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If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document but not the accompanying Form of Proxy and personalised Tender Form, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Subscription Shares are not dealt in, or on, any recognised investment exchange and no application for such dealing has been made. Subject to Shareholder approval and their unconditional allotment, application will be made for the Subscription Shares to be admitted to trading on AIM.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document. A prospective investor should consider carefully whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him.

Blackstar Investors Plc

(in the process of changing its name to Blackstar Group Plc)

(Incorporated in England and Wales under the Companies Act 1985 with registered number 2396996)

(R.C.S. Luxembourg number B114318)

Internalisation of Blackstar's investment advisory arrangements through the termination of the existing investment advisory arrangements and the acquisition of Blackstar Fund Managers (Pty) Limited,

Reorganisation of Share Capital,

Subscription for 13,341,851 New Ordinary Shares at a price of 67 pence per share,

Return of up to £5.0 million to Shareholders by way of a Tender Offer

and

Notice of General Meeting

The availability of the Tender Offer to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom should read section 6 of the letter from the Chairman of the Company set out in Part 1 of this document and the section headed "Overseas Shareholders" in Part 3 of this document and should inform themselves about, and observe, any applicable legal or regulatory requirements in their jurisdiction.

The directors of the Company, whose names appear on page 9 of this Circular, have read this document and confirm that, to the best of their knowledge and belief, its contents are true, accurate and not misleading.

Collins Stewart Europe Limited ("Collins Stewart") is acting exclusively for Blackstar and for no one else in connection with the matters described in this document and is not advising any other person. Accordingly, Collins Stewart will not be responsible to anyone other than Blackstar for providing the protections afforded to clients of Collins Stewart or for advising any other person in relation to the matters described in this document.

This document does not constitute an offering of Subscription Shares in the United States or in any jurisdiction outside the United Kingdom. The Subscription Shares will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state or other jurisdiction of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia, South Africa, Ireland or Japan, nor has any prospectus in relation to the Subscription Shares been lodged with or registered by the Australian Securities and Investments Commission. Accordingly, subject to certain exceptions, the Subscription Shares may not be, directly or indirectly, offered, sold taken up, delivered or transferred in or into the United States, Canada, Australia, South Africa, Ireland or Japan.

The Tender Offer will close at 1.00 p.m. BST on 24 June 2009, unless extended by means of an announcement through a Regulatory Information Service. The procedure for tendering your Tender Offer Shares is set out in Part 3 of this document. In order to participate in the Tender Offer, you must return the Tender Form (for Ordinary Shares held in certificated form) by 1.00 p.m. BST on 24 June 2009 or, if your shares are held in uncertificated form, submit a TTE Instruction which must settle by 1.00 p.m. BST on 24 June 2009.

PLEASE NOTE THAT THE TENDER OFFER PROVIDES FOR QUALIFYING SHAREHOLDERS HOLDING 1,000 ORDINARY SHARES OR FEWER ON THE TENDER OFFER RECORD DATE TO SELL ALL THEIR ORDINARY SHARES IN FULL WITHOUT INCURRING DEALING COSTS. SMALL SHAREHOLDERS SHOULD THEREFORE READ THIS DOCUMENT CAREFULLY.

A notice convening a General Meeting of Blackstar Investors Plc to be held at 58 rue Charles Martel, L-2134 Luxembourg at 5.00 p.m. CET on 25 June 2009 is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the meeting should be completed in accordance with the instructions printed thereon and returned as soon as possible and, in any event, so as to reach the Company's Receiving Agents, Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 4.00 p.m. BST/5.00 p.m. CET on 23 June 2009. **IT IS IMPORTANT THAT SHAREHOLDERS COMPLETE AND RETURN THEIR FORM OF PROXY TO TRY TO ENSURE THAT THE GENERAL MEETING IS QUORATE IN ACCORDANCE WITH THE REQUIREMENTS OF LUXEMBOURG LAW.** Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

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STATISTICS

INTERNALISATION

Number of Ordinary Shares currently in issue	73,259,510
Number of Subscription Shares to be issued	13,341,851
Number of Ordinary Shares in issue immediately following the issue of the Subscription Shares	86,601,361
Subscription Shares to be issued pursuant to the Internalisation expressed as a percentage of the Enlarged Share Capital	15.4%

TENDER OFFER

Maximum number of Ordinary Shares to be bought back pursuant to the Tender Offer	7,462,686
Maximum number of Ordinary Shares to be bought back pursuant to the Tender Offer expressed as a percentage of the Enlarged Share Capital	8.6%
Number of Ordinary Shares in issue immediately following completion of the Tender Offer (assuming the Tender Offer is taken up in full)	79,138,675
Maximum amount payable by the Company under the Tender Offer	£5.00 million

PLEASE NOTE THAT THE TENDER OFFER PROVIDES FOR QUALIFYING SHAREHOLDERS HOLDING 1,000 ORDINARY SHARES OR FEWER ON THE TENDER OFFER RECORD DATE TO SELL ALL THEIR ORDINARY SHARES IN FULL WITHOUT INCURRING DEALING COSTS. PLEASE THEREFORE READ THIS DOCUMENT CAREFULLY.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2009</i>
Tender Offer open for acceptances	5 June
Tender Offer Record Date	5.00 p.m. BST on 5 June
Latest time and date for receipt of Forms of Proxy	4.00 p.m. BST on 23 June
Latest time and date for receipt of Tender Forms and TTE Instructions in relation to the Tender Offer	1.00 p.m. BST on 24 June
Suspension of trading in Existing Ordinary Shares on AIM to allow implementation of the Capital Reorganisation	7.00 a.m. BST on 25 June
General Meeting of Company held in the presence of a Luxembourg notary	5.00 p.m. CET on 25 June
Announcement of level of acceptances under the Tender Offer	25 June
Trading in the New Ordinary Shares expected to recommence on AIM	7.00 a.m. BST on 26 June
Purchase of New Ordinary Shares by the Company under the Tender Offer	29 June
Trading in Subscription Shares expected to commence on AIM	8.00 a.m. BST on 30 June
CREST accounts credited with Tender Offer proceeds and despatch of cheques for Tender Offer proceeds	3 July
Share certificates despatched in respect of Subscription Shares and, as applicable, New Ordinary Shares	9 July

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.

DEFINITIONS

The following definitions apply throughout this Circular unless the context otherwise requires:

“2006 Act”	the Companies Act 2006
“Acquisition Agreement” or “BFM SPA”	the agreement dated 5 June 2009 between (1) The Aimeth Trust (a trust of which Andrew Bonamour is one of the potential beneficiaries); (2) William Marshall-Smith; (3) Andrew Bonamour; (4) Metier and (5) the Company for the conditional sale and purchase of the BFM Shares
“Admission”	admission of the Subscription Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the market operated by the London Stock Exchange plc known as AIM
“AIM Rules”	the rules for companies whose shares are admitted to trading on AIM and their nominated advisers published by the London Stock Exchange plc governing admission to and the operation of AIM
“Articles”	the Company’s articles of association from time to time
“Basic Entitlement”	in respect of valid tenders under the Tender Offer up to 10,000 Ordinary Shares in full and then the <i>pro rata</i> entitlement based on their registered holding in excess of 10,000 Ordinary Shares at the Tender Offer Record Date such that the total number of Ordinary Shares purchased (including in respect of Small Shareholders) by the Company in the Tender Offer does not exceed 7,462,686 New Ordinary Shares in aggregate
“BFM”	Blackstar Fund Managers (Pty) Limited, a private company with limited liability incorporated in the Republic of South Africa with registered number 2005/042844/07
“BFM Shares”	the entire issued share capital of BFM
“BGL”	Blackstar Group Limited, a company incorporated in England and Wales with registered number 6590609, of which employees of Macfarlanes LLP, the Company’s English legal advisers, are the sole shareholder and director and which changed its name to Blackstar Group Limited in order to protect such name pending the change of the name of the Company
“BML”	Blackstar Managers Limited, a company incorporated in the British Virgin Islands with registered number 629747
“Board” or “Directors”	the board of directors of the Company whose names are set out on page 9 of this Circular, for the time being, including any duly constituted committee of the Directors
“BST”	British Summer Time
“Capita” or “Escrow Agent”	Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
“Capital Reorganisation”	the Share Subdivision, the Deferred Shares Transfer, the Deferred Shares Buyback, the Deferred Shares Cancellation and the Ordinary Shares Consolidation

“CET”	Central European Time
“Collins Stewart”	Collins Stewart Europe Limited, the Company’s nominated adviser and broker, a member of the London Stock Exchange and which is authorised and regulated by the Financial Services Authority
“Company” or “Blackstar”	Blackstar Investors Plc (in the process of changing its name to Blackstar Group Plc), a public limited company incorporated in England and Wales with registered number 2396996
“CREST”	the relevant system (as defined in the Regulations) for the paperless settlement of share transfers and the holding of shares in Uncertificated Form in respect of which Euroclear is the Operator (as defined in the Regulations)
“Deferred Shares”	deferred shares of 1p each in the capital of the Company following the Share Subdivision
“Deferred Shares Buyback”	the purchase of the Deferred Shares by the Company from BGL pursuant to the Market Purchase Contract
“Deferred Shares Cancellation”	the cancellation of the Deferred Shares immediately upon re-purchase by the Company of all the Deferred Shares in issue pursuant to the Market Purchase Contract
“Deferred Shares SPA”	an agreement for the sale of the Deferred Shares by the holders of the Deferred Shares to BGL
“Deferred Shares Transfer”	the sale of all the issued Deferred Shares by the Company (as agent for all the holders of Deferred Shares) to BGL pursuant to the Deferred Shares SPA
“DTA”	double taxation agreement
“Enlarged Group”	the Company and its subsidiaries following the acquisition of BFM
“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following the issue of the Subscription Shares but immediately prior to the purchase by the Company of the Ordinary Shares pursuant to the Tender Offer
“Euroclear”	Euroclear UK & Ireland Limited
“Existing Ordinary Shares”	the ordinary shares of £1 each in the capital of the Company
“Form of Proxy”	the form of proxy to be used by Shareholders in connection with the General Meeting which accompanies this Circular
“General Meeting”	the general meeting of the Company convened to be held at 5.00 p.m. CET on 25 June 2009
“General Meeting Notice”	the notice convening the General Meeting which is set out at the end of this Circular
“IAA”	the investment advisory agreement between (1) the Company and (2) BML dated 24 January 2008, as amended from time to time (which replaced the original investment advisory agreement dated 30 December 2005)
“Independent Directors”	Messrs John Mills, Wolfgang Baertz and Marcel Ernzer

