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| <p>BLACKSTAR GROUP SE (Incorporated in Malta) (Company number SE4) (Registered as an external company with limited liability in the Republic of South Africa under registration number 2011/008274/10) LSE Ticker: BLCK JSE Share code: BCK ISIN: MT0000620113 ("Blackstar")</p> | <p>TIMES MEDIA GROUP LIMITED (Incorporated in the Republic of South Africa) Registration number 2008/009392/06 Share code: TMG ISIN: ZAE 000169272 ("TMG")</p> |
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JOINT ANNOUNCEMENT OF A FIRM INTENTION BY BLACKSTAR TO MAKE AN OFFER TO ACQUIRE THE ISSUED ORDINARY SHARE CAPITAL OF TMG NOT ALREADY OWNED BY THE BLACKSTAR GROUP AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

- 1.1 Blackstar and TMG shareholders ("**TMG Shareholders**") (collectively, "**Shareholders**") are referred to the joint announcement published by TMG, Blackstar, Tiso Investment Holdings (RF) Proprietary Limited ("**TIH**") and The Tiso Foundation Charitable Trust ("**Tiso Foundation**") on 8 December 2014 regarding an expression of interest ("**EOI**") submitted to TMG by Blackstar ("**EOI Announcement**") and the cautionary announcement and further cautionary announcement published by TMG on 21 November 2014 and 23 January 2015, respectively ("**Cautionary Announcement**").
- 1.2 Shareholders are hereby advised that the independent members of TMG's board of directors ("**TMG Independent Board**") and the board of directors of Blackstar ("**Blackstar Board**") have agreed the terms and conditions upon which Blackstar will make an offer ("**Offer**") to acquire the entire issued ordinary share capital of TMG, not already owned by Blackstar or Blackstar (Cyprus) Investors Limited ("**BCIL**"), excluding Treasury Shares (as defined below) ("**Scheme Shares**").
- 1.3 In addition, Shareholders are hereby advised that Blackstar has submitted a letter of firm intention to the board of directors of TMG ("**TMG Board**") to make the Offer as contemplated in Chapter 5 of the Companies Act, No. 71 of 2008, as amended, ("**Companies Act**") and Chapter 5 of the Companies Regulations, 2011 ("**Regulations**") ("**Firm Intention**").

- 1.4 Treasury shares comprise the 606 733 ordinary shares in the issued share capital of TMG (“**TMG Shares**”) (“**Treasury Shares**”) held by Times Media Proprietary Limited, a wholly owned subsidiary of TMG (“**Times Media**”).
- 1.5 Blackstar and BCIL currently hold 19 149 590 and 21 927 192 TMG Shares, respectively, representing a combined interest of approximately 32.5% of the TMG Shares in issue, excluding the Treasury Shares.
- 1.6 Blackstar proposes to implement the Offer by way of a scheme of arrangement (“**Scheme**”), in terms of section 114, read together with section 115, of the Companies Act, proposed by the TMG Board between TMG and the holders of Scheme Shares (“**Scheme Participants**”) as at the record date of the Scheme.
- 1.7 The Offer, if implemented, will result in TMG being delisted from the exchange operated by the JSE Limited (“**JSE**”) (“**Delisting**”).
- 1.8 The purpose of this firm intention announcement (“**Firm Intention Announcement**”) is to provide Shareholders with the salient terms and conditions of the Offer, in compliance with Regulation 101 of the Regulations.

2. OVERVIEW OF THE SCHEME CONSIDERATION

- 2.1 The purchase consideration offered to Scheme Participants for the Scheme Shares comprises cash and/or new fully paid up Blackstar ordinary shares (“**BLK Shares**”), on the basis that –
 - 2.1.1 for Scheme Participants electing to receive cash, the cash consideration payable for each Scheme Share will be R22.00 (GBP1.25); and
 - 2.1.2 Scheme Participants electing to receive BLK Shares, will receive 1.44885 BLK Shares to be issued at a price of R16,91 (GBP0.93) per BLK Share for each Scheme Share acquired, which is equivalent to R24.50 (GBP1.39) per Scheme Share,

as further detailed in paragraph 5 below (“**Scheme Consideration**”), provided that the maximum cash component of the Scheme Consideration shall, in aggregate, not exceed R500 million (approximately GBP28.4 million) which equates to approximately 24.6% of the Scheme Consideration.

- 2.2 As a portion of the Scheme Consideration shall be settled by the allotment and issue of BLK Shares, Scheme Participants will be permitted to indicate which portion of their Scheme Consideration they wish to have settled in cash (“**Cash Election**”), subject to offsetting elections by other Scheme Participants. Scheme Participants who do not make an election will be deemed to have selected the Cash Election in respect of all their Scheme Shares, subject to

the provisions of paragraph 2.1. The total quantum of the Scheme Consideration and number of BLK Shares to be issued pursuant to the Scheme depends on the quantum of the Cash Elections.

- 2.3 If the aggregate value of the Cash Elections exceeds R500 million (approximately GBP28.4 million), Scheme Participants will have their Cash Elections reduced *pro rata* in accordance with the value of their Cash Election relative to the aggregate value of all Cash Elections. This is commonly known as a “mix-and-match” election. If a Scheme Participant’s Cash Election is reduced, the number of Scheme Shares to be acquired from that Scheme Participant by the issue of BLK Shares will increase accordingly.
- 2.4 Blackstar proposed and the TMG Board has authorised TMG to pay a pre-acquisition dividend of 30 cents (GBP0.02) per TMG Share to TMG Shareholders recorded in TMG’s securities register as at the record date of the Scheme (“**Pre-Acquisition Dividend**”). Payment of the Pre-Acquisition Dividend is conditional on the Scheme becoming unconditional.

3 BACKGROUND TO THE OFFER

- 3.1 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 and enhancing TMG’s value proposition to Blackstar.
- 3.2 On Friday, 5 December 2014, Blackstar and BCIL entered into an agreement with TIH and the trustees of the Tiso Foundation (“**Tiso Agreement**”) pursuant to which, it is proposed that Blackstar will acquire an equity interest of approximately 23% in Kagiso Tiso Holdings Proprietary Limited (“**KTH**”) for a price to be discharged in cash and by the allotment and issue of BLK Shares (“**Tiso Transaction**”).
- 3.3 In line with Blackstar’s strategy, the Tiso Transaction is conditional upon the proposal and successful implementation of the Scheme. If the Scheme and the Tiso Transaction are implemented, Blackstar will be renamed “Tiso Blackstar Group SE” (“**Tiso Blackstar**”).

