

Blackstar Group SE

(“Blackstar” or the “Company”)

Update to Secondary Listing on the ALTx of the Johannesburg Stock Exchange, proposed fundraising and further update

The board of Blackstar is pleased to announce that it has now received formal approval from the Johannesburg Stock Exchange (“JSE”) to obtain a secondary listing on the ALTx of the JSE. Following this approval it is anticipated that Blackstar will list on ALTx on Friday 12 August 2011.

Blackstar has today published a JSE prospectus in connection with the ALTx listing which will be posted today to Shareholders and published on Blackstar’s website at www.blackstar.lu in accordance with AIM Rule 26.

The board of Blackstar also announces that it is undertaking a fundraising via a private placement in South Africa. As announced on 23 March 2011 it is a requirement for obtaining the ALTx Listing that the Company maintains a sub-register in South Africa representing approximately 10% (10 per cent) of its issued share capital. To help meet this requirement, the Directors are planning a placing of up to 15 million new shares which, when issued, will be included on the South African sub-register. The price at which these shares will be issued is the Rand equivalent of GBP 0.85 per share, resulting in total gross proceeds of approximately £12,750,000. The private placement is anticipated to close on 5 August 2011.

New information contained within the JSE prospectus

The JSE prospectus contains the following update in respect of the valuation of Blackstar’s portfolio and further information in respect of Blackstar’s investment history and track record:

Portfolio update

As at 30 June 2011, the board estimate that Blackstar had tangible intrinsic net assets of £91.8 million, equating to just under R1 billion. As at 30 June 2011, Blackstar had invested £113.7 million in South Africa. Since inception Blackstar has exited several investments and has generated an IRR of 30% (thirty per cent) in Pounds Sterling on these investments.

A significant portion of Blackstar’s investments have been in public opportunities in South Africa and these investments have generated an IRR of 29% (twenty nine per cent) in Pounds Sterling up to 30 June 2011. Over the same period, the FTSE/JSE Africa All Share Total Return Index returned an IRR of 13% (thirteen per cent) in Pounds Sterling.

Since inception, the board estimate that Blackstar has increased its tangible intrinsic NAV attributable to equity holders from £75.4 million (net capital raised) to £91.8 million, as at 30 June 2011. This is after returning £13 million to Shareholders by way of dividends and share buy-backs. This performance has been achieved in spite of some of the most turbulent economic and trading conditions in living memory.

Summary of Blackstar’s track record since inception

Investment	Industry sector	Date of initial investment	Cost of the investment (£'000)	Investment Status	Gross IRR up to 30 June 2011
Listed					
York Timbers	Forestry	March - 07	17,140	Realised	18%
Mvelaphanda Resources	Resources	April - 07	12,667	Realised	22%
Litha Healthcare	Health Care	October - 06	8,844	Partially realised	63%
Services derivative	Support Services	May - 06	5,658	Unrealised	13%
Telecom derivative	Telecommunications	March - 06	1,524	Realised	(15%)
Credit U	Micro Finance	April - 08	6,739	Realised	53%
Other			6,885	Partially realised	43%
Total listed investment			59,457		29%
Unlisted					
Euro Steel Holdings	Industrial / Steel	July - 06	509	Realised	41%
DCD-Dorbyl	Industrial / Engineering	March - 07	4,816	Realised	74%
KMG ²	Industrial / Steel	June - 07	37,543	Partially realised	n/a ¹
Ferro	Industrial / Chemicals	January - 09	6,023	Partially realised	n/a ¹
Other			5,357	Partially realised	n/a ¹
Total unlisted investment			54,248		
Note:					
1. Investments in Subsidiaries are consolidated and are not carried at fair value.					
2. Includes investment in Global Roofing Solutions (Pty) Limited and Robor (Pty) Limited					

Summary of current Investment Portfolio

The table below represents a summary of Blackstar's Investment Portfolio as at 30 June 2011.