“Internalisation”	the termination of the IAA and the acquisition by the Company of the entire issued share capital of BFM, as described in more detail in sections 2 and 3 of Part 1 of this Circular
“Investment Advisory Sub-Agreement”	the investment advisory agreement between (1) BML and (2) BFM dated 30 December 2005
“IAA Termination Agreement”	the agreement between (1) the Company, (2) BML, (3) Novatrust and (4) Julian Treger dated 5 June 2009
“Long Stop Date”	28 August 2009 (or, if earlier, the date on which certain conditions to the Acquisition Agreement and/or the IAA Termination Agreement are not met)
“Market Purchase Contract”	an agreement for the sale of the Deferred Shares by BGL to the Company
“Metier”	Metier Investment and Advisory Services (Proprietary) Limited
“NAV” and “NAV per Share”	net asset value of the Company, and on a per ordinary share basis
“New 1p Ordinary Shares”	the ordinary shares of 1 pence each in the capital of the Company following the Share Subdivision
“New Ordinary Shares”	the ordinary shares of 67 pence each in the capital of the Company following the Capital Reorganisation
“Novatrust”	Novatrust Limited, in its capacity as trustee to the Treger Family Settlement whose address is at Sir Walter Raleigh House, 48-50 Esplanade, St Heler, JE1 4HH, Jersey c/o Stoneage SA
“Ordinary Shares”	the Existing Ordinary Shares, the New 1p Ordinary Shares and/or the New Ordinary Shares, as the context so requires
“Ordinary Shares Consolidation”	the consolidation of every 67 New 1p Ordinary Shares into one New Ordinary Share
“Overseas Shareholder”	a Shareholder who is resident in any jurisdiction outside the United Kingdom or a custodian, nominee or trustee for a person who is a citizen, resident or national of any jurisdiction outside the United Kingdom
“£” or “Pounds”	Pounds Sterling, the lawful currency of the United Kingdom
“Qualifying Shareholder”	a Shareholder who is entitled to participate in the Tender Offer, being a Shareholder on the register of members of the Company at the Tender Offer Record Date who is not an Overseas Shareholder
“Qualifying Shares”	Ordinary Shares held by a Qualifying Shareholder at the Tender Offer Record Date
“Receiving Agent”	Capita Registrars Limited
“Registrar”	Capita Registrars Limited
“Regulations”	the Uncertificated Securities Regulations 2001
“Resolutions”	the resolutions set out in the General Meeting Notice
“Shareholders”	holders of shares of any class in the capital of the Company from time to time

“Share Subdivision”	the subdivision of each Existing Ordinary Share into 67 New 1p Ordinary Shares and 33 Deferred Shares
“Small Shareholders”	a Qualifying Shareholder with a registered holding of 1,000 Ordinary Shares or fewer at the Tender Offer Record Date
“Subscription”	the subscription by BML and Novatrust (in its capacity as trustee to the Treger Family Settlement) for the Subscription Shares
“Subscription Shares”	13,341,851 New Ordinary Shares to be subscribed for in aggregate by BML and Novatrust pursuant to the IAA Termination Agreement
“Team”	the team that works exclusively for BFM which will become employed by the Enlarged Group pursuant to the Internalisation, as described in more detail at section 5 of Part 1 of this Circular
“Tender Conditions”	the conditions to the Tender Offer set out in Part 3 of this Circular
“Tender Form”	the form of tender enclosed with this document for use in connection with the Tender Offer in respect of Ordinary Shares held in certificated form
“Tender Offer”	the tender offer to Shareholders as set out in Part 3 of this Circular
“Tender Offer Closing Date”	1.00 p.m. BST on 24 June 2009
“Tender Offer Record Date”	5.00 p.m. BST on 5 June 2009
“Tender Price”	67 pence per New Ordinary Share
“TFE Instruction”	a transfer from escrow instruction (as defined by the CREST manual issued by Euroclear)
“TTE Instruction”	a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear)
“Treger Family Settlement”	funds associated with Julian Treger and his family
“UK” or “United Kingdom”	The United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part V of the Financial Services and Markets Act
“US”, “USA” or “United States”	the United States of America, its territories and possessions, any state of the US and the District of Columbia and all other areas subject to its jurisdiction
“Westmount”	Westmount Securities Limited, an independent financial institution
“Westmount Loan”	the loan advanced to BML by Westmount to fund the acquisition of Existing Ordinary Shares by BML under an agreement dated 20 June 2008 as described in section 3 of Part 1 this document

References in this document to 2 June 2009, refer to the close of business on 2 June 2009, being the latest practicable date prior to the publication of this Circular.

PART 1

LETTER FROM THE CHAIRMAN

Blackstar Investors Plc

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 2396996)
(R.C.S. Luxembourg number B114318)*

Directors:

John Broadhurst Mills *(Non-executive Chairman)*
Julian André Treger *(Non-executive Director)*
Andrew David Bonamour *(Non-executive Director)*
Wolfgang Andreas Baertz *(Non-executive Director)*
Marcel Ernzer *(Non-executive Director)*

Registered office:

7th Floor
Phoenix House
18 King William Street
London
EC4N 7HE

Principal place of business:

58 rue Charles Martel
L-2134 Luxembourg

5 June 2009

To: All Shareholders

Dear Shareholder,

**Internalisation of Blackstar's investment advisory arrangements through the
termination of the existing investment advisory arrangements and the acquisition
of Blackstar Fund Managers (Pty) Limited,
Reorganisation of Share Capital,
Subscription for 13,341,851 New Ordinary Shares at a price of 67 pence per share,
Return of up to £5.0 million to Shareholders by way of a Tender Offer
and
Notice of General Meeting**

1. Introduction

The Company announced today that it had entered into conditional agreements to terminate the IAA with BML and to acquire the entire issued share capital of BFM (together the "Internalisation"). The aggregate consideration payable by the Company in respect of the Internalisation is approximately £14.9 million. Further details on the Internalisation are set out in sections 2 and 3 of this letter.

Approximately £8.9 million of the consideration will be used to subscribe for an aggregate of 13,341,851 New Ordinary Shares at a price of 67 pence per Ordinary Share. Further details of the Subscription are set out in sections 3 and 4 of this letter.

To offer some liquidity to Qualifying Shareholders and to return up to £5.0 million to Shareholders, it is also proposed that Blackstar make the Tender Offer in respect of approximately 7.46 million Ordinary Shares to Qualifying Shareholders at 67 pence per Ordinary Share. **Please note that the Tender Offer provides a mechanism for Shareholders holding 1,000 Ordinary Shares or fewer on the Tender Record Date to sell their Ordinary Shares in full, without incurring dealing costs. The Tender Price represents a premium of approximately 44 per cent. to the mid-market price on 2 June 2009 of 46.5 pence per Existing Ordinary Share. Further details of the Tender Offer are set out in section 6 of this letter and in Part 3 of this Circular.**

In order to facilitate the Internalisation and the Subscription, it will be necessary to carry out the Capital Reorganisation, further details of which are set out in section 8 of this letter. To facilitate the Capital Reorganisation, AIM has agreed to suspend the Existing Ordinary Shares from trading on AIM at 7.00 a.m.

on 25 June 2009. It is expected that upon completion of the Capital Reorganisation, the New Ordinary Shares will be re-admitted to trading on AIM at 7.00 a.m. on 26 June 2009.

The purpose of this Circular is to provide you with information about the background to and the reasons for the Internalisation, the Tender Offer and the Capital Reorganisation and to explain why the Independent Directors recommend that all Shareholders vote in favour of all the Resolutions to be proposed at the General Meeting, notice of which is set out in Part 5 of this Circular. Further details of the General Meeting are set out in section 11 of this letter.

2. Background to and reasons for the Internalisation

Blackstar is an investment company with an external investment advisor, namely BML. The Company has an indefinite life but the earliest date for the termination of the IAA is 31 December 2014.

In accordance with the terms of the IAA, BML provides advice to Blackstar in relation to the making, monitoring and exiting of investments. In order to help fulfil its obligations under the IAA, BML entered into the Investment Advisory Sub-Agreement with BFM, pursuant to which BFM sources transactions for Blackstar and executes the Board's decisions locally.

Under the IAA, BML currently receives an annual management fee equating to 2 per cent. of the net asset value of the Company (payable quarterly in advance) and an annual performance fee equal to 20 per cent. of the increase in the fair value of investments of the Company, subject to a 10 per cent. hurdle and making good any investment write-downs and general expenses. Following the approval of the IAA at a general meeting of the Company held on 18 February 2008, 50 per cent. of the performance fee became payable annually, subject to a high watermark and the availability of cash resources. The remaining 50 per cent. of the performance fee would become payable within 14 days of the approval of the Company's audited consolidated financial statements for the year ending 31 December 2012 or earlier, if the Company's investments are realised prior to that date. BML can elect to postpone this fee payment for a further 12-month period, but cannot postpone the fee payment beyond 14 April 2015 (based on the Company's audited consolidated financial statements for the year ended 31 December 2014).

For the year ended 31 December 2008, the annual management fee payable under the IAA was £2.1 million (2007: £1.6 million) and there was a performance fee accrual write back in the year of £1.5 million (2007: accrual of £5.8 million).

