

Mvelaphanda Group Limited
(Incorporated in the Republic of South Africa)
Registration number 1995/004153/06
Ordinary share code: MVG
Preference share code: MVGP
Ordinary share ISIN: ZAE000060737
Preference share ISIN: ZAE000073540
("Mvela Group")

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: GB00B0W3NL87
("Blackstar")

JOINT ANNOUNCEMENT OF THE FIRM INTENTION OF BLACKSTAR TO MAKE AN OFFER TO ACQUIRE THE ENTIRE ISSUED SHARE CAPITAL OF MVELA GROUP BY WAY OF A SCHEME OF ARRANGEMENT ("Scheme") AND RENEWAL OF CAUTIONARY

1. INTRODUCTION

- 1.1 Shareholders of Mvela Group ("Mvela Group Shareholders") are referred to the cautionary announcement dated 21 October 2011, and are advised that Blackstar has made an offer to acquire the entire issued ordinary share capital of Mvela Group, excluding shares held by subsidiaries of Mvela Group as treasury shares and the Mvela Group ordinary shares already held by Blackstar ("the Target Shares"), by way of a scheme of arrangement in terms of section 114 of the Companies Act 71 of 2008, as amended (the "Companies Act").
- 1.2 If implemented, the Scheme will result in Mvela Group Shareholders receiving, at their election ordinary shares in Blackstar ("Share Consideration"), a cash alternative ("Cash Consideration"), or a combination thereof, subject to a maximum Cash Consideration of R800 million ("Scheme Consideration"). The mechanism for the calculation of the Scheme Consideration is set out in more detail in paragraph 3 below.
- 1.3 Mvela Group has, in terms of an implementation agreement ("Implementation Agreement") concluded with Blackstar dated 8 December 2011, agreed to propose the Scheme on the terms and conditions set out in the Implementation Agreement and summarised herein.

2. RATIONALE FOR THE SCHEME

- 2.1 Mvela Group is currently focused on executing a value unlocking strategy on behalf of its shareholders through which the main investments are being realised and/or unbundled with a key focus on realising value and returning capital to shareholders.
- 2.2 Mvela Group remains committed to its value unlocking strategy and offers the Scheme as a potential alternative opportunity to Mvela Group Shareholders to realise value. Mvela Group Shareholders should consider the Scheme and agree to it if they see fit.
- 2.3 Blackstar believes that the proposed Scheme Consideration provides Mvela Group Shareholders with the option, through the Cash Consideration, to realise a portion of their investment in cash earlier than would otherwise be the case and, through the

Share Consideration, to participate in the additional value Blackstar believes it can create in the enlarged portfolio over the medium term.

- 2.4 More detail on Blackstar and its strategy in relation to Mvela Group is set out in the Blackstar announcement that is being published simultaneously with this firm intention announcement. Full details of Blackstar, its management and its track record will be included in the Scheme circular to be sent to Mvela Group Shareholders (the "Scheme Circular").

3. SCHEME CONSIDERATION

- 3.1 The Scheme Consideration will be calculated based on the relative calculated tangible net asset values per ordinary share ("Calculated TNAV") of Blackstar and Mvela Group as at 11 January 2012, for the purposes of which:
- 3.1.1 the listed investments of Blackstar and Mvela Group (including their indirect interests in The Bidvest Group Limited and ABSA Group Limited ("ABSA") respectively) will be deemed to be valued at the volume weighted average price at which such investments traded on the Johannesburg Stock Exchange ("JSE") for the 15 business days preceding 11 January 2012;
- 3.1.2 the unlisted investments in Blackstar will be deemed to be valued at the value used in arriving at the indicative Share Consideration in paragraph 3.5 below (which was based on the principles and methodologies used by Blackstar in its most recent audited annual report and accounts).
- 3.2 The Cash Consideration shall be an amount equivalent to a 5% discount to the Calculated TNAV of Mvela Group as at 11 January 2012 unless that amount:
- 3.2.1 is less than R3.07, in which case the Cash Consideration will be R3.07;
- 3.2.2 is more than R3.75, in which case the Cash Consideration will be R3.75.
- 3.3 The Share Consideration shall be calculated by applying a 5% premium to the Calculated TNAV of the Mvela Group and a 10% discount to the calculated TNAV of Blackstar (and dividing the adjusted Mvela Group TNAV by the adjusted Blackstar TNAV to arrive at a swap ratio) provided that if the swap ratio:
- 3.3.1 is less than 0.303 ordinary shares in Blackstar ("Blackstar Shares") per Target Share, the Share Consideration will be 0.303 Blackstar Shares per Target Share;
- 3.3.2 is more than 0.371 Blackstar Shares per Target Share, the Share Consideration will be 0.371 Blackstar Shares per Target Share.
- 3.4 The Scheme Consideration will be announced to Mvela Group Shareholders on SENS and in the press as soon as possible after it has been calculated. The aforementioned announcement will also contain the pro forma financial effects of the Scheme. Any dispute in relation to the calculation of the Scheme Consideration will be referred for determination by an

independent corporate financier operating in the Republic of South Africa.