Investment	Industry sector	% interest in the company (%)	Cost of the investment (£'000) ²	Current market value of interest (£'000) ¹	% of Blackstar's investment portfolio (%)
Listed					
Litha Healthcare – listed on the JSE	Health Care	39	8,248	34,677	37.8
Services derivative – listed on the JSE	Support Services	N/A	5,658	9,469	10.3
Other	Various	Various	2,058	2,121	2.3
Unlisted					
Ferro Industrial Products	Industrial / Chemicals	54	5,723	18,415	20.1
KMG ³	Industrial / Steel	99	37,137	17,494	19.0
Adreach	Media	15	2,769	1,841	2.0
Blackstar Real Estate	Real Estate	100	554	566	0.6
Navigare Securities	Financial Services	25	107	555	0.6
Other	Various	Various	788	9,471	1.0
Cash and cash equivalents	-	-	N/A	8,349	9.1
Total				91,822	100
Note:					
1. Valuation of investments by the Directors at Last Practicable Date.					
2. The cost of investment is the original cost of the investment currently held. This differs from the earlier table (Summary of Blackstar's track record since inception), which reflects the original cost of both the investment currently held and any previously realised portions.					
3. Includes investment in Global Roofing Solutions (Pty) Limited and Robor (Pty) Limited.					

Transfer to Malta

Following approval by Blackstar's shareholders on 22 June 2011, Blackstar converted into a *Societas Europaea* or European public limited liability company on 27 June 2011. Following this conversion, the Company will be able to transfer its registered office from England and Wales to another member country of the European Union. This will lessen the administrative, legal and auditing costs which arose from it having its registered office in the United Kingdom and its tax residence and principal establishment in Luxembourg. The Directors plan to propose to Shareholders shortly that Blackstar transfer its registered office and tax establishment to Malta which is the most efficient jurisdiction for the Company for returning excess capital to Shareholders and will ensure that in pursuing its commitment to return excess capital to Shareholders, Shareholders are not adversely affected by the current tax regime.

JSE announcement

Below is the text of an announcement made on the JSE this morning relating to the ALTx listing and the proposed fundraising.

Further announcements will be made in due course.

For further information, please contact:

Blackstar Group SE	John Kleynhans	+352 402 505 427
Collins Stewart Europe Limited	Matt Goode	+44 (0) 20 7523 8350

Blackstar Group SE
Previously Blackstar Group PLC
(Incorporated in England and Wales)
(Company number SE 30)
(registered as an external company with limited liability in the Republic of South Africa under registration number 2011/008274/10)
Share code: BCK
ISIN: GB00BOW3NL87
("Blackstar" or "the Company")

ABRIDGED PROSPECTUS: PRIVATE PLACEMENT AND LISTING OF SHARES ON THE JSE

This Prospectus is not an invitation to the public to subscribe for or an offer to the public to purchase Blackstar shares. It is issued in compliance with the Listings Requirements of the JSE Limited ("the JSE") and with the South African Companies Act 71 of 2008, as amended ("the South African Companies Act") for the purpose of providing information to the public and qualifying investors with regard to Blackstar.

The information in this abridged prospectus has been extracted from the prospectus issued by the Company on 18 July 2011 ("the Prospectus") relating to the Private Placement of up to 15 000 000 (fifteen million) ordinary shares in the share capital of Blackstar at an issue price of the Rand equivalent of £0.85 (eighty five Pence) each ("the Private Placement"), and the subsequent secondary listing of Blackstar on the Alt^x of the JSE. Copies of the Prospectus may be obtained during office hours from:

- i. the Company at 2nd floor, Ibex House, the Minories, London, EC3N 1DX;
- ii. PSG Capital (Proprietary) Limited, the corporate adviser and sponsor of Blackstar, at first floor, Ou Kollege Building, 35 Kerk Street, Stellenbosch, 7599 and at ground floor, DM Kisch Building, Inanda Greens Business Park, 54 Wierda Road West, Wierda Valley, Sandton, 2196; or
- iii. Link Market Services South Africa (Proprietary) Limited at 13th floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2000.