It is the view of the Board that investors' attitudes towards investment companies with external investment management arrangements have become negative. In the current difficult economic times, your Board believes that this has contributed to widening discounts between the share prices and the NAV of externally managed companies. The mid market share price of the Company as at 2 June 2009 was 46.5 pence, which is a discount of 62 per cent. to the last published NAV per Share of 123 pence as at 31 December 2008.

The benefits which the Board hopes to realise as a result of the Internalisation include the following:

- Closer alignment of interests between the Shareholders and the Team by increasing the key members of the Team's direct exposure to equity risk and the traded price of Blackstar's shares on AIM (with the emphasis on narrowing the discount), as opposed to the current upside-only participation through the performance fees (as described above) determined on the basis of NAV and portfolio exit prices.
- Enabling the Enlarged Group to retain cash that would otherwise have been payable to BML under the IAA (comprising the annual management fees and performance fees). It is expected that the Internalisation will provide an annual running cost saving around 50 per cent. of the current annual advisory fee and will also remove the uncertain impact of the performance fees, which have the potential to be very substantial over the life of the IAA. Currently, the IAA terminates on 31 December 2014 and the continuation of the life of the Company past 31 December 2014 would also require the negotiation of new management arrangements. The Internalisation removes this potential issue.

- The Board is considering a secondary listing on the Johannesburg Stock Exchange (“JSE”) in order to further increase the liquidity of the shares in the Company and grow its investor base in a market that is also familiar with its investments. The JSE does not have many externally managed companies listed on the exchange and the JSE is not in favour of externally managed companies which are subject to significant but uncertain levels of dilution. The Internalisation will assist with this process.
- Under the existing arrangements, BFM is also able to manage other third party funds. The Internalisation will secure the services and intellectual capital of the Team. The benefit of any fees on externally managed funds (subject to incentive payments payable to the Team thereon) would accrue for the benefit of the Enlarged Group.

The Board will remain unchanged following the Internalisation.

3. Terms of the Internalisation

The Company has entered into (i) a conditional agreement to terminate the IAA with BML (the “IAA Termination Agreement”); and (ii) a conditional agreement to acquire the entire issued share capital of BFM (the “Acquisition Agreement”). The Internalisation is conditional upon the passing of Resolutions 1 to 6 and the implementation of the Capital Reorganisation. The aggregate consideration payable by the Company in respect of the Internalisation is approximately £14.9 million, of which approximately £12.1 million will be payable in cash in respect of the termination of the IAA and approximately £2.8 million will be payable in respect of the acquisition of the BFM Shares.

Of the consideration payable in respect of the termination of the IAA, (i) approximately £8.6 million will be payable to BML, which will apply approximately £6.8 million in subscribing for 10,214,356 New Ordinary Shares in the Company at 67 pence per share and approximately £1.8 million to repay the Westmount Loan (see below); and (ii) approximately £3.5 million will be payable to Novatrust (as trustee of the Treger Family Settlement), which will apply approximately £2.1 million in subscribing for 3,127,495 New Ordinary Shares at 67 pence per share. As Shareholders are aware, the Treger Family Settlement is currently entitled to share in the fees payable by the Company under the terms of the IAA and this entitlement will terminate once the IAA has been terminated.

Pursuant to the IAA Termination Agreement, in aggregate, 13,341,851 New Ordinary Shares will be subscribed in the Company by BML and Novatrust at 67 pence per New Ordinary Share (a premium of 44 per cent. to the mid market share price on 2 June 2009) for an aggregate cost of approximately £8.9 million. The Subscription Shares will be subject to the lock up and forfeiture arrangements referred to in section 4 of this letter.

The Board has been advised that under the South African Exchange Control regulations, the Shareholders in BFM cannot accept shares in the Company as consideration for the BFM Shares. Accordingly the consideration payable by the Company for the acquisition of BFM of £2.8 million will be paid entirely in cash.

Assuming the Internalisation is completed, no further management fees nor further performance fees will be payable to BML or the Treger Family Settlement under the IAA, the last payment of management fees having being made on 1 April 2009 in respect of the quarter to 30 June 2009.

Under the terms of the Internalisation, BML has agreed to change its name and to assign any rights or interests in the Blackstar name to the Company.

The Team, including Andrew Bonamour, are employees of BFM and will thus become employees of the Enlarged Group. As part of the Internalisation, Andrew Bonamour has entered into a new service agreement with BFM (which is conditional on completion of the Internalisation) the key terms of which are (i) the contract is subject to a fixed term of two years and may be terminated on three months’ notice thereafter; (ii) he is appointed as chief executive officer and chairman of BFM; and (iii) the level of Andrew Bonamour’s salary at BFM remains at Rand 2.65 million and will be reviewed annually.

Westmount Loan

In 2008, Westmount made a loan of £3 million to BML to enable BML to acquire Existing Ordinary Shares in Blackstar. BML is currently reliant on cash flows under the IAA from Blackstar to service this loan. BML currently owns 5,440,000 Existing Ordinary Shares in the Company which, as announced on 15 January 2009, are provided as security to Westmount for the Westmount Loan. The expected amount outstanding on the Westmount Loan at 30 June 2009 is approximately £1.8 million, including accrued interest and BML has agreed to use part of the consideration it receives under the IAA Termination Agreement to repay this loan in full. In the event that completion of the Internalisation is delayed post 30 June 2009, the Company will be liable for the additional accrued interest on the Westmount Loan until such completion.

4. Arrangements in connection with the Subscription Shares

Part of the performance fee payable under the IAA is deferred until 31 December 2014. To reflect this and to better align Blackstar's shareholders and management, the IAA Termination Agreement provides that the Subscription Shares will be issued subject to certain conditions.

- (i) The Subscription Shares issued to BML will be subject to a lock-up arrangement until 31 December 2014.
- (ii) In the event that Andrew Bonamour's Service Agreement is terminated at his instance (which shall exclude termination by Andrew Bonamour on the basis of alleged constructive dismissal) on or before 31 December 2014 the Company has the right (but shall not be obliged) to nominate one or more third parties to acquire from BML up to twenty per cent. of the Subscription Shares allotted and issued to it at an aggregate price of £1.
- (iii) The Subscription Shares issued to Novatrust (as trustee of the Treger Family Settlement) will be subject to a lock-up arrangement for 12 months from the date they are issued.

5. Information on BFM

BFM is a South African registered company which is owned as to 44.94 per cent. by The Aimeth Trust (a trust associated with Andrew Bonamour), 29.96 per cent. by William Marshall-Smith and 25.1 per cent. by Metier, a private equity business in South Africa. BFM employs the Team.

Under the Internalisation, BFM will become a subsidiary of Blackstar.

The principal source of income of BFM to date has been from the advisory fees paid by BML to BFM pursuant to the Investment Advisory Sub-Agreement, which will be terminated as part of the Internalisation. In the year ended 28 February 2009, the revenue and profit before taxation of BFM were approximately £938,000 and £58,000 respectively. The net assets of BFM as at 28 February 2009 were approximately £80,000.

Following the acquisition of BFM, all the Team will become employees of the Enlarged Group. The Executive Chairman of BFM is Andrew Bonamour. In addition to Andrew Bonamour, BFM employs four investment professionals and two support staff.

The board of BFM comprises Andrew Bonamour, William Marshall-Smith and Greg Weinstein.

6. Tender Offer to Qualifying Shareholders

The Tender Offer, which will be made by Blackstar, will be open to all Qualifying Shareholders on the Company's share register on the Tender Offer Record Date. It is designed to offer some liquidity to Qualifying Shareholders and to help to offset the decrease in the Company's NAV per Share as a result of the Subscription.

The details of the Tender Offer, including how to accept it, are set out in Part 3 of this Circular, but the key information is summarised below.

The Tender Price is 67 pence per New Ordinary Share, allowing Shareholders to exit at the same price as that at which the Subscription Shares are being issued. The maximum consideration payable under the

Tender Offer is £5.00 million, meaning that the maximum number of New Ordinary Shares that can be purchased by the Company in the Tender Offer is 7,462,686.

The Tender Price represents a premium of approximately 44 per cent. to the market price of 46.5 pence per Existing Ordinary Share and 69 per cent. premium to the one month volume weighted average price (“VWAP”) of 39.7 pence, both as at 2 June 2009.

So as to benefit other Qualifying Shareholders, Shareholders (including Directors) as set out below (representing approximately 10.1 per cent. of the Existing Ordinary Shares) have given irrevocable undertakings not to tender the following Ordinary Shares in the Tender Offer:

<i>Name</i>		<i>Ordinary Shares</i>
Andrew Bonamour	<i>Note 1</i>	6,070,891
Julian Treger	<i>Note 2</i>	1,364,075
		<u>7,434,966</u>

Notes:

1. These Ordinary Shares are held by BML and funds associated with Andrew Bonamour.
2. These Ordinary Shares are held by funds associated with Julian Treger and his family and also by E2Investors Limited, a company that is ultimately owned by discretionary trusts of which Julian Treger is a potential beneficiary.

For the avoidance of doubt, it should be noted that the Subscription Shares will not rank for the Tender Offer.

As at 1 June 2009, the Company had over 3,800 registered Shareholders of which over 3,600 Qualifying Shareholders held 1,000 Ordinary Shares or fewer. Shareholders holding 1,000 Ordinary Shares or fewer represent approximately 0.22 per cent. of the Ordinary Shares in issue. At the mid market price of 46.5 pence per Ordinary Share as at 2 June 2009, 1,000 Ordinary Shares had a market value of £465. This long tail of shareholders resulted primarily from the Company’s previous existence as Illuminator Plc and results in disproportionately high administrative costs for the Company.