- 3.5 An Indicative Scheme Consideration has been calculated as at 5 December 2011. As at that date, the Calculated TNAV's of Blackstar and Mvela Group were ZAR12.43 and ZAR3.59 respectively, with the result that:
- 3.5.1 the Indicative Cash Consideration as at 5 December 2011 would have been ZAR3.41 (a 5% discount to Mvela Group's TNAV of ZAR3.59 per Mvela Group ordinary share at that date), provided that a Mvela Group shareholder's ability to receive this amount is limited by the maximum Cash Consideration as set out in paragraph 3.6 below; and
- 3.5.2 the Indicative Share Consideration as at 5 December 2011 would have been 0.337 Blackstar Shares for each Target Share disposed of in terms of the Scheme (based on a 5% premium to Mvela Group's Calculated TNAV and a 10% discount to the Blackstar Calculated TNAV at that date).
- 3.6 As set out above, the Cash Consideration is limited to R800 million. Accordingly, if all Mvela Group Shareholders elect to receive the Cash Consideration, then Mvela Group Shareholders will receive a maximum of R1.51 per Target Share in cash (equivalent to 44% of the Scheme Consideration) and the balance in Blackstar Shares. Based on the Indicative Scheme Consideration, this would result in Mvela Group Shareholders receiving R1.51 per Target Share in cash and 0.188 Blackstar Shares per Target Share. Mvela Group Shareholders that fail to make an election will receive the Share Consideration.
- 3.7 In the event that certain of the Mvela Group Shareholders elect to receive less than their pro rata entitlement of the Scheme Consideration in cash, then the amount of cash available to Mvela Group Shareholders who have elected the Cash Consideration will increase pro rata. For the avoidance of doubt, all Mvela Group Shareholders participating in the Scheme shall be treated equally when determining the the amount of cash available to Mvela Group Shareholders.

4. COMPARABLE OFFER

Blackstar will make a comparable offer to the relevant redeemable option-holding shareholders of Mvela Group on terms which will be more fully set out in the Scheme Circular.

5. SHAREHOLDER SUPPORT

Blackstar has obtained an irrevocable undertaking from Mvelaphanda Holdings (Pty) Limited to vote in favour of the Scheme. Mvelaphanda Holdings (Pty) Limited is the registered and/or beneficial holder of 103 752 650 ordinary shares in Mvela Group representing 20 per cent of Mvela Group's entire issued ordinary share capital (excluding treasury shares) as at the date of this announcement.

6. RECIPROCAL UNDERTAKINGS

- 6.1 Both Blackstar and Mvela Group have undertaken that between 8 December 2011 and the operative date of the Scheme neither they nor any of their subsidiaries shall:

- 6.1.1 incur or enter into any agreement to incur any additional debt or to alter the terms of existing debt;
- 6.1.2 encumber in any manner any of its assets (tangible or intangible);
- 6.1.3 enter into or agree to enter into any foreign exchange transaction, guarantees or other similar agreements;
- 6.1.4 grant or agree to grant any loans or other financial facilities or assistance to or any guarantees or indemnities to any party or create any mortgage, charge or other encumbrance over the whole or any part of its undertakings or assets;
- 6.1.5 acquire or enter into any agreement to acquire any asset exceeding ZAR5 000 000 in value;
- 6.1.6 enter into any agreement to do any of the foregoing, other than in the ordinary course of business and/or if the other party consents to same in writing, which consent will not be unreasonably withheld or delayed.

6.2 Both Blackstar and Mvela Group have undertaken that between 8 December 2011 and the date on which the Scheme is either implemented or terminated, neither of them shall declare or pay any distribution of any nature whatsoever.

6.3 Other than its interest in ABSA and Batho Bonke Capital (Proprietary) Limited ("Batho Bonke") which Mvela Group has undertaken not to dispose of prior to the date on which the Scheme is either implemented or terminated, neither party is precluded from disposing of any of its investments.

