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**")

VOLUNTARY LIQUIDATION OF ROBOR PROPRIETARY LIMITED

Shareholders are hereby advised that the board of directors and shareholders of Robor Proprietary Limited ("Robor") have resolved to place Robor into voluntary liquidation, which liquidation has become effective.

The Company holds 47,61% of the issued share capital in Robor and is classed as a non-core investment of the Company. Robor operates in the South African steel manufacturing sector and has a history spanning over 90 years.

The decline of the South African economy over the past three years, the margin-eroding effect of cheaper Chinese imports, delays in the signing of Independent Power Producer agreements with the South African Government and the well-publicised financial demise of Eskom have caused systemic harm to both production and revenue generation in South Africa's steel tube and pipe manufacturing sector.

In addition to the above systemic issues in the sector, the progressive demise of the Robor's business has been exacerbated by the following factors:

- Insufficient volumes going through the Robor factory, an overhang of excess production capacity in South Africa after 2010 and the pervasive effect of cheaper imports from the East;
- The imposition of import duties by the United States of America on imported steel, which plagued Robor's sales of specialised steel pipe into the US oil and gas industry, previously a lucrative export market;
- The effective cessation of Eskom's planned 5,000km investment in additional power transmission lines, an initiative in which Robor had invested extensively; and
- The South African Government not extending import duty and tariff protection to downstream industries, thereby exposing steel fabricators to huge margin erosion to compete with imported steel-manufactured goods.

Robor's infrastructure and business is purpose built for high volume production of up to 20,000 tons per month. During the past 18 months, Robor witnessed significantly declining tonnage throughputs thus making it increasingly difficult for Robor to remain viably operational, despite the concerted efforts of management to address this.

Under the leadership of the Company, Robor undertook significant restructuring and cost-cutting initiatives during 2019, aimed at mitigating declining revenues and tonnage throughput. These initiatives were wholly supported by Robor's principle credit providers amidst an increasingly challenging lending environment. As part of this restructuring, Robor negotiated and concluded agreements aimed at ensuring a continuation of existing banking and trade credit insurance facilities and improved supply of coil and other raw materials.

However, these facilities were dependent on Robor maintaining critical levels of stock, which, despite numerous meetings with suppliers and trade credit insurers, Robor was unable to do.

In addition, the Company explored numerous avenues to raise additional capital for Robor including selling Robor as a going concern, merging with a competitor and a break-up and sale of individual Robor group companies. Tiso Blackstar and its shareholders were unable to commit any further capital or support to Robor beyond the Company's current exposure, particularly in view of its well-publicised intention to divest of its non-core assets, of which its investment in Robor was one.

Regretfully, despite all efforts to right-size Robor's operations, to procure additional tonnages for Robor's world-class manufacturing facility and to source additional capital, Robor became increasingly unable to maintain the required levels of working capital and liquidity to retain its going concern status.

Due to the abovementioned issues, Robor's directors and shareholders unanimously passed resolutions for the winding-up of Robor in terms of Sections 349 and 351 of the Companies Act 71 of 2008 of South Africa. These resolutions came into effect on 19 September 2019, being the date on which they were registered by Companies and Intellectual Property Commission. On 26 September 2019 the South Gauteng High Court granted the order of liquidation of Robor.

As security for part of Robor's working capital banking facility, Tiso Blackstar has a R110 million exposure to Robor in the form of a guarantee provided to Robor's funders. This excussive guarantee ranks behind the other assets in the Robor's collateral pool and can only be called upon in the event of a shortfall in the realisation by Robor's funder of the collateral it holds against Robor. An independent valuation has been performed by a third party expert on the realisable value of the Robor assets held in the collateral pool and has determined that there are sufficient realisable proceeds to settle Robor's obligation to its funder. Accordingly, it is not anticipated that this Tiso Blackstar guarantee will be called upon.

Accordingly, the Company has fully impaired its investment in Robor as the Company believes any subsequent recovery of such investment to be unlikely.

London
2 October 2019

Sponsor to Tiso Blackstar
PSG Capital

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