The Board therefore proposes to afford Small Shareholders (being Qualifying Shareholders with a registered holding of 1,000 Ordinary Shares or fewer at the Tender Offer Record Date) the opportunity to sell their entire holdings, free from dealing costs. **Small Shareholders may only participate in the Tender Offer by tendering ALL of their Ordinary Shares held at the Tender Offer Record Date and tenders by Small Shareholders of less than their entire holding at the Tender Offer Record Date will not be valid and will be rejected.** Accordingly, valid tenders from Small Shareholders will, subject to the terms and conditions of the Tender Offer, be accepted in full. Blackstar estimates that, if fully taken up, the cost to the Company of acquiring the holdings of Small Shareholders would be approximately £110,000, representing 2.2 per cent. of the maximum potential consideration payable under the Tender Offer.

Qualifying Shareholders who are not Small Shareholders may tender all, some or none of their Ordinary Shares in the Tender Offer. The Basic Entitlement under the Tender Offer for Qualifying Shareholders who are not Small Shareholders will be (i) up to 10,000 New Ordinary Shares in full and then (ii) their *pro rata* entitlement based on their registered holding in excess of 10,000 New Ordinary Shares at the Tender Offer Record Date such that the total number of New Ordinary Shares purchased (including in respect of Small Shareholders) by the Company in the Tender Offer does not exceed 7,462,686 New Ordinary Shares in aggregate.

If all Qualifying Shareholders take up their Basic Entitlement in full, based on the Shareholder register referred to above, it is expected that the pro-*rota* entitlement for Qualifying Shareholders who are not Small Shareholders would have been approximately 9.9 per cent. of those Ordinary Shares held in excess of 10,000 Ordinary Shares.

All New Ordinary Shares purchased in the Tender Offer by the Company will, in accordance with English law, be immediately cancelled. However, in accordance with Luxembourg law, the New Ordinary Shares

purchased in the Tender Offer by the Company will be deemed to be held in treasury until they are cancelled in the presence of a Luxembourg public notary through an amendment to the Articles.

A guide to the general tax position of Shareholders under UK law and HM Revenue & Customs practice in respect of the Tender Offer is set out in section 10 of Part 1 of this document. **All Shareholders are strongly advised to consult their professional advisers about their own tax position.**

The attention of Shareholders who are citizens or nationals of or resident in jurisdictions outside the UK and who wish to participate in the Tender Offer is drawn to the section headed "Overseas Shareholders" in Part 3 of this document.

The Tender Offer is conditional on the completion of the Capital Reorganisation, the Internalisation and on approval of the Tender Offer at the General Meeting and the issue of the Subscription Shares. In the event that the General Meeting is not quorate, it is intended that it will be reconvened and valid tenders under the Tender Offer will not be capable of withdrawal until the Long Stop Date.

7. Current trading

2009 has been a busy period for Blackstar. Since the year end on 31 December 2008, Blackstar has (i) concluded the acquisition of a 56 per cent. shareholding in Ferro Industrial Products ("Ferro") for £6.1 million; (ii) acquired a further 25 per cent. shareholding in Kulungile Metals Group ("KMG"); (iii) sold its effective 17 per cent. shareholding in DCD Dorbyl for £13.8 million equating to a return on investment of 2.83 times money and a 76 per cent. IRR in Pounds over the 20 month holding period; and (iv) unwound the Rand 100 million (approximately £6.7 million) loan provided to Credit U Holdings Limited realising a profit of approximately £0.38 million on the transaction over a period of 12 months.

With the investments in 2009 in Ferro and KMG, Blackstar has started acquiring controlling interests. As a result Blackstar will have greater access to cash flows, dividends and leverage for its assets.

The Company has identified a number of good investment opportunities that it is actively pursuing.

Since the year-end, Blackstar's underlying investments, with the exception of York Timbers and KMG, have performed well. The Group, which reports its results in Pounds, will have benefited from the strengthening of the South African Rand against the Pound. The share price of Mvela Resources has recovered well since the year-end as result of stronger platinum prices and the possibility of corporate action. However, York Timbers and KMG have been affected by the slowdown in the timber and steel markets. Jacob Zuma was appointed the new President of South Africa after the general election held in April 2009 and the South African market has responded positively to the new cabinet appointed by the new President. The Board believes that these companies will recover as the markets start to recover.

8. Capital Reorganisation

Blackstar is a company registered in England and Wales, but because it is tax resident in Luxembourg, it is subject to the provisions of both England and Luxembourg company law. As a consequence of this, it will be necessary to undertake the Capital Reorganisation as a pre-condition of the implementation of the Internalisation and the Tender Offer.

The current nominal value of each Existing Ordinary Share exceeds the Subscription Price. The Company cannot as a matter of either English or Luxembourg company law issue shares at less than their nominal value. In order to effect the issue of the Subscription Shares at 67p per share, it is therefore necessary for the New Ordinary Shares, to have a nominal value of no more than 67p each.

It is also proposed to carry out the Tender Offer at 67p per share. Under English law, except in limited circumstances which do not apply in this instance, any premium paid on a share buyback must be funded from distributable profits. The Company has limited distributable profits. Consequently, the New Ordinary Shares which are subject to the Tender Offer must be bought by the Company at their nominal value out of the proceeds of the issue of the Subscription Shares. The New Ordinary Shares therefore cannot have a nominal value of less than 67p.

Under Luxembourg law, it is not possible to have shares of different nominal value. Therefore, in order to achieve the desired nominal value of 67p for the New Ordinary Shares, it is necessary to (a) subdivide the Existing Ordinary Shares into 33 Deferred Shares and 67 New 1p Ordinary Shares, each with a nominal value of 1p; (b) cancel the Deferred Shares; and (c) consolidate every 67 New 1p Ordinary Shares into one New Ordinary Share.

The Capital Reorganisation therefore involves the following key steps:

- (i) the subdivision of each Existing Ordinary Share into 67 New 1p Ordinary Shares and 33 Deferred Shares;
- (ii) the transfer of all Deferred Shares to BGL by the exercise of the mandatory transfer condition to be attached to the Deferred Shares (further details of which are set out below);
- (iii) the purchase by the Company from BGL of the Deferred Shares;
- (iv) the cancellation of all the Deferred Shares bought back by the Company and the cancellation of all the unissued Deferred Shares; and
- (v) the consolidation of every 67 New 1p Ordinary Shares into one New Ordinary Share.

It is proposed that the following principal rights and restrictions, which differentiate them from the Ordinary Shares, will be attached to the Deferred Shares (which are set out in full in the Resolutions):

- (i) the Deferred Shares will carry very limited rights on a return of capital;
- (ii) the Deferred Shares will not be freely transferable; and
- (iii) the Company is irrevocably appointed as agent of the holders of the Deferred Shares and may, or may appoint any person to, transfer the Deferred Shares on behalf of their holders to BGL or to any other person.

It is intended that the Deferred Shares will be bought by BGL as soon as they have been created, then purchased by the Company and cancelled and an appropriate reserve created in due course. No share certificates will be issued in respect of them.

There will be 73,259,510 New Ordinary Shares in issue immediately following the Capital Reorganisation. Each Shareholder's proportionate interest in the Company's issued ordinary share capital will therefore remain unchanged as a result of the Capital Reorganisation. The Capital Reorganisation will not affect the Company's net assets on a consolidated basis or otherwise (other than as a result of payment of the consideration for the Deferred Shares Buyback, which will be *de minimis*).

Each New Ordinary Share will have the same rights (including voting and dividend rights and rights on a return of capital) as each Existing Ordinary Share had prior to the Capital Reorganisation. Certificates for Existing Ordinary Shares will remain valid for the same number of New Ordinary Shares arising on subdivision and conversion and no new certificates will be issued in respect of the New Ordinary Shares arising as a result of the Capital Reorganisation.

9. Listing, dealings and settlement of Subscription Shares

To effect the Capital Reorganisation AIM has agreed to suspend the Existing Ordinary Shares from trading on AIM at 7.00 a.m. on 25 June 2009. It is expected that upon completion of the Capital Reorganisation, the New Ordinary Shares will be re-admitted to trading on AIM at 7.00 a.m. on 26 June 2009.

Application will be made for Admission of the Subscription Shares. It is expected that Admission will become effective and dealings in the Subscription Shares will commence on AIM on 30 June 2009.

The Subscription Shares, when issued, will rank *pari passu* in all respects with the New Ordinary Shares.

The ISIN and SEDOL codes for the Ordinary Shares will remain unchanged after the Capital Reorganisation.

10. Tax

Shareholders of the Company with respect to the Tender Offer

The following summary is only intended as a brief and general guide to the main aspects of current UK tax law and HMRC practice applicable to the purchase by the Company of Ordinary Shares (which may change in the future). It is not intended to provide specific advice and no action should be taken or omitted to be taken in reliance upon it. It is addressed to ordinary investors who are the absolute beneficial owners of Ordinary Shares held as investments and not, therefore, to special classes of Qualifying Shareholder such as financial institutions or share dealers. Accordingly its applicability will depend upon the particular circumstances of individual Qualifying Shareholders. **The summary is not exhaustive and any Qualifying Shareholder who is in any doubt as to his UK tax position in relation to the Company or his holding of Ordinary Shares should consult his UK professional advisor.** In particular, any Qualifying Shareholder who is resident in, or is a citizen of, a country other than the United Kingdom, may be subject to the tax laws and requirements of that jurisdiction, and should seek professional advice in respect of his taxation position in that jurisdiction.

Capital gains

A buyback of Ordinary Shares will constitute a disposal of those Ordinary Shares by the shareholder for the purposes of capital gains tax and corporation tax on chargeable gains. Subject to the discussion below, the buyback proceeds will not be subject to income tax or corporation tax on income. Whether a particular Qualifying Shareholder will be subject to capital gains tax or corporation tax on chargeable gains as a result of such a disposal will depend on the Qualifying Shareholder's own personal circumstances, including the price at which the Ordinary Shares in question were acquired and the availability of any relief, allowance or exemption for chargeable gains.

Qualifying Shareholders who are UK resident or ordinarily resident individuals are subject to capital gains tax on chargeable gains, currently charged at a rate of 18 per cent. They may also be entitled to set all or part of such gains against their annual capital gains exemption (£10,100 for 2009/10).