For a full appreciation of the secondary listing and the Private Placement, the Prospectus should be read in its entirety.

BACKGROUND AND OVERVIEW OF BLACKSTAR

Blackstar was incorporated and registered in England and Wales on 20 June 1989 and subsequently converted to a European public limited-liability company, or *Societas Europaea*, on the 27 June 2011 under company number SE30. The company also registered as an external company in South Africa on 14 April 2011 under registration number 2011/008274/10.

Blackstar is an investment holding company that targets listed and unlisted investment opportunities where it can play an active role, working with management teams, and leverage off Blackstar's financial and business experience and network in order to enhance value.

Blackstar was founded by Andrew Bonamour in 2005 and listed on AIM in London in early 2006 after raising £80 million, before expenses, to pursue special opportunities that would capitalise on the developments and changes taking place on the African Continent.

Blackstar has developed a long term track record of outperformance and has an experienced investment advisory team that have complimentary backgrounds and are based in Johannesburg.

Blackstar's investment style incorporates best practises from value investing, growth investing, event driven investing and opportunism. Fundamental analysis and extensive due diligence are at the core of the investment process.

Current shareholders include management, Schroder Investment Management Limited, Eton Park Capital Management L.P., Lansdowne Partners Limited, Midas Capital Partners Limited and Henderson Global Investors Limited, amongst others.

As at 30 June 2011, Blackstar had tangible intrinsic net assets of £91.822 million, equating to just under R1 billion.

INVESTMENT STRATEGY

Blackstar's investment strategy is to achieve a balance between long-term capital growth and income, through investments in a range of listed and unlisted investment opportunities. Blackstar's investment thesis is based on targeting listed and unlisted investment opportunities, with the underlying themes of strategic market position, strong cash flows and the ability to exploit the wider African market from its South African base. The geographic mix of investments will vary over time depending on the relative attractiveness of opportunities across different African countries and regions.

RATIONALE FOR LISTING ON ALTX

Building on its successful track record, Blackstar intends to raise up to R138 million additional capital from new investors in South Africa and the United Kingdom and list on the Altx as a secondary listing.

The capital raised will be used to fund investment opportunities in its pipeline.

The purpose of the secondary listing on the Altx is to:

- enhance the liquidity and tradability in the Company's shares;
- unlock value for Blackstar's shareholders through enhanced price discovery;
- reinforce Blackstar's connection with a market in which greater than 90% of its assets are located;
- create awareness with prospective institutional and retail investors about the merits of investing in Blackstar;
- appeal to a broader range of prospective investors, both institutional and retail, who are familiar with Blackstar's investments and its history therefore providing further access to capital in order to facilitate and accelerate the Company's growth and acquisitions falling within Blackstar's investment scope; and
- facilitate the raising of additional capital to allow Blackstar to fund its pipeline.

Shares issued pursuant to the Private Placement will be issued at a 30.9% discount to the tangible intrinsic NAV at 30 June 2011.

INVESTMENT HISTORY AND TRACK RECORD

Blackstar has a track record of superior returns and as at 30 June 2011, Blackstar had invested £113.7 million in South Africa. Since inception Blackstar has exited several investments and has generated an IRR of 30% (thirty per cent) in Pounds Sterling on these investments.

A significant portion of Blackstar's investments have been in public opportunities in South Africa and these investments have generated an IRR of 29% (twenty nine per cent) in Pounds Sterling up to 30 June 2011. Over the same period, the FTSE/JSE Africa All Share Total Return Index returned an IRR of 13% (thirteen per cent) in Pounds Sterling.

Since inception, Blackstar has increased its tangible intrinsic NAV attributable to equity holders from £75.4 million (net capital raised) to £91.8 million, as at 30 June 2011. This is after returning £13 million to Shareholders by way of dividends and share buy-backs. This performance has been achieved in spite of some of the most turbulent economic and trading conditions in living memory.