4 RATIONALE FOR BLACKSTAR

- 4.1 Blackstar has developed significant knowledge and expertise with regards to TMG and its operations and is well positioned to extract further value in the face of challenging market conditions for the benefit of Tiso Blackstar’s shareholders, including those Scheme Participants which elect to receive BLK Shares under the Scheme.

- 4.2 In the face of digital media and the decline of tangible media (i.e. print media), TMG currently has limited scope for future investment and therefore limited opportunity to optimise TMG Shareholder returns. As a subsidiary of Tiso Blackstar, TMG's future cash flows may be utilised to support Tiso Blackstar's broader strategy allowing for potential reinvestment in other value yielding sectors.
- 4.3 Further to the ultimate strategic direction and value path of Tiso Blackstar, shorter term value enhancements for Tiso Blackstar shareholders are expected to include, *inter alia*:
- 4.3.1 improved liquidity in the Tiso Blackstar share (versus the BLK Shares and TMG Shares) resulting from the increased number of shares in issue and shareholders, the proposed migration to the main board of the JSE and the Specialist Market Fund of the London Stock Exchange ("LSE") and a reconfigured shareholder base;
- 4.3.2 upon implementation of the Scheme, Tiso Blackstar is expected to have a significantly enlarged net asset value ("NAV") and, by implication, a similarly enlarged market capitalisation. This is expected to enhance Tiso Blackstar's market visibility and potentially improve the marketability of Tiso Blackstar shares;
- 4.3.3 increased black economic empowerment ownership levels following, *inter alia*, the Tiso Transaction;
- 4.3.4 portfolio and head office costs will be spread over a larger base reducing their effect on the share price; and
- 4.3.5 recognition of a control premium in relation to TMG, which is currently entrenched and inaccessible in TMG's existing structure.
- 4.4 Following the successful implementation of the Scheme, Blackstar group executives that fulfil managerial roles within TMG, will continue to fulfil the same managerial roles within TMG, and accordingly TMG's management structure will remain unchanged. This will ensure continuity of management and a continuation of the strategy initiated by the Blackstar executives at TMG.
- 4.5 The implementation of the Scheme is believed to represent an attractive value proposition for all future Tiso Blackstar stakeholders.

5 FURTHER INFORMATION ON THE SCHEME CONSIDERATION

- 5.1 Scheme Participants which receive a cash consideration as payment for Scheme Shares sold under the Scheme shall be paid an amount of R22.00 (GBP1.25) per Scheme Share

(representing a premium of 10.9% to the 30 day volume weighted average price of a TMG Share as at 20 November 2014 (being the last trading day immediately before the EOI Announcement) of R19.83 (“**30 Day VWAP**”). Scheme Participants which receive BLK Shares as payment for Scheme Shares sold under the Scheme shall receive 1.44885 BLK Shares per Scheme Share at an aggregate issue price of R24.50 (representing a premium of 23.6% to the 30 Day VWAP) per Scheme Share with each new BLK Share being allocated a value of R16.91 per share, being equivalent to Blackstar’s intrinsic NAV per share as at 30 June 2014 and the issue price of the BLK Shares to be issued to TIH and the Tiso Foundation pursuant to the Tiso Transaction, as more fully explained in the EOI Announcement.

5.2 The Pre-Acquisition Dividend will result in a 30 cent per Scheme Share increase in a Scheme Participant’s return from the Scheme, thereby increasing the aggregate value received by a Scheme Participant to:

5.2.1 R22.30 per Scheme Share (representing a premium of 12.5% to the 30 Day VWAP) acquired for cash, comprising the Scheme Consideration of R22.00 per Scheme Share and the Pre-Acquisition Dividend of 30 cents per Scheme Share; and

5.2.2 R24.80 per Scheme Share (representing a premium of 25.1% to the 30 Day VWAP) acquired for BLK Shares, comprising 1.44885 BLK Shares issued at R16.91 per share and the Pre-Acquisition Dividend of 30 cents per TMG Share.

6 MATERIAL TERMS OF THE OFFER

6.1 The Firm Intention contains the terms and conditions of the Offer, further salient details of which are set out in this Firm Intention Announcement.

6.2 Further to the Firm Intention, TMG, Blackstar and BCIL (collectively, the “**Parties**”) entered into an agreement on 4 February 2015 (“**Implementation Agreement**”), in terms of which they have agreed, *inter alia*, the terms and conditions upon which the Offer and the Scheme will be implemented and pursuant to which the Firm Intention was made. The Firm Intention is consistent with the terms of the Implementation Agreement.

7 TRANSACTION MECHANISM

7.1 Blackstar proposes to implement the Offer by way of the Scheme on the following basis:

7.1.1 the Scheme is to be proposed in accordance with section 114 of the Companies Act, as read with section 115 of the Companies Act;

- 7.1.2 immediately prior to the implementation of the Scheme, the number of TMG Shares in issue will be no more than 127 077 145;
 - 7.1.3 immediately prior to the implementation of the Scheme, Times Media, will hold the Treasury Shares;
 - 7.1.4 TMG shall make no distributions (as defined in the Companies Act) prior to the implementation of the Scheme save for declaring the Pre-Acquisition Dividend to those TMG Shareholders recorded in TMG's securities register on the record date of the Scheme in an amount of R0.30 per TMG Share;
 - 7.1.5 the posting of the Scheme circular ("**Circular**") to TMG Shareholders will be subject to the fulfilment or waiver, as the case may be, of the Circular Conditions Precedent, as defined and set out in paragraph 9 below;
 - 7.1.6 implementation of the Scheme will be subject to the fulfilment or waiver, as the case may be, of the Scheme Conditions Precedent, as defined and set out in paragraph 10 below; and
 - 7.1.7 as a consequence of implementing the Scheme, the Delisting will be implemented pursuant to paragraph 1.16(b) of the JSE Listings Requirements.
- 7.2 The Scheme is required to be approved by TMG Shareholders (excluding Blackstar, BCIL, Times Media, any members of the Blackstar group of companies, any directors of Blackstar and BCIL who are TMG Shareholders and any other parties deemed to be acting in concert with Blackstar) by passing a special resolution in accordance with the provisions of section 115(2) of the Companies Act ("**Scheme Resolution**") at a general meeting called for that purpose ("**Scheme Meeting**"). Immediately following the Scheme Meeting, a general meeting of TMG Shareholders will be held ("**General Meeting**") wherein TMG Shareholders will be requested, *inter alia*, to authorise the provision of financial assistance as envisaged in sections 44 and 45 of the Companies Act and any other TMG Shareholder resolutions which may be required for purposes of implementing the Scheme and facilitating the procurement by Blackstar of finance required for purposes of the Scheme and the Tiso Transaction ("**Transaction Resolutions**").
- 7.3 Pursuant to a written assignment agreement entered into between Blackstar and BCIL, upon the implementation of the Scheme, Blackstar will allot and issue BLK Shares to the Scheme Participants which elected to receive or are allocated such BLK Shares as full or part consideration for the acquisition of their Scheme Shares and BCIL will make payment of the cash consideration to the Scheme Participants entitled to receive cash for the acquisition of their Scheme Shares.