UK resident companies which are Qualifying Shareholders are subject to corporation tax on chargeable gains, generally charged at the rate of 28 per cent. Indexation allowance is available up to the date on which the chargeable gain is realised. Substantial changes have been proposed to the taxation of distributions to UK resident companies from 1 July 2009 but, on the current draft legislation, these changes will not affect the UK tax treatment of a share buyback from a corporate shareholder. Any Shareholder who is in any doubt as to the UK tax position should consult a professional advisor.

The attention of Qualifying Shareholders who are corporate entities within the charge to UK tax is drawn to Chapter 1 of Part 17 Income and Corporation Taxes Act 1988 and the attention of Qualifying Shareholders (other than corporate Qualifying Shareholders) within the charge to UK tax is drawn to Chapter 1 Part 13 Income Tax Act 2007 ("ITA 2007"). These Chapters contain provisions to cancel tax advantages from certain transactions in securities which may render such Qualifying Shareholders liable to taxation as income in respect of, *inter alia*, the issue, redemption or sale of shares or distributions of a capital nature in respect of them.

Special rules apply to corporate shareholders within the charge to corporation tax, which may result in their Ordinary Shares being treated for the purposes of the UK's corporate debt rules as rights under a creditor relationship of the corporate shareholder. Where this is the case, the taxation treatment set out above will not apply.

The attention of Qualifying Shareholders who are individuals ordinarily resident in the UK is drawn to Chapter 2 Part 13 ITA 2007. This Chapter contains provisions to prevent avoidance of UK income tax by such individuals by means of transactions (which could include acquiring Ordinary Shares in the Company) which result in income arising to persons abroad (such as the Company). Whether or not the provisions of Chapter 2 Part 13 ITA 2007 will apply to any individual Qualifying Shareholder will depend on their own personal circumstances.

Luxembourg and South African tax law

The following summary is only intended as a brief and general guide to the main aspects of current South African and Luxembourg tax law and practice applicable to the purchase by the Company of the shares in BFM. It is not intended to provide specific advice and no action should be taken or omitted to be taken in reliance upon it. **The summary is not exhaustive and any Qualifying Shareholder who is in any doubt as to his South African or Luxembourg tax position in relation to the Company should consult his respective South African and Luxembourg professional advisor.**

The Company

If the Company is effectively managed in Luxembourg, then pursuant to the United Kingdom/Luxembourg DTA, it would be regarded as tax resident in Luxembourg and not resident in the United Kingdom and the tax consequences set out below would apply to it.

South African securities transfer tax on the acquisition of the BFM shares

Securities transfer tax in the amount of 0.25 per cent. will be payable by the Company on the transfer of the BFM shares. The securities transfer tax will be levied on the higher of the amount paid for the shares and the market value of the shares.

Exposure of the Company to South African income tax

The Company would not be subject to South African income tax unless it had a permanent establishment (“PE”) in South Africa. It is generally envisaged that the activities of BFM will not cause the Company to have a PE in South Africa.

Exposure of the Company to South African capital gains tax

Under South African domestic law, the Company as a non-resident will not be subject to South African capital gains tax upon the sale of the shares in BFM, unless BFM were a land-rich company (which is unlikely to be the case). In the case of BFM being a land-rich company, the provisions of the South Africa/Luxembourg DTA could preclude South Africa from taxing the Company on any gain made on the sale of the shares, provided that the South Africa/Luxembourg DTA applied to the Company (rather than the South Africa/United Kingdom DTA).

South African secondary tax on companies

The distribution of after-tax profits in the form of a dividend to the Company will currently attract a 10 per cent. secondary tax on companies (“STC”) liability. Once STC is replaced with a final dividend withholding tax (which change is expected to be implemented during the second half of 2010), the dividend distribution will be subject to a 5 per cent. final dividend withholding tax. BFM will be responsible for withholding the STC and paying it over to the South African Tax Authorities.

Luxembourg tax treatment of foreign dividends declared by BFM

Dividends received by the Company will be exempt from Luxembourg corporate tax under the participation exemption if the following requirements are satisfied:

- (i) BFM is subject to a tax that is similar to Luxembourg corporate income tax i.e. in practice at a rate of at least 11 per cent. on a comparable basis (which is likely to be the case); and
- (ii) at the time of distribution, the shares in BFM must have been held for a period of 12 months (or the Company must undertake to hold the shares in BFM for such a period).

Luxembourg corporate tax on gains made from the sale of the BFM shares

If the Company met the requirements of the Luxembourg participation exemption, any capital gains realised on the sale of BFM shares would be exempt from Luxembourg tax. The requirements that need to be satisfied are:

- (i) the shareholding must represent at least 10 per cent. of the capital of BFM throughout the 12 month period referred to below or the acquisition cost must be at least €6 million;
- (ii) the shares in BFM must be held for a period of 12 months (or if only part of the participation is sold within the 12 month period, the balance must continue to be in excess of 10 per cent. or to have an acquisition price in excess of €6 million for the balance of that period); and
- (iii) BFM must be a non-resident capital company fully subject to a tax comparable to Luxembourg corporate income tax.

Net wealth tax

Net wealth tax at a rate of 0.5 per cent. applies to the net asset value of a Luxembourg resident company at the end of a calendar year. A shareholding held by a Luxembourg tax resident company will not be subject to net wealth tax where that shareholding has the same characteristics as described above in relation to dividend income except that there is no holding period requirement (as set out above).

Shareholders of the Company

Luxembourg dividend withholding tax

A 15 per cent. withholding tax (subject to certain exceptions) is imposed on the declaration of dividends under Luxembourg domestic tax law.

Dividend paid to either a non-EU resident foreign company (subject to tax comparable to Luxembourg corporate tax and located in a jurisdiction with which Luxembourg has concluded a DTA) or a foreign company which has its seat in another EU/EEA member state or Switzerland, which foreign company (i.e. either of the aforementioned companies) holds (or commits to hold) a minimum investment of 10 per cent. (or shares with an acquisition price of at least €1.2 million) for an uninterrupted period of at least 12 months will be exempt from Luxembourg dividend withholding tax.

A share buy-back may also under certain circumstances trigger the Luxembourg dividend withholding tax. It is generally envisaged that the buyback of Ordinary Shares will be done in such a manner that a Luxembourg dividend withholding tax liability does not arise.

No Luxembourg withholding tax is, however, levied upon distributions of capital and surplus made on a liquidation of a company. Accordingly, if the Company were to be liquidated after a period of, for example, five years and Company's assets were to be distributed to its shareholders pursuant to the liquidation, no Luxembourg dividend withholding tax would be levied upon the distribution.

Exposure of non-residents to Luxembourg taxation on the sale of shares in the Company

Generally, non resident persons may dispose of shares in a Luxembourg company without incurring Luxembourg tax. However, where a person who is regarded as a substantial shareholder, disposes of their shareholding within six months of acquisition, the gain may be liable to tax in Luxembourg unless exempted under the terms of a DTA. A person will be regarded as a substantial shareholder if the person held more than 10 per cent. of the shares in the company at any time within the previous five years.

11. General Meeting

The General Meeting is to be held at 58 rue Charles Martel, L-2134 Luxembourg, on 25 June 2009 at 5.00 p.m. CET in the presence of a Luxembourg notary in order to consider and vote on the Resolutions. The passing at the General Meeting of (i) each of Resolutions 1 to 6 and 11 is required for the purposes of implementing the Internalisation, the Capital Reorganisation and the Subscription; and (ii) Resolution 7 is required to approve the Tender Offer.

Following the implementation of the Capital Reorganisation, the general authorities for the Board to issue shares for cash and for the Company to buy back its own shares and the disapplication of pre-emption rights (that have been granted by Shareholders at the 4 June 2009 Annual General Meeting of the Company) will no longer be workable. Hence, Resolutions 8, 9 and 10 will be put to the General Meeting for purposes of renewing the said general authorities and disapplication.

Resolution 11 relates to Luxembourg procedural matters required to be approved in relation to matters referred to in this Circular.

Resolution 1 to be tabled at the General Meeting is an ordinary resolution and may be passed by a simple majority representing more than 50 per cent. by value of the Ordinary Shares. The quorum requirement in relation to Resolution 1 is at least two members present or represented at the General Meeting.

Resolutions 2 to 11 to be tabled at the General Meeting are special resolutions and as such require a 75 per cent. majority by value of the Existing Ordinary Shares present or represented at the General Meeting. In addition, in order to pass Resolutions 2 to 11, a quorum of more than half of the issued Existing Ordinary Shares by value is required to be present or represented at the General Meeting.

In accordance with Luxembourg law, the General Meeting cannot be adjourned if there is no quorum. Accordingly, if at the General Meeting (the "First Meeting") the aforesaid quorum requirement of more than half of the issued Ordinary Shares by value is not present Resolutions 2 to 11 will not be proposed and will, therefore, not be capable of being passed. The Directors would then intend to convene a subsequent general meeting ("Second Meeting") to re-consider Resolutions 2 to 11, for which a further notice of meeting will be sent to the Members in accordance with the Articles.

The quorum requirement in relation to all the Resolutions at a Second Meeting is at least two Members present or represented at such Second Meeting. At the Second Meeting, Resolutions 2 to 11 can be validly adopted by a majority of 75 per cent. by value of the Ordinary Shares present or represented.

The Resolutions are set out in the Notice of Meeting in Part 5 of this Circular.

12. Action to be taken

In relation to the General Meeting

Shareholders will find enclosed a personalised Form of Proxy for use at the General Meeting. Whether or not Shareholders propose to attend the General Meeting they are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive no later than 4.00 p.m. BST/5.00 p.m. CET on 23 June 2009, to Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

IT IS IMPORTANT THAT SHAREHOLDERS COMPLETE AND RETURN THEIR FORM OF PROXY TO TRY TO ENSURE THAT THE GENERAL MEETING IS QUORATE.

