

# 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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## **FURTHER ANNOUNCEMENT REGARDING THE DISPOSAL OF CERTAIN MEDIA, BROADCAST AND CONTENT BUSINESSES, AND RENEWAL OF CAUTIONARY ANNOUNCEMENT**

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### **1 INTRODUCTION**

- 1.1 Shareholders are referred to the Company's SENS announcement, dated 27 June 2019 ("**Initial Announcement**"), regarding the proposed disposal of Tiso Blackstar's South African media, broadcasting and content businesses (excluding Gallo and its South African radio assets) to Lebashe Investment Group (Pty) Ltd ("**Lebashe**") for a purchase consideration of ZAR 800,000,000 ("**SA Sale**"), subject to certain adjustments.
- 1.2 Shareholders were also advised in the Initial Announcement that the Company had reached agreement on the terms upon which it would dispose of its media, broadcasting and content businesses in Ghana, Nigeria and Kenya ("**Africa Radio Sale**"), as well as its South African radio assets ("**SA Radio Sale**") to Lebashe for an additional aggregate consideration of ZAR 250,000,000, and that formal agreements would shortly be concluded in this regard.
- 1.3 Tiso Blackstar is pleased to announce that, on or about Friday 26 July 2019, it entered into formal transaction agreements with Lebashe in respect of the Africa Radio Sale and SA Radio Sale, in line with the terms outlined in the Initial Announcement and as detailed more fully below.
- 1.4 The SA Sale, the Africa Radio Sale and the SA Radio Sale are hereinafter collectively referred to as the "**Transaction**".
- 1.5 The rationale for the Transaction is set out in the Initial Announcement.

### **2 THE TRANSACTION**

- 2.1 As indicated in the Initial Announcement, the Transaction will be implemented as follows –
  - 2.1.1 an internal restructuring ("**Restructuring**") will be required in terms of an implementation agreement ("**Restructuring Agreement**") in respect of the group of companies of which Tiso Blackstar is the ultimate holding company ("**Tiso Blackstar Group**"), in order to constitute Tiso Blackstar Group's existing interests in its broadcasting, content and media businesses in South Africa, Ghana, Nigeria and Kenya in separate legal entities which are capable of being disposed of to Lebashe;

- 2.1.2 the SA Sale by the Company's subsidiary, Blackstar Holdings Group (Pty) Ltd ("**BHG**"), in terms of the "**SA Sale Agreement**", to Lebashe of the entire issued share capital of Tiso Blackstar Group (Pty) Ltd ("**TBG SA**"), as well as all claims held by BHG against TBG SA, for a purchase consideration ZAR 800,000,000, adjusted for debt, cash and normalised working capital, and for any movement in tangible net asset value;
- 2.1.3 the Africa Radio Sale by the Company's subsidiary, Tiso Blackstar Holdings SE ("**TBH UK**"), in terms of the "**Africa Radio Sale Agreement**", to Lebashe of the entire issued share capital of Africa Investments Holding Ltd ("**UK Newco**"), as well as all claims held by TBH UK against UK Newco, for a purchase consideration of ZAR 200,000,000 ("**Africa Radio Sale Consideration**"), thereby allowing Lebashe to acquire TBH UK's underlying interest, held via UK Newco, in the Tiso Blackstar Group's radio assets in Nigeria, Ghana and Kenya (collectively, "**Underlying Africa Assets**"), comprising 24.5% of the issued shares in Cooper Communications Ltd, 32.27% in Multimedia Group Ltd and 49% in Radio Africa Ltd (collectively, "**Underlying Africa Shares**"); and
- 2.1.4 the SA Radio Sale by BHG, in terms of the "**SA Radio Sale Agreement**", to Lebashe of the Tiso Blackstar Group's South African radio assets, comprising the entire issued share capital in Rise Broadcast (Pty) Ltd ("**Rise Broadcast**") and Vuma 103 FM (Pty) Ltd ("**Vuma**"), for an aggregate purchase consideration of ZAR 50,000,000 (which has been calculated on the basis that neither Rise Broadcast nor Vuma will have any debt on the closing of the SA Radio Sale Agreement) ("**SA Radio Sale Consideration**").
- 2.2 Both the Africa Radio Sale Agreement and the SA Radio Sale Agreement include representations, warranties, indemnities, liability limitations and restraints that are normal for transactions of this nature.
- 2.3 The Africa Radio Sale Consideration and the SA Radio Sale Consideration shall be paid in cash by Lebashe to TBH UK and BHG, respectively, on the effective date of the Africa Radio Sale and the SA Radio Sale, respectively.
- 2.4 The majority of the Africa Radio Sale Consideration and the SA Radio Sale Consideration will be utilised to reduce the Tiso Blackstar Group's debt to appropriate levels which will allow further growth of the Hirt & Carter segment, as the Tiso Blackstar Group's core operation.

