

Blackstar Group Plc
("Blackstar" or the "Company")

Real Estate Investment

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Blackstar, through its 100 per cent. held subsidiary, Blackstar Real Estate (Pty) Limited ("BRE"), is pleased to announce that it has entered into an agreement with Tanmac Trading (Pty) Limited ("Tanmac"), whereby Blackstar will gain economic exposure to industrial land and hotels in Durban, Kwa-Zulu Natal (the "Property Assets") through an equity participation mechanism while at the same time earning an 11% yield on its investment (the "Investment").

Charles Taberer, a Non-Executive Director of the Company, has an indirect exposure to Tanmac. The Investment is in the form of a loan for the gross value of R5,750,000 (approximately £513,000) which will be funded from Blackstar's existing cash resources. The Property Assets consist of two properties, namely Hotel 64 on Gordon and Dockland Hotel. Hotel 64 on Gordon is a 36 room boutique hotel situated in Durban's Gourmet District with easy access to all arterial routes and amenities. Docklands Hotel is an 83 room designer hotel situated in Durban's Point Waterfront development with views over the Indian Ocean and harbour.

Following the Investment, Blackstar now holds an interest in six properties, offering the Company exposure to the South African retail, leisure, industrial and development real estate sectors.

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