In relation to the Tender Offer

The procedure for tendering your Blackstar Shares depends on whether your Blackstar Shares are held in certificated or uncertificated form.

(a) Ordinary Shares held in certificated form

Qualifying Shareholders who hold Ordinary Shares in certificated form and who wish to tender all or any of their New Ordinary Shares should complete a Shareholder Tender Form in accordance with the instructions printed thereon (including a witnessed signature) and set out in Part 3 of this document, and return it, together with their share certificate(s) by post or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event so as to arrive by no later than 1.00 p.m. BST on 24 June 2009.

If you have lost your share certificate and/or other document of title, you should write to Capita Registrars at Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire HD8 0LA for a letter of indemnity in respect of the lost share certificate and/or other document of title. When completed in accordance with the instructions given, such indemnity should be returned by post or (during normal business hours only) by hand to so as to also arrive not later than 1.00 p.m. BST on 24 June 2009. A fee will be payable by the Shareholder in respect of each form of indemnity.

(b) *Ordinary Shares held in uncertificated form*

Qualifying Shareholders who hold their Ordinary Shares in uncertificated form and who wish to tender all or any of their New Ordinary Shares should tender electronically through CREST so that the TTE Instruction settles by no later than 1.00 p.m. BST on 24 June 2009. Further details of the procedures for tendering are set out in Part 3 of this document.

Qualifying Shareholders who do not wish to sell any New Ordinary Shares under the Tender Offer should not take any action in relation to the Shareholder Tender Form and should not submit a TTE Instruction.

13. Related party transactions

Parties connected to Messrs Andrew Bonamour and Julian Treger (through the Treger Family Settlement in which he is interested), who are Directors of the Company, will be receiving consideration as a result of the Internalisation and acquiring the Subscription Shares. The Internalisation and the Subscription are therefore related party transactions for the purposes of Rule 13 of the AIM Rules.

The Independent Directors consider, having consulted with Collins Stewart, that the terms of the Internalisation and the Subscription are together fair and reasonable insofar as the Shareholders of the Company are concerned.

14. Recommendation

The Board has received financial advice from Collins Stewart in relation to the Internalisation, the Subscription and the Tender Offer. In providing its financial advice, Collins Stewart has relied upon the Directors commercial assessments of the Internalisation, the Subscription and the Tender Offer.

The Independent Directors consider the Internalisation, the Subscription and the Tender Offer to be in the best interests of the Company and its Shareholders as a whole and, accordingly, unanimously recommend that all Shareholders vote in favour of all the Resolutions to be proposed at the General Meeting.

The Directors will vote in favour of all the Resolutions to be proposed at the General Meeting in respect of their own beneficial holdings amounting, in aggregate, to 1,200,000 Existing Ordinary Shares, representing 1.6 per cent. of the Existing Ordinary Shares.

In addition, BML and funds associated with Andrew Bonamour and funds associated with Julian Treger have indicated that they will vote in favour of all the Resolutions to be proposed at the General Meeting in respect of their holdings amounting, in aggregate, to 7,434,966 Existing Ordinary Shares, representing 10.1 per cent. of the Existing Ordinary Shares.

Yours faithfully,

John Mills
Chairman

PART 2

RISK FACTORS

In addition to all other information set out in this Document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company, vote in favour of the Resolutions or accept the Tender Offer. If you are in any doubt about the action you should take, you should consult a personal adviser authorised and regulated under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

The risks listed do not necessarily comprise all those associated with making or retaining an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal regulatory and tax requirements.

1. Market capitalisation

The underlying value of the Company may not be reflected in the market price of the Ordinary Shares or in the Tender Offer Price, both of which are significantly lower than the last reported NAV per Ordinary Share at 31 December 2008. However, the market price of the New Ordinary Shares may in due course subsequently exceed the Tender Offer Price given that such NAV also exceeds the Tender Offer Price.

2. Issue of shares

The Company may seek to raise additional capital by way of the issue of new Ordinary Shares for further investments in line with its Investing Strategy although there can be no assurance that such funding will be available to the Company. Any equity financing may be dilutive to Shareholders.

3. AIM

The future success of AIM and liquidity in the market for the Ordinary Shares cannot be guaranteed. In particular, the market for the Ordinary Shares may be, or may become, relatively illiquid and therefore they may be or may become difficult to sell.

4. Nature of the Company's investments

An investment in the Company requires a long-term commitment, with no certainty of return. A high probability exists that there will most likely be little or no near-term cash flow available to investors. Many of the Company's investments will be highly illiquid and there can be no assurance that the Company will be able to realise such investments in a timely manner. Consequently, realisations of such investments may require a lengthy time period or may result in distributions *in specie* to the investors. The Company will invest in securities and other financial instruments using strategies and investment techniques having significant risk characteristics. Since the Company may only make a limited number of investments and since the Company's investments may involve a high degree of risk, the Company may lose all or substantially all of its investment in any particular instance. The investors may lose their entire investment, including principal.

5. Country risk

It is expected that all of the investments will be in companies operating in South Africa and in Sub-Saharan Africa, thus the Company will have a significant country/region exposure. Whilst an effort will be made to diversify such exposure by making investments in multi-national companies, any problems in South Africa or the countries in Sub-Saharan Africa may affect the Company's net asset value.

6. Currency risk

As above, investors will be exposing themselves to the Rand whereas the Company reports in sterling. Historically the Rand has been extremely volatile. The Company will seek to minimise such exposure by

concentrating on companies with Rand hedge characteristics. The Company may also hedge its currency exposure from time to time if the Directors believe it to be appropriate.

7. Illiquid direct holdings

The majority of the Company's underlying investments are direct investments held in a series of private companies and illiquid SPVs. The Company will seek to negotiate appropriate exit mechanisms which may include put options and/or liquidation to realise its underlying holdings. Although, in most cases, it should be possible to mark-to-market the investments, investors should not expect continual and immediate liquidity in the Company's investments.

8. Competitive nature of the Company's business

The Company will be competing for investments against other groups, backed by local institutional investors, advisers, industrial groups and merchant banks owned by large and well-capitalised investors. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available and adversely affecting the terms upon which investment can be made.

9. Importance of BFM and Andrew Bonamour

The success of the Company depends in part on Andrew Bonamour and the skill and expertise of the Team. Whilst they have incentives in relation to their activities, there can be no assurance that any of them will continue such employment and Andrew Bonamour or other members of the Team might leave the Enlarged Group.

Following the Internalisation, if Andrew Bonamour ceases to be employed by BFM or there is a material change in relation to the resources available to BFM such that it is no longer able to render the level of services contemplated when the Internalisation was entered into, this may result in BFM needing to appoint and incentivise a replacement team at significant additional cost to the Enlarged Group.

In the event that Andrew Bonamour's Service Agreement is terminated at his instance (which shall exclude termination by Andrew Bonamour on the basis of alleged constructive dismissal) on or before 31 December 2014 the Company has the right (but shall not be obliged) to acquire (or to nominate one or more third parties to acquire) from BML up to twenty per cent. of the Subscription Shares allotted and issued to it. These forfeiture provisions might not apply on Andrew Bonamour leaving the Group nor might the forfeited Subscription Shares be sufficient to attract, retain and incentivise replacement members of the Team. This could result in significant additional cost to the Company.

Andrew Bonamour's service agreement with BFM does not contain any restrictive covenants. In the event that Andrew's employment with BFM is terminated, he will, subject to any of the restrictive covenants in the BFM SPA that may still then apply, be free to compete with the Enlarged Group.

10. General economic conditions

General economic conditions may affect the Company's activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Company or considered for prospective investment. The Company is also subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouse.

11. South African exchange control

Non-resident South Africans are not subject to exchange control (although South African subsidiaries and branches of foreign companies are treated as residents for exchange control purposes). Consequently, as a general rule, non-residents may freely invest in and divest from South Africa without restriction. All income is freely remittable abroad. It is however, a requirement of the Exchange Control Department of the South African Reserve Bank that share certificates representing shares held by a non-resident in a South African

company be endorsed by one of the South African Reserve Bank's authorised dealers with the words "non-resident" for as long as such shares are held by non-resident investors.

12. Tax treatment

There may be changes in relevant tax laws or interpretations of such tax laws adverse to the Company or its investors. The Company will attempt to structure the Company's investments in a tax-efficient manner. However, there can be no assurance that the structure of the Company or of any investment will be tax-efficient to any particular investor.

PART 3

TENDER OFFER

If you do not wish to take part in the Tender Offer, you need not take any action in respect of the Tender Offer.

When considering what action to take under the Tender Offer, please note that the Capital Reorganisation will not affect the number of Ordinary Shares held. For illustration, if a Shareholder holds 10,000 Existing Ordinary Shares, they will also hold 10,000 New Ordinary Shares for the purposes of the Tender Offer.

All times referred to in this Part 3 are to BST.

1. Introduction

Qualifying Shareholders on the Company's register of members on the Tender Offer Record Date are being invited to tender their Ordinary Shares for purchase by the Company on the terms and subject to the conditions set out in this document and also, in the case of holders of certificated Ordinary Shares only, in the Tender Form. **It should be noted that Ordinary Shares will be tendered in the form of Existing Ordinary Shares but due to the required Capital Reorganisation, the Company will purchase such Ordinary Shares in the form of New Ordinary Shares.**

The Company will purchase Ordinary Shares pursuant to the Tender Offer through the agency of Collins Stewart, as the Company's broker.

