Tiso Blackstar Group SE
(Incorporated in England and Wales)
(Company number SE 110)
(registered as an external company with limited liability in the Republic of South Africa under registration number 2011/008274/10)
LSE Ticker: TBGR
JSE share code: TBG
ISIN: GB00BF37LF46
("**Tiso Blackstar**" or the "**Company**" or the "**Group**")

Update on conditional disposal of 22.9% interest in Kagiso Tiso Holdings Proprietary Limited ("KTH")

Shareholders of Tiso Blackstar ("**Shareholders**") are referred to the announcement dated 6 July 2017, in terms of which the Company advised Shareholders that it had signed a share purchase agreement (the "**Initial SPA**") with KTH and Kagiso Trust Strategic Investments Proprietary Limited ("**Kagiso**") whereby Kagiso had conditionally agreed to purchase the Group's entire shareholding of 213,235 ordinary shares in KTH, constituting 22.9% of KTH's issued ordinary share capital (excluding treasury shares), held through its wholly owned subsidiary Tiso Blackstar Holdings SE ("**TBH**"), (the "**Intended KTH Disposal**").

In March 2018, KTH commenced negotiations with Tiso Blackstar on the basis that the Intended KTH Disposal could no longer be completed due to adverse market conditions in the latter half of 2017 which resulted in a decline in the KTH portfolio valuation and it was therefore not in the best interests of KTH to continue with the full quantum of the buy-back.

In the circumstances, all parties concerned agreed to terminate the Initial SPA and pursue a transaction which would realise value for Tiso Blackstar, which is expected to be achieved in phases (the "**Revised KTH Disposal**").

Phase one of the Revised KTH Disposal has resulted in the Company signing a new share purchase agreement with KTH and Kagiso, on 23 March 2018, whereby Kagiso has agreed to purchase 33,645 ordinary shares in KTH from TBH, constituting 3.61% of KTH's issued ordinary share capital (excluding treasury shares), for a cash purchase price of ZAR197.9 million. The majority of the proceeds will be applied to repay Tiso Blackstar's term debt, which as at 30 June 2017 amounted to ZAR407.2 million.

The proceeds are expected to be received by the Group by 30 April 2018, subject to certain suspensive conditions, yet to be completed by KTH, including, *inter alia*:

a) various internal approvals to be obtained within KTH to enable it to make a payment in cash to TBH;
b) KTH shareholders' waiver of pre-emptive rights; and
c) other KTH shareholder approvals, as applicable.

Following the implementation of the Revised KTH Disposal, TBH's effective interest will be 20.01% of the issued ordinary shares of KTH (excluding treasury shares). Despite the cancellation of the Intended KTH Disposal, the remaining interest in KTH will continue to be classified as a non-current asset held for sale, as Tiso Blackstar management are committed to a plan to sell. As part of phase two of the Revised KTH Disposal, negotiations are currently underway, to successfully realise this investment which has been identified as non-core to the Group.

In light of the events as detailed above, the special dividend of ZAR40.0 million, which was conditional upon implementation of the Intended KTH Disposal, will be reconsidered as part of phase two of the Revised KTH Disposal.

KTH is a leading black owned diversified investment holding company with investments in a broad range of sectors including media, insurance and services. As at 30 June 2017, the KTH investment was carried in Tiso

Blackstar's accounts at its estimated fair value less cost to sell of ZAR1.5 billion and separately disclosed as a non-current asset held for sale. During the year ended 30 June 2017, pre-tax dividends amounting to ZAR13.2 million and directors fees' of ZAR1.1 million were received from KTH, and a fair value loss of ZAR20 million was recognised on remeasurement of the investment to its fair value less costs to sell.

In terms of the JSE Limited Listings Requirements, the Revised KTH Disposal is considered to be a category 2 transaction.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

London

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