PROSPECTS

Blackstar has an active pipeline of investment opportunities that it is looking to pursue and it intends to apply the majority of funds raised from the Private Placement against these opportunities. These opportunities will be pursued through Blackstar directly or through its existing subsidiaries that are looking at acquiring companies in South Africa or Africa to further expand their footprint on the continent.

MIGRATION TO MALTA

Blackstar was previously known as Blackstar Group PLC. Blackstar Group PLC recently converted into a *Societas Europaea* or European public limited-liability company. Following this Conversion, the Company will be able to transfer its registered office from England and Wales to another member country of the European Union. This will lessen the administrative, legal and auditing costs which arose from it having its registered office in the United Kingdom and its tax residence and principal establishment in Luxembourg. The Directors plan to propose to Shareholders shortly that Blackstar transfer its registered office and tax establishment to Malta which is the most efficient jurisdiction for the Company for returning excess capital to Shareholders and will ensure that in pursuing its commitment to return excess capital to Shareholders, Shareholders are not adversely affected by the current tax regime.

DIRECTORS

The names and addresses of the directors of the Blackstar are as follows:

Full name	Designation	Address
JB Mills	Non-executive chairman	58, rue Charles Martel, L-2134, Luxembourg
WA Baertz	Non-executive director	58, rue Charles Martel, L-2134, Luxembourg
AD Bonamour	Non-executive director	11 Crescent Drive, Melrose Arch, 2076, RSA
M Ernzer	Non-executive director	54, rue de Cessange L-1320, Luxembourg
C Taberer	Non-executive director	58, rue Charles Martel, L-2134, Luxembourg

DETAILS OF THE PRIVATE PLACEMENT

The salient details of the private placement are as follows:

Private Placement issue price per ordinary share	the Rand equivalent of £0.85 (eighty five pence) per ordinary share as calculated on the closing date
Number of ordinary shares offered for subscription in terms of the Private Placement	up to 15 000 000 (fifteen million)
Total amount sought to be raised	£12.75 million or approximately R138.425 million
Opening of the Private Placement at 09:00 on	Monday, 18 July 2011
Closing of the Private Placement at 12:00 on	Friday, 5 August 2011

The Private Placement is open to selected investors only and is not underwritten.

Without limiting the foregoing, the Private Placement does not constitute an offer in any jurisdiction in which it is illegal to make such an offer and the Prospectus should not be forwarded or transmitted to any person in any territory other than where it is lawful to make such an offer. The Private Placement shares have not been and will not be registered under the Securities Act of the United States of America. Accordingly, the

Private Placement shares may not be offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States or to, or for the account or benefit of, United States persons, except pursuant to exemptions from the Securities Act. The Prospectus and its accompanying application form are not being, and must not be, mailed or otherwise distributed or sent in, into or from the United States. The Prospectus does not constitute an offer of any securities for sale in the United States or to United States persons.

The Private Placement does not constitute an offer in the District of Columbia, the United States, the Dominion of Canada, the Commonwealth of Australia, Japan or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

LISTING ON THE JSE

The JSE has formally approved the listing of all ordinary shares in the issued share capital of Blackstar as a secondary listing on the Alt^x under the abbreviated name "Blackstar", share code "BCK" and ISIN GB00B0W3NL87 with effect from the commencement of trade on Friday, 12 August 2011.

For further information please contact:

Blackstar Group SE	John Kleynhans	+352 402 505 427
Collins Stewart Europe Limited	Matt Goode	+44 (0) 20 7523 8350
PSG Capital (Pty) Ltd	Willie Honeyball/David Tosi	+27 021 8879602
18 July 2011		
London		

Sponsor and Corporate Adviser: PSG Capital (Pty) Limited

AIM nominated adviser and broker: Collins Stewart Europe Limited

Independent reporting accountant: BDO South Africa Inc.

Independent auditors: BDO LLP