- 7.4 Once the Scheme has been implemented, all the TMG Shares held by Blackstar will be transferred directly to and registered in the name of BCIL. Upon completion of this transfer of TMG Shares to BCIL, BCIL shall be the sole shareholder of TMG.

8 CASH GUARANTEE

The cash portion of the Scheme Consideration will be settled by BCIL from funds procured from a debt facility to be provided by The Standard Bank of South Africa Limited and FirstRand Bank Limited (acting through its Rand Merchant Bank division) (collectively, the “**Lenders**”). As required in terms of the Companies Act and the Regulations, the Lenders have provided a cash guarantee (“**Cash Guarantee**”) to the Takeover Regulation Panel (“**Takeover Panel**”) in respect of BCIL’s financial obligations to pay the cash portion of the Scheme Consideration due in terms of the Scheme, which is in a form acceptable to the Takeover Panel and which complies with regulations 111(4) and 111(5) of the Regulations.

9 CONDITIONS PRECEDENT TO POSTING OF THE CIRCULAR TO SHAREHOLDERS

- 9.1 Further details pertaining to the Scheme and notices of the General Meeting and the Scheme Meeting will be set out in the Circular.
- 9.2 Posting of the Circular is subject to the fulfilment or waiver, as the case may be, of the following suspensive conditions (collectively, the “**Circular Conditions Precedent**”) that:
- 9.2.1 by no later than 23h59 on 31 March 2015 (or such later date as may be agreed between the Parties in writing from time to time), the Circular has been approved by the JSE, the Lenders and the Takeover Panel;
- 9.2.2 by no later than 23h59 on the business day prior to the posting of the Circular, the TMG Independent Board has not withdrawn its recommendation that the TMG Shareholders vote in favour of the Transaction Resolutions and the Scheme Resolution;
- 9.2.3 by no later than 23h59 on the business day prior to the posting of the Circular, the independent expert (“**Independent Expert**”), appointed by the TMG Independent Board pursuant to section 114 of the Companies Act to prepare reports for the TMG Independent Board regarding, *inter alia*, the fairness and reasonableness of the terms of the Scheme (“**Expert Reports**”), has not notified the TMG Independent Board, in writing, that it has made an error in the Expert Reports which error justifies the withdrawal of the TMG Independent Board's recommendation;

- 9.2.4 by no later than 23h59 on 31 March 2015, insofar as may be necessary, all the merger notifications and any other information required by those competition authorities required to approve the acquisition of TMG by Blackstar have been submitted to those relevant competition authorities;
- 9.2.5 by no later than 23h59 on 31 March 2015 (or such later date as may be agreed between the Parties in writing from time to time), any exchange control approval which may be required for or in relation to the Scheme and/or the TMG Incentive Plan Arrangement (as defined in paragraph 12.2 below) has been duly obtained in writing, provided that if such approval/s is/are granted conditionally or on terms, this condition shall not be regarded as having been fulfilled unless the party which is or parties which are affected by such conditions or terms confirm/s in writing (within five business days of receipt of such conditional approval/s) that such conditions and terms are acceptable to it/them, acting reasonably; and
- 9.2.6 by no later than 23h59 on the 1st business day following the day on which the last of the suspensive conditions set out in this paragraph 9.2 (excluding this suspensive condition) is fulfilled or waived, as the case may be:
- 9.2.6.1 a Material Adverse Change (defined in paragraph 10.8 below) has not occurred as at such date; and
- 9.2.6.2 no warranty made, undertaking given or representation made by TMG to Blackstar in terms of the Implementation Agreement (“**Warranty**”) has been breached as at such date and the TMG Board has confirmed same in writing.
- 9.3 Blackstar is entitled to waive fulfilment of the Circular Conditions Precedent described in paragraphs 9.2.2, 9.2.3, 9.2.4, 9.2.6.1 and 9.2.6.2, in whole or in part on written notice to TMG, however, Blackstar may not waive fulfilment of the condition described in paragraph 9.2.4 (insofar as such condition relates to the approval of the South African competition authorities) or the conditions contained in 9.2.6.1 and 9.2.6.2 without the prior consent of the Lenders.
- 9.4 The Circular Conditions Precedent described in paragraphs 9.2.1 and 9.2.5 are not capable of being waived.
- 9.5 Should any of the Circular Conditions Precedent not be fulfilled or waived, as the case may be, by no later than the relevant date for fulfilment thereof, or by such later date as may be agreed to between the Parties in writing with the approval of the Takeover Panel, the Scheme will not be proposed and the Firm Intention will lapse and will be of no further force or effect.

10 CONDITIONS PRECEDENT TO THE IMPLEMENTATION OF THE SCHEME

10.1 The implementation of the Scheme is subject to the fulfilment or waiver, as the case may be, of the following suspensive conditions (collectively, the “**Scheme Conditions Precedent**”):

10.1.1 by no later than 23h59 on the 40th business day after the date of posting of the Circular (or such alternative date as may be agreed between the Parties in writing) –

10.1.1.1 the TMG Independent Board has not withdrawn its recommendation that the TMG Shareholders vote in favour of the Transaction Resolutions and the Scheme Resolution;

10.1.1.2 the Independent Expert has not notified the TMG Independent Board, in writing, that it has made an error in the Expert Reports which error justifies the withdrawal of the TMG Independent Board's recommendation;

10.1.1.3 the Scheme Resolution has been passed, at the Scheme Meeting, by the requisite majority of TMG Shareholders entitled to vote on the Scheme, approving the Scheme in terms of section 115(2)(a) of the Companies Act and (i) to the extent required in terms of section 115(3)(a) of the Companies Act, the implementation of the Scheme Resolution is approved by the High Court of South Africa (“**Court**”) and (ii) if applicable, TMG has not elected to treat the Scheme Resolution as a nullity in terms of section 115(5) of the Companies Act;

10.1.1.4 the TMG Board has passed the board resolutions required to have the Transaction Resolutions approved and become effective and the Transaction Resolutions have been passed by the requisite majority of TMG Shareholders at the General Meeting; and

