

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")



SALE OF GALLO MUSIC GROUP

1. INTRODUCTION

Tiso Blackstar is pleased to announce that the Company, through its wholly-owned indirect subsidiary Blackstar Holdings Group Proprietary Limited ("BHG"), entered into a written sale of shares and claims agreement ("Sale Agreement") with Arena Holdings Proprietary Limited ("Purchaser"), Gallo Music Investments Proprietary Limited ("GMI") and Indigenous Film Distribution Proprietary Limited ("IFD"), in terms of which BHG will sell all shares held by it in GMI and IFD (collectively, the "Companies"), constituting the entire issued share capital of the Companies, as well as all loan and other claims of whatever nature owing by them to BHG (collectively, the "Sale Equity"), to the Purchaser for a total purchase consideration of ZAR 75 000 000 ("Purchase Consideration") ("Disposal").

2. DESCRIPTION OF THE ASSETS

- 2.1. GMI is a full service music publishing and record company, whose business involves the acquisition and/or exploitation of all rights of ownership, including copyrights, in music compositions (both the musical works and lyrics), as well as representing artists, recording, manufacturing, distributing digitally and physically and selling pre-recorded music and video in South Africa and internationally under the names of "*Gallo Record Company*" and "*Gallo Music Publishers*".
- 2.2. The business of IFD involves the acquisition, marketing and distribution of motion pictures and other film media produced in South Africa and the African continent and distributed globally.

3. RATIONALE FOR THE DISPOSAL

Following the sale of the Media business and as published in the Company's 2019 Integrated Annual Report, Tiso Blackstar's 100% interest in the Gallo Businesses were considered to be part of the media structure and the Tiso Blackstar Board elected to dispose of this investment separately.

4. CONSIDERATION

- 4.1. The Purchase Consideration of ZAR 75 000 000 is allocated as follows –
 - 4.1.1. in respect of the Sale Equity relating to GMI: ZAR 65 000 000; and
 - 4.1.2. in respect of the Sale Equity relating to IFD: ZAR 10 000 000,

and has been calculated on the basis that, on the Closing Date (as defined in paragraph 7.1 below), the Companies will not be indebted in respect of any debt that

has been outstanding for more than 12 months (excluding the sale claims and any unpaid royalty amounts).

- 4.2. Payment of the full Purchase Consideration will occur on the Closing Date (as defined below), at which time the Sale Equity shall be delivered to the Purchaser.

5. APPLICATION OF THE PURCHASE CONSIDERATION

The majority of the Purchase Consideration will be utilised to reduce the Group's debt to appropriate levels.

6. CONDITIONS PRECEDENT

The Disposal is not subject to any outstanding conditions precedent and is, accordingly, unconditional.

7. EFFECTIVE DATE OF THE DISPOSAL

- 7.1. It is anticipated that the Disposal will be implemented on Tuesday, 10 March 2020 ("Closing Date"), whereupon ownership of and all risk in and all benefit attaching to the Sale Equity will, against receipt of the full Purchase Consideration, pass to the Purchaser.
- 7.2. Possession and effective control of the Sale Equity will likewise be given to the Purchaser on the Closing Date.

8. FINANCIAL INFORMATION

The value of the net assets being disposed of, as at 30 June 2019, being the date of the last audited annual financial statements, was ZAR 37 364 000.

The audited profits after tax attributable to the Sale Equity for the financial year ended 30 June 2019, was ZAR 2 631 000, based on the audited annual financial statements of the Companies for the year ended 30 June 2019, which were prepared in terms of IFRS.

9. WARRANTIES AND OTHER SIGNIFICANT TERMS OF THE AGREEMENT

The Sale Agreement contains representations, warranties and restraints by BHG in favour of the Purchaser which are standard for a transaction of this nature.

10. CLASSIFICATION OF THE DISPOSAL

The Disposal constitutes a category 2 transaction in terms of the JSE Limited Listings Requirements.

London
6 March 2020

Sponsor and Corporate Adviser
PSG Capital