7. SCHEME CONDITIONS

7.1 The Scheme will be subject to the fulfilment (or waiver, where applicable) of the following conditions precedent ("Scheme Conditions")-

7.1.1 on or before 31 March 2012 -

7.1.1.1 the passing of all resolutions required to implement the Scheme by the requisite majority of the holders of the Blackstar Shares, which resolutions include, inter alia, the approval of the Scheme, the increase of the Blackstar's authorised share capital and the authority to issue the Share Consideration; and

7.1.1.2 the approval of the Scheme by the requisite majority of Mvela Group Shareholders as contemplated in section 115(2)(a) of the Companies Act, and (a) to the extent required, the approval of the implementation of such resolution by a High Court in South Africa in terms of section 115(2) and/or section 115(3) of the Companies Act; and (b) if applicable, Mvela Group not treating the aforesaid resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act; and

7.1.1.3 in relation to any objections to the Scheme by Mvela Group Shareholders:

7.1.1.3.1 no Mvela Group Shareholders give notice objecting to the Scheme, as contemplated in

section 164(3) of the Companies Act and vote against the resolutions proposed at the Scheme general meeting; or

7.1.1.3.2 if Mvela Group Shareholders give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and vote against the resolutions proposed at the general meeting of Mvela Group Shareholders, Mvela Group Shareholders holding no more than 10% of the Target Shares, eligible to be voted at the Scheme general meeting, give such notice and vote against the resolutions proposed at the Scheme general meeting; or

7.1.1.3.3 if Mvela Group Shareholders holding more than 10% of all Target Shares eligible to vote at the Scheme general meeting give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and vote against the resolutions proposed at the Scheme general meeting, the relevant Mvela Group Shareholders do not exercise their appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act within thirty business days following the Scheme general meeting, in respect of more than 10% of the Target Shares eligible to be voted at the Scheme general meeting; and

7.1.1.4 in respect of the implementation of the Scheme and only to the extent that same may be applicable, the approval of the South African Competition Authorities, the South African Reserve Bank, the JSE, the Takeover Regulation Panel ("TRP") (through the issue of the requisite compliance certificate), the London Stock Exchange and any other relevant regulatory authorities (either unconditionally or subject to conditions acceptable to Blackstar); and

7.1.1.5 the approval of the listing of the Blackstar Shares, to be issued as part of the Scheme Consideration, by the JSE on the Blackstar South African share register; and

7.1.1.6 all consents as may be necessary to give effect to the Scheme including, without limitation, the written consent of all funders to Mvela Group and its subsidiaries and counterparts to the agreements to which Mvela Group (and/or its subsidiaries) are parties, is obtained including in respect of the change in control of Mvela Group and/or the delisting of Mvela Group, or a waiver of such consents is obtained, to the extent that same may be required; and

7.1.2 during the period commencing on 8 December 2011 and ending the day before the last of conditions precedent in paragraphs 7.1.1.1 to 7.1.1.6 are fulfilled or, where applicable, waived –

7.1.2.1 the share price of ABSA does not fall below ZAR100 on any single trading day;

7.1.2.2 the 5-day volume weighted average traded price of ABSA shares does not fall below ZAR110 during any rolling 5-day trading period;

- 7.1.2.3 the FTSE/JSE All Share Index does not fall by more than 15% during any rolling 30-day trading period;
 - 7.1.2. 4 the combined TNAV of Blackstar and Mvela Group does not fall below ZAR1 500 000 000; and
 - 7.1.2. 5 Mvela Group (and any of its subsidiaries) do not, directly or indirectly, encumber or dispose of their shares in ABSA and/or Batho Bonke; and
- 7.1.3 during the period commencing on 8 December 2011 and ending the day before the last of conditions precedent in paragraphs 7.1.1.1 to 7.1.1.6 are fulfilled or, where applicable, waived –
- 7.1.3.1 Mvela Group Shareholders holding more than 20% of the Target Shares eligible to vote at the Scheme general meeting do not advise Mvela Group in writing of their objection to the Scheme and/or their intention to vote against any of the resolutions proposed at the Scheme general meeting;
 - 7.1.3.2 the share price of Litha Healthcare Group Limited ("Litha") does not fall below ZAR1.66 on any single trading day;
 - 7.1.3.3 the 5-day volume weighted average traded price of Litha shares does not fall below ZAR1.82 during any rolling 5-day trading period;
 - 7.1.3.4 the FTSE/JSE All Share Index does not fall by more than 15% during any rolling 30-day trading period; and
 - 7.1.3.5 the combined TNAV of Blackstar and Mvela Group does not fall below ZAR1 500 000 000.
- 7.2 The Scheme Conditions in paragraphs 7.1.1.1, 7.1.1.2, 7.1.1.4, 7.1.1.5 and 7.1.1.6 cannot be waived.
- 7.3 The Scheme Conditions in paragraphs 7.1.1.3 and 7.1.2 may be waived by Blackstar upon written notice to Mvela Group, prior to the date for fulfilment of the relevant Scheme Conditions, provided that Blackstar can only waive such conditions with the prior written consent of Investec Bank Limited.
- 7.4 The Scheme Condition in paragraph 7.1.3 may be waived by Mvela Group upon written notice to Blackstar, prior to the date for fulfilment of this Scheme Condition.
- 7.5 Blackstar will be entitled to extend the date for the fulfilment of any of the Scheme Conditions (save for the condition in paragraph 7.1.2), by up to 30 days, in its own discretion, upon written notice to Mvela Group, but shall not be entitled to extend the date to a date later than the aforesaid 30-day period without the prior written consent of Mvela Group.
- 7.6 Mvela Group will be entitled to extend the date for the fulfilment of any of the Scheme Conditions (save for the Scheme Condition in paragraph 7.1.3), by up to 30 days, in its own discretion, upon written notice to Blackstar, but shall not be