10.1.1.5 if the Scheme Resolution has been passed at the Scheme Meeting by the requisite majority of TMG Shareholders entitled to vote on the Scheme and any person who voted against the Scheme Resolution applies to Court within ten business days after the vote for a review of the Scheme in accordance with the requirements of section 115(3)(b) of the Companies Act, (i) no leave is granted by the Court to such person to apply to Court for a review of the Scheme in accordance with the requirements of section 115(6) of the Companies Act or (ii) if leave is granted by the Court to apply to Court for a review of the Scheme in accordance with the requirements of section 115(6) of the Companies Act, the Court has not set aside the Scheme Resolution in terms of section 115(7) of the Companies Act;

10.1.2 within the time period prescribed in section 164(7) of the Companies Act, TMG Shareholders have not exercised appraisal rights, by giving valid demands in accordance with the

requirements of sections 164(5) to 164(8) of the Companies Act, in respect of more than 5% of all the Scheme Shares;

10.1.3 by no later than the date upon which the Scheme Resolution is voted upon by the TMG Shareholders at the Scheme Meeting, the Implementation Agreement has not been terminated (and no Party has instituted steps to terminate it);

10.1.4 by no later than 23h59 on the 31 August 2015, the Scheme has been unconditionally approved by the relevant competition authorities or conditionally approved on terms and conditions which Blackstar and, insofar as the South African competition authorities are concerned, the Lenders confirm in writing (within five business days of receipt of such conditional approval but in any event by not later than 23h59 on 31 August 2015) to be acceptable to it/them, acting reasonably;

10.1.5 by no later than 23h59 on the first business day following the day on which the last of the Scheme Conditions (excluding the Scheme Conditions in this paragraph 10.1.5 and in paragraph 10.1.6) is fulfilled or waived, as the case may be –

10.1.5.1 a Material Adverse Change (defined in paragraph 10.8 below) has not occurred as at such date;

10.1.5.2 no Warranty has been breached as at such date and the TMG Board has confirmed in writing, after having consulted with relevant executive directors and/or relevant senior members of management of TMG, that to the best of their knowledge and belief, no Warranty has been breached as at such date;

10.1.5.3 subject to the provisions of section 46 of the Companies Act, as read with section 4 of the Companies Act, the TMG Board approves and declares the Pre-Acquisition Dividend to the TMG Shareholders recorded in TMG's securities register as at the record date for participation in the Scheme;

10.1.5.4 the BLK Shares are no longer suspended from trading on the exchange/s upon which they are listed, from time to time, in accordance with the rules and requirements of the relevant exchange/s; and

10.1.5.5 the Tiso Transaction has become unconditional in accordance with its terms and conditions, save for any condition relating to the implementation of the Scheme, which for the avoidance of doubt is subject to a number of suspensive conditions, including the following resolutions of shareholders of Blackstar as are required under applicable laws and the listings requirements of the JSE and the LSE, to give effect to and implement the

Scheme, have been passed at the duly convened and held shareholders' meeting of Blackstar –

- 10.1.5.5.1 a shareholders' resolution in order to –
 - 10.1.5.5.1.1 increase the authorised and issued share capital of Blackstar so that sufficient BLK Shares are created for, *inter alia*, the issue of BLK Shares to Scheme Participants who elect to receive their Scheme Consideration in BLK Shares; and
 - 10.1.5.5.1.2 make the requisite amendments to the memorandum and articles of association of Blackstar accordingly; and
 - 10.1.5.5.2 an ordinary resolution to authorise the Blackstar Board to allot and issue *inter alia*, BLK Shares to the Scheme Participants who elect to receive their Scheme Consideration in BLK Shares; and
- 10.1.6 by no later than 23h59 on the third business day following the day on which the last of the Scheme Conditions Precedent (excluding the Scheme Condition Precedent in this paragraph 10.1.6) is fulfilled or waived, as the case may be, (or such alternative date as may be agreed between the Parties in writing) the Takeover Panel has issued a compliance certificate in respect of the Scheme in terms of section 119(4)(b) of the Companies Act, provided that if such compliance certificate is issued conditionally or on terms, this Scheme Condition Precedent shall not be regarded as having been fulfilled unless the Party which is or Parties which are affected by such conditions or terms and the Lenders, confirm/s in writing (by no later than the said date and time) that such conditions and terms are acceptable to it/them, acting reasonably.
- 10.2 Blackstar is entitled to waive fulfilment of the Scheme Conditions Precedent described in paragraphs 10.1.1.1, 10.1.1.2, 10.1.1.4, 10.1.2, 10.1.4, 10.1.5.2 and 10.1.5.3, (but, in respect of the Scheme Conditions Precedent set out in paragraphs 10.1.1.4, 10.1.2, 10.1.4 insofar as it relates to the South African competition authorities, 10.1.5.2 and 10.1.5.3, only after having obtained the consent of the Lenders), in whole or in part.
- 10.3 The Scheme Condition Precedent contained in paragraph 10.1.3 has been inserted for the benefit of the Parties, who will be entitled to waive fulfilment of the said condition (but only after having obtained the consent of the Lenders), in whole or in part, by agreement in writing between them.

- 10.4 The Scheme Condition Precedent contained in paragraph 10.1.5.1 is capable of being waived by Blackstar in whole or in part, on written notice to TMG provided that the Lenders have also provided their written consent to Blackstar to waive such condition.
- 10.5 The Scheme Conditions Precedent contained in paragraphs 10.1.1.3, 10.1.1.5, 10.1.5.4, 10.1.5.5 and 10.1.6 are not capable of being waived.
- 10.6 Pursuant to the Implementation Agreement, Blackstar is entitled, on one occasion only, to extend the date of fulfilment of the all the Scheme Conditions Precedent by a period of no longer than 4 weeks, by written notice to the relevant Parties.
- 10.7 Should any of the Scheme Conditions Precedent not be fulfilled or waived, as the case may be, by no later than the relevant date for fulfilment thereof, or by such later date as may be agreed to between the Parties in writing with the approval of the Takeover Panel, the Scheme will not be implemented and the Scheme will be of no force or effect.
- 10.8 A “**Material Adverse Change**” means any fact, circumstance or event (or combination of any facts, circumstances or events) which results in:
- 10.8.1 the consolidated net assets of TMG and its group companies (“**TMG Group**”) taken as a whole diminishing by more than 10% when compared to the consolidated net assets of the TMG Group as at 30 June 2014, as appears *ex facie* the latest available consolidated management accounts of the TMG Group from time to time prepared in accordance with TMG’s accounting policies as at 30 June 2014 (“**Management Accounts**”);
- 10.8.2 the consolidated earnings before interest, tax, depreciation and amortisation, calculated in accordance with the accounting policies of TMG as at 30 June 2014 (excluding exceptional, non-recurring and unusual items) (“**EBITDA**”) of the TMG Group diminishing by more than 15% from the EBITDA for the same period in the previous financial year, as appears *ex facie* the Management Accounts;
- 10.8.3 an Insolvency Event (as defined in 10.10 below) having occurred; and/or
- 10.8.4 the Lenders informing Blackstar or BCIL that the Cash Guarantee is no longer capable of being exercised by the Takeover Panel in accordance with its terms.
- 10.9 If there is a dispute as to whether a Material Adverse Change has occurred or not, a firm of auditors appointed by the Parties (and acting as experts and not as arbitrators) will determine on behalf of the Parties if a Material Adverse Change has in fact occurred, which determination shall be binding on the Parties.