### 3 **CONDITIONS PRECEDENT AND EFFECTIVE DATE**

- 3.1 Shareholders are referred to the Initial Announcement for details regarding the conditions precedent to and further terms of the SA Sale. The conditions precedent to the Africa Radio Sale and the SA Radio Sale are dealt with below. As indicated in the Initial Announcement, the Company expects the SA Sale to be implemented and become effective by 29 November 2019, depending on the timing of the fulfilment (or, where permissible, waiver) of the conditions precedent thereto.
- 3.2 Tiso Blackstar expects the Africa Radio Sale and the SA Radio Sale to be implemented and become effective by 29 November 2019 and 31 July 2020, respectively, depending on the timing of the fulfilment (or, where permissible, waiver) of the relevant conditions precedent set out below.
- 3.3 **Africa Radio Sale**
- 3.3.1 The Africa Radio Sale is subject to the fulfilment or, where permissible, waiver, of the conditions precedent that –
- 3.3.1.1 by not later than 31 July 2019 –
- 3.3.1.1.1 the boards of directors of Lebashe and TBH UK have approved the entering into and implementation of the Africa Radio Sale Agreement; and

- 3.3.1.1.2 the board of directors of UK Newco has approved the transfer of the sale shares in UK Newco and has noted the cession of the sale claims against UK Newco to Lebashe;
- 3.3.1.2 by not later than 29 November 2019 –
  - 3.3.1.2.1 UK Newco holds the Underlying Africa Shares pursuant to the relevant transaction step set out in the Restructuring Agreement and UK Newco has signed a deed of adherence in respect of each of the shareholders' agreements of the Underlying Africa Assets substantially in the form required under the relevant shareholders' agreement, but including certain amendments prescribed in the Africa Radio Sale Agreement and each relevant Underlying Africa Asset has countersigned the deed of adherence;
  - 3.3.1.2.2 TBH UK has acquired 100% of the issued shares in UK Newco pursuant to the relevant transaction step set out in the Restructuring Agreement;
  - 3.3.1.2.3 the SA Sale Agreement has been entered into and has become unconditional in accordance with its terms;
  - 3.3.1.2.4 the Africa Radio Sale and all agreements and transactions contemplated in the Africa Radio Sale Agreement (to the extent necessary) have been unconditionally approved by the Kenya Competition Authorities, or conditionally approved on terms and conditions acceptable to Lebashe and any other party adversely affected by such conditions, and such approval is no longer capable of appeal or review within the statutory timelines, or subject to appeal or review;
  - 3.3.1.2.5 the Africa Radio Sale and all agreements and transactions contemplated in the Africa Radio Sale Agreement (to the extent necessary, including in respect of any licence) have, as required, been notified to and/or unconditionally approved by the applicable communications authorities in Kenya, Ghana and Nigeria (as required), or conditionally approved on terms and conditions acceptable to Lebashe and any other party adversely affected by such conditions; and
  - 3.3.1.2.6 the exchange control authorities of the South African Reserve Bank have, to the extent required, approved the payment by Lebashe of the Africa Radio Sale Consideration to TBH UK, either unconditionally or on conditions acceptable to any party adversely affected thereby.
- 3.3.2 Unless all conditions precedent under the Africa Radio Sale Agreement have been fulfilled (or, where permissible, waived) by not later than the relevant dates for fulfilment thereof set out above (or such later date or dates as may be agreed in writing between TBH UK and Lebashe before the relevant date or dates for fulfilment) the provisions of the Africa Radio Sale Agreement, save for certain residual clauses, will never become of any force or effect and the Africa Radio Sale will not proceed.
- 3.4 **SA Radio Sale**
  - 3.4.1 The SA Radio Sale is subject to the fulfilment or, where permissible, waiver of the conditions precedent that –
    - 3.4.1.1 by not later than 31 July 2019 –
      - 3.4.1.1.1 the boards of directors of Lebashe and BHG have approved the entering into and implementation of the SA Radio Sale Agreement; and
      - 3.4.1.1.2 the boards of directors of Rise Broadcast and Vuma have approved the transfer of the sale shares in each of them pursuant to the SA Radio Sale Agreement;