2. Terms of the Tender Offer

1. The Tender Offer is conditional upon the following (together the "**Tender Conditions**"):
 - (a) the passing of each of the Resolutions;
 - (b) the completion of the Capital Reorganisation;
 - (c) the allotment and issue of the Subscription Shares to BML and Novatrust;
 - (d) The Directors being satisfied that the Company is in a position to purchase all New Ordinary Shares which it is required to purchase from Qualifying Shareholders out of profits available for distribution (as defined in section 830 of the 2006 Act) and/or the proceeds of a fresh issue of shares including the proceeds of the Subscription Shares; and
 - (e) the Tender Offer not having been terminated in accordance with paragraph 23 of this Part 3 at or prior to 7.00 a.m. BST on 30 June 2009 (or such later time and date as the Company may determine). The Company will not purchase the New Ordinary Shares pursuant to the Tender Offer unless the Tender Conditions have been satisfied. The Tender Conditions may not be waived by the Company. If any of the above conditions are not satisfied by 7.30 a.m. BST on 28 August 2009 (or such later time and date as the Company may determine), the Tender Offer will not proceed and will lapse.
2. All Ordinary Shares tendered by Shareholders under the Tender Offer will be tendered at a price of 67 pence per Ordinary Share. Ordinary Shares may not be tendered at any other price.
3. The total number of New Ordinary Shares purchased pursuant to the Tender Offer will not exceed 7,462,686 Ordinary Shares, equivalent to a maximum total amount payable by the Company of £5,000,000.
4. The Tender Offer is only available to Qualifying Shareholders on the register of members on the Tender Offer Record Date and is only being made in respect of the number of Ordinary Shares registered in those Shareholders' names on that date.

5. Tender Forms once duly completed (for Ordinary Shares held in certificated form) and submitted to the Receiving Agent and TTE Instructions which have settled (for shares held in uncertificated form) will become irrevocable and cannot be withdrawn. All questions as to the validity of tenders (including time of receipt) will be determined by the Company, in its sole discretion, which determination shall be final and binding (except as otherwise required under applicable law). None of the Company nor any other person is or will be obliged to give notice of any defects or irregularities, and none of them will incur any liability for failure to give any such notice.
6. The Tender Offer will close at 1.00 p.m. BST on 24 June 2009 and, subject to paragraph 5, tenders or TTE instructions received after that time will not be accepted.
7. Subject to paragraph 19 of this Part 3, all or any part of a holding of Ordinary Shares may be tendered. Only whole numbers of Ordinary Shares may be tendered and, in the event of scaling back, successful tenders will be rounded down to the nearest whole number of New Ordinary Shares.
8. New Ordinary Shares successfully tendered under the Tender Offer will be sold to the Company fully paid and free from all liens, charges, equitable interests and encumbrances and with all rights attaching to the same. Successfully tendered Ordinary Shares under the Tender Offer (or a corresponding number of New Ordinary Shares) will be sold to the Company for cancellation and will not rank for any dividends, distribution or other equity related rights declared by the Company after that date.
9. All tenders of Ordinary Shares held in certificated form must be made on the Tender Form duly completed in accordance with the instructions set out on the Tender Form (which constitute part of the terms of the Tender Offer).
10. All tenders of Ordinary Shares held in uncertificated form must be made by the input and settlement of an appropriate TTE Instruction in CREST in accordance with the procedure set out below.
11. A tender will only be valid if the procedures contained in this document and, for Shareholders who will hold Ordinary Shares in certificated form, in the Tender Form are complied with.
12. The Tender Offer will be governed by, and construed in accordance with, English law and the delivery of a Tender Form or the giving of a TTE Instruction by a Shareholder will constitute submission to the jurisdiction of the English courts.
13. The result of the Tender Offer and, if applicable, the extent to which tenders will be scaled down, is expected to be announced by the Company on 25 June 2009.
14. All documents and remittances sent by or to Shareholders and all instructions made by or on behalf of a Shareholder in CREST relating to the Tender Offer will be sent at the relevant Shareholder's own risk. If the Tender Offer does not become unconditional, or does not proceed, and lapses, in respect of Ordinary Shares held in certificated form, Tender Forms, certificates and other documents of title will be returned by post to Shareholders not later than 5 Business Days after the date of such lapse, or, in the case of Ordinary Shares held in uncertificated form (that is, in CREST), the escrow agent will provide instructions to CREST to transfer all Ordinary Shares held in escrow by TFE instruction to the original available balances to which those Ordinary Shares relate.
15. If part only of a holding of Ordinary Shares is successfully tendered pursuant to the Tender Offer, the relevant Shareholder will be entitled to receive the following:
 - (a) if Ordinary Shares are held in certificated form, a certificate in respect of the unsold Ordinary Shares; or
 - (b) if Ordinary Shares are held in uncertificated form (that is, in CREST), the transfer by the escrow agent by TFE instruction to the original available balances of those unsold Ordinary Shares.

16. Further copies of the Tender Form may be obtained on request from the Receiving Agent at Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
17. Subject to the terms of the Tender Offer, the Company will purchase Ordinary Shares tendered under the Tender Offer at the Tender Offer Price.
18. Shareholders who wish to tender Ordinary Shares under the Tender Offer at the Tender Offer Price should insert the total number of Ordinary Shares they so wish to tender in the box marked 2 on the Tender Form.
19. **Small Shareholders (being Qualifying Shareholders holding 1,000 Ordinary Shares or fewer on the Tender Offer Record Date) may only tender their entire holding of Ordinary Shares and any such tender will be accepted in full. Tenders by Small Shareholders of less than their entire holding at the Tender Record Date will not be valid and will be rejected. Qualifying Shareholders who are not also Small Shareholders may tender all, some or none of their Ordinary Shares in the Tender Offer. The Basic Entitlement under the Tender Offer for Qualifying Shareholders who are not Small Shareholders will be (i) up to 10,000 Ordinary Shares in full and then (ii) their *pro rata* entitlement based on their registered holding in excess of 10,000 Ordinary Shares at the Tender Offer Record Date. In any event, the total number of Ordinary Shares purchased (including in respect of Small Shareholders) by the Company in the Tender Offer will not exceed 7,462,686 Ordinary Shares in aggregate. If the aggregate number of Ordinary Shares tendered by Qualifying Shareholders exceeds 7,462,686 Ordinary Shares (thereby causing the aggregate consideration payable by the Company to Qualifying Shareholders to exceed £5 million), valid tenders from Qualifying Shareholders tendering in excess of 10,000 Ordinary Shares will be scaled back first on the basis of such excess over 10,000 Ordinary Shares as described in (ii) above and then on such *pro rata* basis as determined by the Directors in their absolute discretion. The scaled back number of any Ordinary Shares being rounded down to the nearest whole number.**
20. All questions as to the number of Ordinary Shares tendered and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Ordinary Shares under the Tender Offer will be determined by the Company in its sole discretion, which determination shall be final and binding on all parties except as otherwise required under applicable law. The Company reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance of payment for which may, in the opinion of the Company, be unlawful. The Company also reserves the absolute right to waive any of the terms or conditions of the Tender Offer (other than the Tender Conditions) and any defect or irregularity in the tender of any particular Ordinary Shares or any particular holder thereof. No tender of Ordinary Shares will be deemed to be validly made until all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Tender Offer will not be dispatched (in respect of Ordinary Shares in certificated form) or made by way of CREST payment (in respect of Ordinary Shares in uncertificated form) to the relevant Shareholder until after (in the case of Ordinary Shares in certificated form) the Tender Form is complete in all respects and the share certificates and/or other document of title satisfactory to the Company have been received or (in the case of Ordinary Shares in uncertificated form) the relevant TTE instruction has settled. None of the Receiving Agent, nor the Company nor any other person is or will be obliged to give notice of any defects or irregularities in tenders, and none of them will incur any liability for failure to give any such notice.
21. Ordinary Shares will be purchased under the Tender Offer free of all commissions and dealing charges.
22. The failure of any person to receive a copy of this document or the Tender Form shall not invalidate any aspect of the Tender Offer.
23. The Directors reserve the right to terminate the Tender Offer if they conclude that its implementation is no longer in the best interests of the Company and/or Shareholders as a whole or that the purchase of Ordinary Shares by the Company would have adverse fiscal consequences (by reason of any change

in legislation, practice, circumstances or otherwise) for the Company and/or Shareholders as a whole which were unexpected. If the Tender Offer is terminated, the Company will make an announcement through a Regulatory Information Service that such is the case.

24. The provisions of the Tender Form and any other term of the Tender Offer may be waived, varied or modified as regards specific holders of Ordinary Shares or on a general basis by the Company in its absolute and sole discretion.

3. Overseas Shareholders

1. The making of the Tender Offer in, or to persons resident in, jurisdictions outside the United Kingdom or custodians, nominees or trustees for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom may be prohibited or affected by the laws of the relevant jurisdiction. Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any such person wishing to take up the Tender Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any such Shareholder will be responsible for any such issue, transfer or other taxes by whomsoever payable and the Company, the Registrars and any person acting on their behalf shall be entitled to be fully indemnified and held harmless by such Shareholder for any such issue, transfer or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of the Tender Form in any territory outside the United Kingdom.
2. In particular, the Tender Offer is not being made directly or indirectly into or from or by use of the mail or by any means or instrumentality (including, without limitation, facsimile transmission, telex, and telephone) of interstate or foreign commerce, or any facility of a national securities exchange, of the United States, nor is it being made directly or indirectly, in, into, or from Canada, Australia, New Zealand, Japan, the Republic of Ireland or South Africa. Accordingly, the Tender Form and any related documents are not being and must not be mailed or otherwise distributed or sent in, into, or from the United States, Canada, Australia, New Zealand, Japan, the Republic of Ireland or South Africa, including to Shareholders with registered addresses in the United States, Canada, Australia, New Zealand, Japan, the Republic of Ireland or South Africa, or to persons who are custodians, nominees or trustees holding Ordinary Shares for persons in the United States, Canada, Australia, New Zealand, the Republic of Ireland, South Africa or Japan. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from the United States, Canada, Australia, New Zealand, the Republic of Ireland, South Africa or Japan or use such mails or any such means, instrumentality or facility, in connection with the Tender Offer, and so doing will render invalid any related purported acceptance of the Tender Offer. Persons in such countries wishing to accept the Tender Offer should not use such mails or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to acceptance of the Tender Offer. Envelopes containing a Tender Form should not be postmarked in the United States, Canada, Australia, New Zealand, the Republic of Ireland, South Africa or Japan or otherwise despatched from the United States, Canada, Australia, New Zealand, the Republic of Ireland, South Africa or Japan and all accepting Shareholders must provide addresses outside the United States, Canada, Australia, New Zealand, the Republic of Ireland, South Africa or Japan for the remittance of cash or return of any documents.
3. If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Tender Form or any related documents in, into or from the United States, Canada, Australia, New Zealand, the Republic of Ireland, South Africa or Japan or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange of, the United States, Canada, Australia, New Zealand,

the Republic of Ireland, South Africa or Japan in connection with such forwarding, such persons should (i) inform the recipient of such fact; (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and (iii) draw the attention of the recipient to this section of this document.