10.10 An "**Insolvency Event**" means an event or combination of events, more fully defined in the Implementation Agreement, that, *inter alia*, relate to the actual and/or potential insolvency of Blackstar, BCIL, TMG and/or Times Media.

10.11 Upon fulfilment of the Scheme Condition Precedent set out in paragraph 10.1.5.5.1, Blackstar shall have sufficient BLK Shares in its authorised share capital available to it for purposes of settling the portion of the Scheme Consideration to be settled by the issue of BLK Shares in full.

11 CONDITIONS TO THE TISO TRANSACTION

11.1 Implementation of the Tiso Transaction remains conditional upon the fulfilment or waiver, as the case may be, *inter alia*, of the following suspensive conditions by no later than 30 April 2015 (or such later date agreed to by the Parties in writing):

11.1.1 the requisite funding agreements in respect of the procurement by Blackstar of the finance required for purposes of discharging the cash component of the Scheme Consideration and the relevant purchase prices/s payable by it in respect of the Tiso Transaction, and the raising of interest bearing debt, as contemplated in the Tiso Agreement ("**Acquisition Finance**") having been entered into on terms acceptable to the parties to the Tiso Agreement and having become unconditional in accordance with their terms;

11.1.2 obtaining the approval for the implementation of the Tiso Transaction from the JSE and the South African Reserve Bank;

11.1.3 the current KTH shareholders irrevocably and unconditionally waiving any pre-emptive rights or similar rights they may have under the memorandum of incorporation of KTH in relation to the shares in KTH held by them to be acquired by Blackstar and the board of directors of KTH having passed a resolution approving the transfer of such shares in accordance with the provisions of the Tiso Agreement;

11.1.4 a special resolution of the shareholders of KTH having been passed authorising the encumbrance of the shares in KTH to be purchased by Blackstar under the security agreements to which the Acquisition Finance will be subject, in accordance with the memorandum of incorporation of KTH;

11.1.5 to the extent necessary, the posting of a circular, electronically or otherwise, to the Blackstar shareholders, including a prospectus, as required by LSE listing requirements, and a notice of general meeting to convene a meeting of shareholders to approve the transactions embodied

in the Tiso Agreement and the filing of the prospectus with the Maltese Registrar of Companies;

- 11.1.6 TIH procuring the necessary approvals from its financiers to transfer its KTH shares to Blackstar, as further detailed in the Tiso Agreement;
- 11.1.7 approval by the shareholders of Blackstar as is required to give effect to the Tiso Transaction, as envisaged in paragraph 10.1.5.5.1, and TIH as well as the trustees of the Tiso Foundation of all resolutions required for the implementation of the Tiso Transaction and the Scheme pursuant to those laws, regulations and other statutory documents relevant to them, as further detailed in the Tiso Agreement;
- 11.1.8 Blackstar procuring confirmation by an independent expert, whose report is to be approved by the Maltese Registrar of Companies, *inter alia*, that the issue of the BLK Shares under the Tiso Transaction has occurred at fair value, as further detailed in the Tiso Agreement; and
- 11.1.9 the Scheme being proposed and becoming unconditional in accordance with its terms, save for any condition pertaining to the Tiso Transaction becoming unconditional.

12 TMG SHARE INCENTIVE PLAN

- 12.1 Certain TMG employees hold options to acquire TMG Shares (“**Options**”) pursuant to the Times Media Group Management Incentive Plan (“**TMG Incentive Plan**”).
- 12.2 All the holders of Options (“**Option Holders**”) have agreed, subject to the implementation of the Scheme, to cancel their Options in accordance with the provisions of the TMG Incentive Plan (“**TMG Incentive Plan Arrangement**”). Given that Option Holders have elected to cancel their Options in accordance with the provisions of the TMG Incentive Plan, no offer will be made by Blackstar to Option Holders.

13 BREAK FEE ARRANGEMENTS

- 13.1 TMG has agreed, pursuant to the Implementation Agreement, to pay Blackstar a break fee of R15 million if:
 - 13.1.1 the TMG Independent Board withdraws its recommendation that the TMG Shareholders vote in favour of the Scheme and the conditions set out in paragraphs 9.2.2 or 10.1.1.1 are not fulfilled, for reasons other than receipt by the TMG Independent Board of an offer other than Blackstar’s offer (“**Alternative Proposal**”) that is superior to the Offer (“**Superior Proposal**”);
 - 13.1.2 the TMG Independent Board recommends an Alternative Proposal;

- 13.1.3 TMG elects to implement an Alternative Proposal which is not a Superior Proposal;
- 13.1.4 TMG breaches any material provision of the Implementation Agreement, which (i) is not capable of being remedied, and (ii) where remedy is possible, fails to remedy such breach within the time periods contemplated in the Implementation Agreement;
- 13.1.5 TMG breaches any Warranty which brings about a Material Adverse Change; and/or
- 13.1.6 Blackstar terminates the Implementation Agreement as a result of TMG breaching any material provision of the Implementation Agreement that is not remedied (where remedy is possible) , and if capable of remedy, TMG has not remedied the breach within the time frames contemplated in the Implementation Agreement.
- 13.2 Blackstar has agreed to pay TMG a break fee of R15 million if it breaches any material provision contained or undertaking provided in the Implementation Agreement, and failing to remedy the breach within the time periods contemplated in the Implementation Agreement, including failing to implement the Scheme provided that no break fee shall be payable by Blackstar in any other case whatsoever including in circumstances where:
- 13.2.1 TMG or the TMG Board formally approves or recommends and/or enters into an agreement to effect an Alternative Proposal;
- 13.2.2 TMG breaches any material provision or material undertaking contained in the Implementation Agreement, and, where possible, fails to remedy such breach;
- 13.2.3 an Alternative Proposal is announced and implemented; and/or
- 13.2.4 Blackstar terminates the Implementation Agreement in accordance with its terms.
- 13.3 The Implementation Agreement shall be made available for inspection upon the posting of the Circular in the manner described in the Circular.

