shareholders on SENS.
2. Shareholders should note that, as transactions in shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three business days after such trade. Therefore, persons who acquire Tiso Blackstar shares after the last day to trade in order to be eligible to vote at the General Meeting, namely, Tuesday, 8 October 2019, will not be able to vote thereat.
3. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any such adjournment or postponement.

London  
20 September 2019

**Corporate Advisor and Sponsor**

PSG Capital



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**Auditors and Independent  
Reporting Accountants**

Deloitte

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Cliffe Dekker Hofmeyr