- 3.4.1.2 by not later than 31 October 2019, the counterparties to certain leases to which Rise Broadcast and Vuma are party have (to the extent required) unconditionally consented in writing to the change in control of each of Rise Broadcast and Vuma;
- 3.4.1.3 by not later than 30 August 2019 –
- 3.4.1.3.1 BHG has (to the extent it has not already done so prior to signing the SA Radio Sale Agreement) timeously submitted all notices required in law to be submitted to the Independent Communications Authority of South Africa ("**ICASA**") in respect of the ICASA licence held by Vuma in so far as it does not correctly reflect (i) Vuma as the holder of the said licence; (ii) the ownership by historically disadvantaged groups applicable to Vuma; and (iii) TBG SA or BHG as the sole shareholder of Vuma, and has provided copies of such notices to Lebashe to its reasonable satisfaction; and
- 3.4.1.3.2 BHG has (to the extent it has not already done so prior to signing the SA Radio Sale Agreement) timeously submitted all notices required in law to be submitted to ICASA in respect of the ICASA licence held by Rise Broadcast and has provided copies of such notices to Lebashe to its reasonable satisfaction;
- 3.4.1.4 by not later than 29 November 2019 –
- 3.4.1.4.1 the SA Sale Agreement has been entered into and has become unconditional in accordance with its terms;
- 3.4.1.4.2 the SA Radio Sale has been unconditionally approved by the South African competition authorities, or conditionally approved on terms and conditions acceptable to Lebashe and any other party adversely affected by such condition, and such approval is no longer capable of appeal or review within the statutory timelines, or subject to appeal or review;
- 3.4.1.4.3 Lebashe, TBG SA and United Stations (Pty) Ltd have entered into an agreement in terms of which TBG SA cedes, delegates and assigns the national advertising sales services agreement with United Stations (Pty) Ltd to Lebashe with effect from the implementation date of the SA Radio Sale; and
- 3.4.1.4.4 BHG has acquired 100% of the shares in each of Rise Broadcast and Vuma from TBG SA pursuant to the Restructuring Agreement; and
- 3.4.1.5 by not later than 31 July 2020, the SA Radio Sale has been unconditionally approved by ICASA in terms of section 13 of the Electronic Communications Act, No. 36 of 2005, or conditionally approved on terms and conditions acceptable to Lebashe and any other party adversely affected by such conditions.
- 3.4.2 Unless all conditions precedent under the SA Radio Sale Agreement have been fulfilled (or, where permissible, waived) by not later than the relevant dates for fulfilment thereof set out above (or such later date or dates as may be agreed in writing between BHG and Lebashe before the relevant date or dates for fulfilment) the provisions of the SA Radio Sale Agreement, save for certain residual clauses, will never become of any force or effect and the SA Radio Sale will not proceed.

#### **4 RIGHT OF FIRST REFUSAL IN RESPECT OF THE GALLO BUSINESSES**

- 4.1 As part of the Restructuring, BHG will, prior to implementation of the SA Radio Sale, acquire the businesses conducted by the Tiso Blackstar Group under the names "*Gallo Record Company*" and "*Gallo Music Publishers*" ("**Gallo Businesses**"), with the result that these businesses will not be included in the Transaction.
- 4.2 However, BHG has, in terms of the SA Radio Sale Agreement, granted a right of first refusal to Lebashe to purchase the Gallo Businesses including all assets owned by the Tiso Blackstar Group in

respect thereof and all liabilities of whatsoever nature relating the Gallo Businesses, should BHG wish to sell them between the signature date of the SA Radio Sale Agreement and the date falling 12 months after the implementation of the SA Radio Sale ("**Option Period**").

- 4.3 In this regard, should BHG, during the Option Period, wish to dispose of the Gallo Businesses or receive a written offer from a *bona fide* third party looking to purchase the Gallo Businesses which BHG wishes to accept, BHG shall first offer to sell the Gallo Businesses to Lebashe (or a subsidiary of or a related or inter-related person to Lebashe (as such terms are defined in the Companies Act)) on the same or substantially the same terms (including as to the purchase price for the Gallo Businesses) as those pertaining to the third party sale. Should Lebashe not accept this offer, BHG will be entitled to dispose of the Gallo Businesses to a third party purchaser at the price and on terms not more favourable than those offered to Lebashe.

## 5 CATEGORISATION

- 5.1 As indicated in the Initial Announcement, the SA Sale qualifies as a Category 1 transaction under the JSE Listings Requirements.
- 5.2 In terms of the JSE Listings Requirements, the Africa Radio Sale and the SA Radio Sale are to be aggregated, for categorisation purposes, with the SA Sale, with the result that the Transaction (including the Africa Radio Sale and the SA Radio Sale) constitutes a Category 1 transaction, requiring shareholder approval. It is anticipated that the circular convening the general meeting of Tiso Blackstar shareholders and providing further information on the Transaction, will be published on or about 12 September 2019.

## 6 FINANCIAL EFFECTS

The financial effects of the Africa Radio Sale and the SA Radio Sale will be published in due course, together with the financial effects of the SA Sale.

## 7 FURTHER CAUTIONARY ANNOUNCEMENT

Further to the cautionary announcement contained in the Initial Announcement, and given that the financial effects of the Transaction are still to be announced, shareholders are advised to continue to exercise caution when dealing in the Company's securities until such announcement of the financial effects.

London  
29 July 2019

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