14 TMG SHAREHOLDERS PRECLUDED FROM VOTING

- 14.1 In accordance with section 115(4) of the Companies Act and Regulation 84 of the Regulations, Blackstar, BCIL and any directors of Blackstar or BCIL who are TMG Shareholders are precluded from voting on the Scheme and their TMG Shares will be excluded:

14.1.1 when determining whether the applicable quorum requirements for the Scheme Meeting are satisfied; and

14.1.2 from the total number of TMG Shares eligible to vote on the Scheme when calculating the number of votes for or against the Scheme.

15 LETTERS OF SUPPORT

15.1 As stated in the EOI Announcement, TMG Shareholders holding in excess of 80% of the Scheme Shares have provided Blackstar with letters of firm support or undertakings (“**Letters of Support**”) in terms of which they indicate that they intend to vote in favour of the Scheme. To the best of our knowledge and belief, none of the Letters of Support have been withdrawn or cancelled as at the date of this Firm Intention Announcement.

15.2 The following TMG Shareholders have provided Letters of Support:

| TMG Shareholder | Number of TMG Shares | TMG Shares held as % of the Scheme Shares |
|------------------------------------------------------------------|----------------------|-------------------------------------------|
| The Public Investment Corporation SOC Ltd ⁽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 Metha Family Trusts ^(2,3) | 11 750 399 | 13.76% |
| Total | 72 116 595 | 84.45% |

Notes:

- (1) Irrevocable undertaking to vote 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 Metha Trust, which are all directly or indirectly controlled by the Metha family.
- (4) TMG Shares held on behalf of clients in terms of discretionary and/or non-discretionary mandates.

16 INDEPENDENT BOARD AND FAIR AND REASONABLE OPINION

16.1 The Scheme is classified as an “affected transaction” in terms of section 117 of the Companies Act. Accordingly, the TMG Independent Board comprised of Messrs K D Dlamini, J H W Hawinkels, R Naidoo and M Nhlanhla has been constituted to consider the terms of the Scheme.

16.2 In accordance with section 114(2) of the Companies Act and Regulation 110 of the Regulations, the TMG Independent Board has appointed PricewaterhouseCoopers Corporate Finance Proprietary Limited as the Independent Expert to provide the TMG Independent Board with external advice in relation to the Scheme and to make appropriate recommendations to the TMG Independent Board for the benefit of Scheme Participants.

16.3 The TMG Independent Board hereby advises that, having considered the terms and conditions of the Scheme, the Independent Expert is of the opinion that the Scheme Consideration is fair and reasonable to the Scheme Participants. The Expert Report containing this opinion will be contained in the Circular.

16.4 The TMG Independent Board, after due consideration of the report of the Independent Expert, has determined that it will place reliance on the work performed by the Independent Expert in reaching its own opinion regarding the Scheme and the Scheme Consideration. Accordingly, the TMG Independent Board is of the opinion that the Scheme Consideration is fair and reasonable to the Scheme Participants and therefore recommends that Scheme Participants vote in favour of the Scheme.

17 POSTING OF CIRCULAR

Subject to the fulfilment or waiver, as the case may be, of the Circular Conditions Precedent, it is expected that the Circular will be posted to TMG Shareholders on or about 27 February 2015 which will include the notice of the Scheme Meeting and General Meeting to be held on or about 30 March 2015. A further announcement setting out the salient dates and times in relation to, *inter alia*, the posting of the Circular, the Scheme Meeting and the General Meeting will be released in due course.

18 DELISTING

An application will be made by TMG to the JSE to terminate the listing of the TMG Shares on the JSE upon the implementation of the Scheme.

19 BENEFICIAL INTEREST AND ACTING AS PRINCIPAL

19.1 Mr Andrew Bonamour, a director of Blackstar, BCIL and TMG, has an indirect interest in 5 237 TMG Shares.

19.2 Subject to the implementation of the Scheme, Options held by Blackstar and BCIL directors employed by TMG and arising in terms of the TMG Incentive Plan, will be cancelled in the manner described in paragraph 12 above on the same terms and conditions offered to all Option Holders pursuant to the TMG Incentive Plan.

19.3 Blackstar confirms that, save for the arrangements between Blackstar and BCIL described in paragraph 7.3, it is the ultimate purchaser and is acting alone in relation to the Offer and not in conjunction with, or as agent or broker for, any other third party.

20 VOLUNTARY SUMMARY OF THE EFFECTS ON INTRINSIC NAV FOR BLACKSTAR AND SCHEME PARTICIPANTS

- 20.1 Blackstar is an Investment Entity as defined under International Financial Reporting Standards ("IFRS") (specifically IFRS 10 Consolidated Financial Statements) and as such does not consolidate or equity account certain of its interests in subsidiaries and associates but rather classifies these as investments held at fair value through profit and loss which are measured at fair value. On initial recognition of the investments in TMG and KTH, Blackstar must comply with IFRS 13 Fair Value Measurement which specifically states that in all cases, if there is a quoted price in an active market for an asset or a liability, an entity shall use that price without adjustment when measuring fair value. In compliance with IFRS, Blackstar will initially measure its investment in TMG and KTH at the fair value of the consideration paid on that date ("**Initial Fair Value**"), being the aggregated value of the cash paid and BLK Shares issued and valued using last traded share price of Blackstar shares before being suspended of R11.85. This differs to the value of these investments as calculated utilising the issue price of R16.91 (being the Blackstar intrinsic NAV per share ("**INAVPS**") as at 30 June 2014), the price which was utilised by all parties concerned in determining the number of BLK Shares to be issued to acquire the investments in KTH and TMG. Immediately after recognising the investments in KTH and TMG at Initial Fair Value, Blackstar will, in accordance with IFRS, revalue these investments with reference to the issue price per BLK Share of R16.91 ("**Subsequent Fair Value**").
- 20.2 The *pro forma* financial effects (presented in paragraphs 21 and 22 below) account for the KTH shares and Scheme Shares acquired through the Tiso Transaction and Scheme (collectively, the "**Transactions**") at Initial Fair Value and not Subsequent Fair Value. Accordingly, as additional information, the tables below have been prepared to provide readers of this announcement with the intrinsic fair value financial effect of the Transactions on Blackstar's INAVPS and, ultimately, Scheme Participants assuming that Blackstar's investments in KTH and TMG are measured at Subsequent Fair Value.
- 20.3 As there is still some uncertainty of the impact on Blackstar due to the ability for Scheme Participants to elect cash and/or BLK Shares as payment for their Scheme Shares, the tables below present two distinct scenarios. The first scenario and table assumes that Scheme Participants are paid the maximum cash consideration under the Scheme of R500 million. The second scenario and table assumes that Scheme Participants elect to only receive BLK Shares under the Scheme.
- 20.4 The information included in this paragraph 20 is the responsibility of the Blackstar Board and has been prepared for illustrative purposes only to provide information about how the Transactions may affect the financial position of Blackstar and TMG shareholders.

