

18 January 2012

**Blackstar Group SE**

(**"Blackstar"** or the **"Company"**)

(Incorporated in England and Wales with Company number SE 000030)  
(registered as an external company with limited liability in the Republic of  
South Africa under registration number 2011/008274/10)

Share code: BLCK.LN and BCK

ISIN: GB00B0W3NL87

**ACQUISITION OF A 28% INTEREST IN MVELAPHANDA GROUP LIMITED ("MVG")  
APPOINTMENT TO THE BOARD OF DIRECTORS OF MVG**

Blackstar, the African focussed investment company, is pleased to announce that it has acquired 146,423,470 ordinary shares in MVG (the **"Shares"**), representing c.28% of MVG's issued ordinary share capital (excluding treasury shares), for R3.20 per share (the **"Acquisition"**). The Shares have been acquired from funds managed by Coronation Fund Managers for a total cash consideration of c.R470 million (c.£38 million).

MVG is an iconic South-Africa focused broad-based black economically-empowered investment holding company listed on the Main Board of the Johannesburg Stock Exchange. Since September 2009, MVG has implemented an investment strategy focussed on unlocking value for MVG shareholders. Today, MVG maintains its focus on gradually unbundling the Group's assets to realise value and generate a return on capital for shareholders. As at 17 January 2012, MVG's diversified portfolio included significant investments in South Africa's financial, media, entertainment, construction and healthcare sectors.

On 8 December 2011, Blackstar announced its firm intention to make an offer to acquire the entire issued share capital of MVG (the **"Original Offer"**) by way of a scheme of arrangement. This Original Offer was withdrawn on 20 December 2011. Whilst the proposed acquisition of the entire issued share capital of MVG would have given Blackstar additional scale, the Acquisition gives the Company similar benefits to the Original Offer but has a lower risk profile and offers Blackstar shareholders a greater discount to NAV than under the Original Offer.

Following the Acquisition Blackstar has become the largest single investor in MVG and has acquired its stake at an 8% discount to the 5 day volume weighted average price per share of R3.46 and a 16% discount to the estimated MVG NAV per share of R3.81 as at 17 January 2012. It is estimated that Blackstar's investment in MVG will constitute c.46% of

Blackstar's NAV. The Board of Blackstar believe this transaction will be NAV enhancing for Blackstar shareholders.

To fund the Acquisition, Blackstar has used R150 million (c.£12 million) of its own cash resources and will draw down R320 million (c.£26 million) on a debt facility provided by Investec Bank Limited for the purpose of this transaction (the "**Investec Facility**"). The Investec Facility has a term of two years and accrues interest at the South African Prime Rate (currently 9%) plus fifteen basis points per annum; interest is payable semi-annually in arrears. It is planned that cash returned to MVG shareholders as a consequence of its stated realisation and unbundling strategy will be applied against the Investec Facility enhancing the effective discount to NAV of the Acquisition.

In addition, as announced today by MVG, Messrs Andrew Bonamour and William Marshall-Smith, Chief Executive Officer and Director of Blackstar Group (Pty) Limited respectively have been appointed to the MVG Board with effect from Thursday, 19 January 2012. Andrew Bonamour will assume the role of interim chief executive officer of MVG. Their appointments will be subject to shareholder approval at the next annual general meeting of MVG. It should be noted that all directors fees received by Messrs Bonamour and Marshall-Smith in relation to MVG shall be for the benefit of Blackstar.

The new board of MVG will conduct a strategic review to map the future of the company and confirm its executive management structure. The results of this review will be made shortly.

Commenting on the Acquisition, Andrew Bonamour, Director of Blackstar, said:

"We believe MVG is an exciting investment opportunity. While the proposed merger would have given us additional scale, this investment gives us similar benefits that the merger would have, albeit on a smaller scale, but at a lower cost to Blackstar. We think our investment breathes new life into Mvela where we think there is a lot of value to be unlocked for all parties."

and Mikki Xayiya, Executive Chairman of the Board of MVG, said:

"We welcome Blackstar as an interested and committed MVG shareholder. I have been impressed with the Blackstar team and believe their experience and track record of extracting value will be beneficial to the MVG board and MVG's remaining assets. MVG has been without a dedicated management team since December 2010 and therefore the involvement of the Blackstar representatives will be highly beneficial. The initial objective for the new MVG board will be to map the future strategy for the company and its investments and we look forward to doing this in a short frame of time."

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London

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