entitled to extend the date to a date later than the aforesaid 30-day period without the prior written consent of Blackstar.

8. SOURCES OF FUNDING

In terms of Regulation 111(4) of the Companies Regulations, 2011 (the "Regulations") Blackstar has provided the TRP with a guarantee from Investec Bank Limited confirming that it has sufficient cash resources and facilities available to settle the maximum Cash Consideration.

9. DELISTING OF MVELA GROUP

Upon implementation of the Scheme, an application will be made to the JSE to terminate the listing of the entire ordinary issued share capital of Mvela Group on the JSE.

10. EXISTING HOLDING OF SHARES IN MVELA GROUP

As of the date of this announcement, Blackstar held, directly or indirectly, 655 057 ordinary shares in Mvela Group or 0.1% of the issued ordinary share capital of Mvela Group.

11. OPINIONS AND RECOMMENDATIONS

As required in terms of the Companies Act and the Regulations, Mvela Group has constituted an independent board (the "Mvela Group Independent Board"). The Mvela Group Independent Board will appoint an independent expert acceptable to the TRP to provide the Mvela Group Independent Board with external advice in regard to the Scheme and to make appropriate recommendations to the Mvela Group Independent Board for the benefit of Mvela Group Shareholders. The substance of the external advice and the views of the Mvela Group Independent Board will be detailed in the Scheme Circular.

12. FURTHER DOCUMENTATION AND SALIENT DATES

Further details of the Scheme will be included in a Scheme Circular which is expected to be posted to Mvela Group Shareholders on or about 3 February 2012.

The salient dates in relation to the Scheme will be published prior to the issuing of the aforementioned documentation.

The salient dates in relation to the Scheme shall provide that the meeting of the holders of Blackstar Shares necessary to obtain approval of the Scheme shall be held prior to the Mvela Group Shareholders meeting at which the Scheme will be put to Mvela Group Shareholders.

13. FOREIGN SHAREHOLDING

The offer contained in the Implementation Agreement and as more fully set out in the Scheme Circular, is not made to any shareholder of Mvela Group in any jurisdiction where it would be illegal for such offer to be made.

14. MVELA GROUP INDEPENDENT BOARD RESPONSIBILITY STATEMENT

The Mvela Group Independent Board accepts responsibility for the information contained in this announcement which relates to Mvela Group and confirms that, to the best of its knowledge and belief, such information which relates to Mvela Group is true and the announcement does not omit anything likely to affect the importance of such information.

15. BLACKSTAR RESPONSIBILITY STATEMENT

The board of directors of Blackstar accepts responsibility for the information contained in this announcement which relates to Blackstar and confirms that, to the best of its knowledge and belief, such information which relates to Blackstar is true and the announcement does not omit anything likely to affect the importance of such information.

16. RENEWAL OF CAUTIONARY ANNOUNCEMENT

Mvela Group Shareholders are referred to the cautionary announcement dated 21 October 2011 and are advised to continue to exercise caution when dealing in Mvela Group securities until such time as the final Scheme Consideration has been announced to Mvela Group Shareholders.

Johannesburg & London
8 December 2011

Transaction advisor to Mvela Group: Java Capital (Pty) Limited
Sponsor to Mvela Group: Deutsche Securities (SA) (Proprietary) Limited
Legal advisor to Mvela Group: Cliffe Dekker Hofmeyr Inc.

Transaction advisor and sponsor to Blackstar: PSG Capital (Pty) Limited
Transaction advisor to Blackstar: Masazane Capital Holdings (Pty) Limited
Nomad to Blackstar: Liberum Capital Limited
Legal advisors to Blackstar: Edward Nathan Sonnenbergs Inc. and Werksmans Inc.
Banker to Blackstar: Investec Bank Limited