| Blackstar | Before the Transactions | After the Transactions using Subsequent Fair Value | % Change |
|------------------------------------------|--------------------------------|-----------------------------------------------------------|-----------------|
| Scenario 1: Maximum Cash Election | | | |
| INAVPS (cents) | 1,691 | 1,726 | 2% |
| Scenario 2: No Cash Elections | | | |
| INAVPS (cents) | 1,691 | 1,722 | 2% |

Notes:

- The figures included in the “Before the Transactions” 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.
- For purposes of determining the figures included in the “After the Transactions using Subsequent Fair Value” column, the same assumptions used in the preparation of the *pro forma* financial effects were applied, save for the Subsequent Fair Value being used instead of Initial Fair Value as the value of Blackstar’s interests in KTH and TMG.
- The NAV attributed to Blackstar’s interests in TMG and KTH for purposes of calculating Subsequent Fair Value is:
 - in scenario 1 – R2.54 billion and R2.06 billion for the TMG and KTH interests, respectively; and
 - in scenario 2 – R3.1 billion and R2.06 billion for the TMG and KTH interests, respectively.

| Scheme Participant | TMG Shares before the Transactions | BLK Shares after the Transactions using Subsequent Fair Value | % Change |
|--------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------|-----------------|
| Number of ordinary shares | 1 | 1.44885 | |
| Scenario 1: Maximum Cash Election | | | |
| INAVPS for number of ordinary shares reflected above (cents) | 1,208 | 2,501 | 107% |
| Scenario 2: No Cash Elections | | | |
| INAVPS for number of ordinary shares reflected above (cents) | 1,208 | 2,495 | 107% |

Notes:

- The figures included in the “TMG Shares before the Transactions” column have been extracted, without adjustment, from the published audited consolidated annual financial statements of TMG for the year ended 30 June 2014.

2. Scheme Participants who elect to receive BLK Shares will receive 1.44885 BLK Shares per Scheme Share. Accordingly, the figures included in the "BLK Shares after the Transactions using Subsequent Fair Value" column have been prepared with reference to Blackstar's INAVPS after the Transactions (refer to the "After the Transactions using Subsequent Fair Value" column in the table illustrating the effect of the Transactions on INAVPS for Blackstar shareholders), as calculated per BLK Share for each scenario and applying an exchange ratio of 1.44885.
3. The figures included in the "BLK Shares after the Transactions using Subsequent Fair Value" column exclude the value of the Pre- Acquisition Dividend that would be received by Scheme Participants.

21 PRO FORMA FINANCIAL EFFECTS ON BLACKSTAR SHAREHOLDERS

21.1 The *pro forma* financial effects on Blackstar shareholders are the responsibility of the Blackstar Board and have been prepared for illustrative purposes only to provide information about how the Transactions may affect the financial position of Blackstar shareholders.

21.2 The *pro forma* financial effects are presented for illustrative purposes only and, because of their nature, may not fairly present the actual financial effects of the Transactions on Blackstar shareholders. Readers of the *pro forma* financial effects are accordingly advised that these *pro forma* financial effects assume that Blackstar will not consolidate the results of TMG after the implementation of the Scheme, but rather account for the acquisition at fair value of the consideration received on that date in terms of IFRS 13: Fair Value Measurement. As a result, the earnings of TMG are not included in the earnings of Blackstar for purposes of the *pro forma* financial effects.

21.3 As there is still some uncertainty of the impact on Blackstar due to the ability for Scheme Participants to elect cash and/or BLK Shares as payment for their Scheme Shares, the tables below present two distinct scenarios. The first scenario and table assumes that Scheme Participants are paid maximum cash consideration under the Scheme of R500 million. The second scenario and table assumes that Scheme Participants elect to only receive BLK Shares under the Scheme.

Scenario 1: Maximum Cash Election

| Blackstar | Before the Transactions | <i>Pro forma</i> after the Transactions | % Change |
|---------------------------------------------|-------------------------|-----------------------------------------|----------|
| Earnings per share ("EPS") (cents) | 240.82 | 114.99 | -52% |
| Diluted earnings per share ("DEPS") (cents) | 240.82 | 114.99 | -52% |
| Headline earnings per share | 240.82 | 114.99 | -52% |

| | | | |
|---------------------------------------------------------------------------------------------|--------|---------|------|
| ("HEPS") (cents) | | | |
| Diluted headline earnings per share ("DHEPS") (cents) | 240.82 | 114.99 | -52% |
| NAV per share ("NAVPS") (cents) | 1,702 | 1,377 | -19% |
| Tangible NAV per share ("NTAV") (cents) | 1,701 | 1,376 | -18% |
| Actual number of shares in issue, net of treasury shares ('000) | 79,894 | 263,520 | 230% |
| Basic and diluted weighted average number of shares in issue, net of treasury shares ('000) | 79,894 | 263,520 | 230% |
| Actual number of shares in issue ('000) | 82,089 | 265,715 | 224% |

Scenario 2: No Cash Elections

| Blackstar | Before the Transactions | Pro forma after the Transactions | % Change |
|---------------------------------------------------------------------------------------------|--------------------------------|-----------------------------------------|-----------------|
| EPS (cents) | 240.82 | 102.22 | -58% |
| DEPS (cents) | 240.82 | 102.22 | -58% |
| HEPS (cents) | 240.82 | 102.22 | -58% |
| DHEPS (cents) | 240.82 | 102.22 | -58% |
| NAVPS (cents) | 1,702 | 1,355 | -19% |
| NTAVPS (cents) | 1,701 | 1,355 | -20% |
| Actual number of shares in issue, net of treasury shares ('000) | 79,894 | 296,448 | 271% |
| Basic and diluted weighted average number of shares in issue, net of treasury shares ('000) | 79,894 | 296,448 | 271% |
| Actual number of shares in issue ('000) | 82,089 | 298,643 | 264% |

Notes:

- For purposes of the consolidated statement of comprehensive income, the figures included in the "Before the Transactions" column have been extracted, without adjustment, from Blackstar's published unaudited consolidated interim results for the six months ended 30 June 2014 plus the Blackstar's unaudited consolidated results for the six months ended 31 December 2013 less Blackstar's published unaudited consolidated interim results for the six months ended 30 June 2013, to obtain a twelve month comparative period. It is assumed that the Transactions occurred on 1 July 2013.
- For purposes of the consolidated statement of financial position, the figures included in the "Before the Transactions" column have been extracted, without adjustment, from Blackstar's published unaudited consolidated interim results for the six months ended 30 June 2014. It is assumed that the Transactions occurred on 30 June 2014.

3. TMG declared and paid a dividend to TMG Shareholders, including Blackstar based on their existing shareholding of 32.5%, of 35 cents per TMG Share in October 2014, this is considered a material event subsequent to 30 June 2014 and the dividend income of R14 million, net of Dividends Withholding Tax of R0.3 million, has been included in earnings.
4. Estimated transaction costs associated with the Transactions of approximately R45.5 million have been expensed.
5. The Tiso Transaction is assumed to result in the issue of approximately 92.8 million BLK Shares and cash payments financed by a combination of senior debt and a general banking facilities of approximately R600 million. Related finance charges of approximately R61.8 million are also accounted for the twelve month period ended 30 June 2014.
6. If Scheme Participants elect to receive the maximum cash consideration, approximately 90.8 million BLK Shares are assumed to be issued pursuant to the Scheme.
7. If Scheme Participants make no Cash Elections, approximately 123.7 million BLK Shares are assumed to be issued pursuant to the Scheme.
8. These *pro forma* financial effects do not account for the taxation consequences of the Scheme for Scheme Participants, if any.
9. The accounting for the acquisition of the remaining interest not already owned by Blackstar is in accordance with IFRS 10: Consolidated Financial Statements, IFRS 12: Disclosure of Interest in Other Entities, IFRS 13: Fair Value Measurement and International Accounting Standard 27: Separate Financial Instruments (revised).

22 PRO FORMA FINANCIAL EFFECTS ON SCHEME PARTICIPANTS

- 22.1 The *pro forma* financial effects on TMG Shareholders are the responsibility of the TMG Board and have been prepared for illustrative purposes only to provide information about how the Scheme may affect the financial position of Scheme Participants electing to receive the share consideration.
- 22.2 The *pro forma* financial effects are presented for illustrative purposes only and, because of their nature, may not fairly present the actual financial effects of the Scheme, on TMG Shareholders. Readers of the *pro forma* financial effects are advised that the *pro forma* financial effects assume that Blackstar will not consolidate TMG after the implementation of the Scheme but rather account for the acquisition at fair value of the consideration received on that date in terms of IFRS 13: Fair Value Measurement. As a result, the earnings of TMG are not included in the earnings of Blackstar for purposes of the *pro forma* financial effects.
- 22.3 As there is still some uncertainty of the impact on Blackstar due to the ability for Scheme Participants to elect cash and/or BLK Shares as payment for their Scheme Shares, the tables below present two distinct scenarios. The first scenario and table assumes that Scheme Participants are paid maximum cash consideration under the Scheme of R500 million. The

second scenario and table assumes that Scheme Participants elect to only receive BLK Shares under the Scheme.

Scenario 1: Maximum Cash Election

| Scheme Participant | TMG Shares before the Scheme | <i>Pro forma Blackstar shares after the Scheme</i> | Change % |
|--------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------|-----------------|
| Number of ordinary shares | 1 | 1.44885 | |
| Earnings for number of ordinary shares reflected above (cents) | | | |
| Basic and diluted earnings | 315 | 167 | -47% |
| Basic and diluted headline earnings | 312 | 167 | -47% |
| Net asset value for number of ordinary shares reflected above (cents) | 1,208 | 1,995 | 65% |
| Net tangible asset value for number of ordinary shares reflected above (cents) | 559 | 1,994 | 257% |

Scenario 2: No Cash Elections

| Scheme Participant | TMG Shares before the Scheme | <i>Pro forma Blackstar shares after the Scheme</i> | Change % |
|--------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------|-----------------|
| Number of ordinary shares | 1 | 1.44885 | |
| Earnings for number of ordinary shares reflected above (cents) | | | |
| Basic and diluted earnings | 315 | 148 | -53% |
| Basic and diluted headline earnings | 312 | 148 | -53% |
| Net asset value for number of ordinary shares reflected above (cents) | 1,208 | 1,963 | 62% |
| Net tangible asset value for number of ordinary shares reflected above (cents) | 559 | 1,963 | 251% |

Notes:

1. The figures included in the "TMG Shares before the Scheme" column have been extracted, without adjustment, from the published audited consolidated annual financial statements of TMG for the year ended 30 June 2014.
2. For purposes of the consolidated statement of comprehensive income, it is assumed that the Transactions occurred on 1 July 2013, and for purposes of the consolidated statement of financial position, it is assumed that the Transactions occurred on 30 June 2014.
3. The *pro forma* financial effects illustrate the *pro forma* financial effects of the Scheme on one Scheme Share receiving the share consideration.
4. Scheme Participants who receive the share consideration will receive 1.44885 BLK Shares per Scheme Share. Accordingly, the figures included in the "*Pro forma* after the Scheme" column have been prepared with reference to the Blackstar *pro forma* financial effects (refer to the "*Pro forma* after the Transactions" column in the Blackstar *pro forma* financial effects), as calculated per BLK Share for each scenario and applying an exchange ratio of 1.44885.
5. The figures included in the "*Pro forma* Blackstar shares after the Scheme" column exclude the value of the Pre- Acquisition Dividend that would be received by Scheme Participants.

23 WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Following the release of this Firm Intention Announcement, the Cautionary Announcement is hereby withdrawn by TMG and caution is no longer required to be exercised by TMG Shareholders when dealing in TMG Shares.

24 RESPONSIBILITY STATEMENT

24.1 The TMG Independent Board accepts responsibility for the information contained in this Firm Intention Announcement to the extent that it relates to TMG. To the best of its knowledge and belief, such information contained in this Firm Intention Announcement is true and nothing has been omitted which is likely to affect the importance of such information.

24.2 The Blackstar Board accepts responsibility for the information contained in this Firm Intention Announcement to the extent that it relates to Blackstar and BCIL. To the best of its knowledge and belief, such information contained in this Firm Intention Announcement is true and nothing has been omitted which is likely to affect the importance of such information.

Johannesburg
18 February 2015

**: All amounts quoted in British Pound Sterling ("GBP") have been converted into from South African Rand at a rate of GBP1.00 : R17.63 being the approximate exchange rate as at 9 February 2015 with*

the exception of Blackstar's NAVPS as at 30 June 2014 which was reported as GBP0.93 per share based on the prevailing exchange rate at that time.

Corporate adviser and JSE transaction sponsor to Blackstar

One Capital

Corporate advisor and sponsor to TMG

PSG Capital

Mandated Lead Arrangers in respect of the acquisition finance

FirstRand Bank Limited (acting through its Rand Merchant Bank division)

The Standard Bank of South Africa Limited

Attorneys to Blackstar

ENSafrica

Attorneys to TMG

Webber Wentzel

Attorneys to the Mandated Lead Arrangers

Baker & McKenzie

Independent Expert

PWC Corporate Finance

Reporting Accountants to Blackstar and TMG

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