4. The provisions in this paragraph and/or any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards a specific Shareholder or on a general basis by the Company in its absolute discretion but only if the Company is satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other law. Subject to this, the provisions in this paragraph supersede any terms of the Tender Offer inconsistent therewith. References to a Shareholder shall include references to the persons executing a Tender Form and in the event of more than one person executing Tender Forms, the provisions in this paragraph shall apply to them jointly and severally. Overseas Shareholders should inform themselves about and observe any applicable or legal regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant territory.

4. Procedure for tendering Ordinary Shares

1. *Ordinary Shares held in certificated form*

If you hold Existing Ordinary Shares in certificated form, you will hold New Ordinary Shares in certificated form following the Capital Re-organisation.

To participate in the Tender Offer, Shareholders holding Ordinary Shares in certificated form must complete and return the Tender Form (together with your share certificates and/or other documents of title in respect of any Ordinary Shares you wish to tender) in accordance with these instructions and the instructions on the Tender Form. The following instructions should be read together with the notes on the Tender Form: To take up the Tender Offer in respect of New Ordinary Shares held in certificated form, you must complete Box 2 (and, if applicable, Box 4) and sign Box 3 of the accompanying Tender Form in accordance with the instructions thereon. You should complete separate Tender Forms for Ordinary Shares held in certificated form but under different designations. Additional copies of the Tender Form can be obtained from the Receiving Agent. **Completed and signed Tender Forms and share certificates for Existing Ordinary Shares and/or other documents of title, should be sent either by post or by hand (the latter during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and, in any event, so as to be received not later than 1.00 p.m. BST on 24 June 2009.** Duly completed Tender Forms sent by any of the means set out above and received signed and complete in all respects by the prescribed time will be treated as tenders of Ordinary Shares in accordance with the terms and conditions of the Tender Offer. No acknowledgement of receipt of documents will be given. The instructions on the Tender Form shall be deemed to form part of the terms of the Tender Offer.

2. *Ordinary shares in uncertificated form (that is, in CREST)*

If you hold Existing Ordinary Shares in uncertificated form, you will hold New Ordinary Shares in uncertificated form following the Capital Re-Organisation.

If your New Ordinary Shares will be held in uncertificated form, to tender your New Ordinary Shares under the Tender Offer you should take (or procure the taking of) the action set out below to transfer (by means of a TTE instruction) the Ordinary Shares in respect of which you wish to take up the Tender Offer to an escrow balance specifying Capita Registrars, (in its capacity as a CREST Participant under Capita Registrars' Participant ID and Member Account ID as referred to below) as the escrow agent, as soon as possible and in any event so that the transfer to escrow settles not later than 1.00 p.m. BST on 24 June 2009. The input and settlement of a TTE instruction in accordance with this section (which has not been validly withdrawn) shall constitute an offer to the Company to sell to it the number of Ordinary Shares at the price indicated on the terms of the Tender Offer by transferring such shares to the relevant escrow account as detailed below. If you are a CREST Sponsored Member, you should refer to your CREST Sponsor before taking any action. Only your

CREST Sponsor will be able to send the TTE instruction to Euroclear in relation to your Ordinary Shares. The Corporate Action Number is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST. You should send (or if you are a CREST Sponsored Member, procure that your CREST Sponsor sends) a TTE instruction to Euroclear which must be properly authenticated in accordance with Euroclear's specifications, and which must contain, in addition to the other information that is required for the TTE instruction to settle in CREST, details set out below.

In addition, the input and settlement of a TTE instruction in accordance with this section (which has not been validly withdrawn) shall constitute an offer to the Company to sell to it the number of New Ordinary Shares at the price indicated on the terms of the Tender Offer, by transferring such shares to the relevant escrow account as detailed below:

- the number of Ordinary Shares to be transferred to the relevant escrow accounts;
- your Member Account ID;
- your Participant ID;
- the Participant ID of the Escrow Agent, Capita Registrars in its capacity as a CREST receiving agent. **This is RA10;**
- the Member Account ID of the Escrow Agent. This is **BLACKIP;**
- the ISIN number in respect of the Company's Existing Ordinary Shares is **GB00B0W3NL87;**
- the intended settlement date. This should be as soon as possible and in any event **no later than 1.00 p.m. on 24 June 2009;**
- the contact name and telephone number in the shared note field;
- the corporate action number for the Tender Offer, which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST; and
- input with a standard delivery instruction priority of 80.

After settlement of the TTE instruction, you will not be able to access the Ordinary Shares concerned for any transaction or charging purposes, notwithstanding that they will be held by Capita Registrars as the Escrow Agent until completion or lapse of the Tender Offer. You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Ordinary Shares to settle prior to 1.00 p.m. BST on 24 June 2009. In this connection you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company will make an appropriate announcement if any of the details contained in this sub-paragraph relating to settlement in CREST are materially altered.

3. *Deposits of Ordinary Shares into, and withdrawals of Ordinary Shares from, CREST*

Normal CREST procedures (including timings) apply in relation to any Ordinary Shares that are, or are to be, converted from uncertificated to certificated form or *vice versa* during the course of the Tender Offer whether such conversion arises as a result of a transfer of Ordinary Shares relating to the Tender Offer or otherwise). Shareholders who are proposing to convert any such Ordinary Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person with a holding in or acquiring the Ordinary Shares as a result of the conversion to take all necessary steps in connection with the take up of the Tender Offer (in particular, as regards delivery

of share certificates and/or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. BST on 24 June 2009, whether in certificated or uncertificated form.

4. ***Lost share certificates and documents of title***

If you have lost your share certificate and/or other document of title, you should write to the Registrars at Capita Registrars at Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire HD8 0LA for a letter of indemnity in respect of the lost share certificate and/or other document of title. When completed in accordance with the instructions given, such indemnity along with the Tender Offer Form should be returned by post or (during normal business hours only) by hand to the Receiving Agent at Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 1.00 p.m. on 24 June 2009. A fee will be payable by the Shareholder in respect of each form of indemnity.

If you are in any doubt as to the procedure for acceptance, please contact Capita Registrars, by telephone on 0871 664 0321 from within the UK or +44 (0) 208639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) from a BT landline, other networks may vary. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

5. **Effect of Tender**

1. ***Tender Forms***

Completion and lodgment of a Tender Form, including the completion and lodgment of a Tender Form which is treated by the Company as valid, shall constitute the agreement and irrevocable representation by the relevant Shareholder that:

- (a) the execution of the Tender Form shall constitute an offer to the Company to sell to it such number of certificated Ordinary Shares as are inserted in Box 2 of the Tender Form or deemed to be tendered, in each case on and subject to the terms and conditions set out or referred to in this document and the Tender Form and that, once lodged, such tender shall be irrevocable;
- (b) such Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which such offer is accepted (together with all rights attaching thereto) and the Company will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after 24 June 2009;
- (c) such completion and lodgment, shall, subject to the Tender Offer becoming unconditional, irrevocably constitute the Company as such Shareholder's agent, and an instruction to them as such, to:
 - complete and execute any and all forms and take any and all actions which are necessary or, in the Company's absolute discretion, desirable to give effect to the purchase and cancellation of the Ordinary Shares the subject of the Tender Form;
 - transfer any uncertificated Ordinary Shares from escrow, to be held by the Registrars as escrow agent for the Tender Offer;
 - procure the purchase of the Ordinary Shares which are the subject of the Tender Form and sell such Ordinary Shares to the Company for cancellation; and
 - despatch or otherwise make payment of the proceeds of sale in respect of the purchased Ordinary Shares in accordance with the settlement provisions set out below;

- (d) such Shareholder shall not take any action which would prevent the Company or the Registrars from cancelling the Ordinary Shares tendered under the Tender Offer;
- (e) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by Capita and/or the Company or any of their directors or any person nominated by Capita and/or the Company in the proper exercise of their or his powers and/or authorities hereunder;
- (f) such Shareholder with a holding of Ordinary Shares in certificated form will deliver to the Registrars their share certificate and/or other document of title in respect of the Ordinary Share referred to in sub-paragraph (a) above, or an indemnity acceptable to the Company in lieu thereof, or will procure the delivery of such document to such person as soon as possible thereafter and, in any event, no later than 1.00 p.m. BST on 24 June 2009;
- (g) the provisions of the Tender Form form part of the terms and conditions of the Tender Offer;
- (h) such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the New Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (i) such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would otherwise result in the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase of Ordinary Shares;
- (j) such Shareholder has not received or sent copies or originals of the Tender Form or any related documents in, into or from the United States, Canada, Australia, New Zealand, the Republic of Ireland, South Africa or Japan and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, New Zealand, the Republic of Ireland, South Africa or Japan, the Tender Form have not been mailed or otherwise sent in, into or from the United States, Canada, Australia, New Zealand, the Republic of Ireland, South Africa or Japan and such Shareholder is accepting the Tender Offer from outside the United States, Canada, Australia, New Zealand, the Republic of Ireland, South Africa or Japan;
- (k) on execution a Tender Form takes effect as a deed; and
- (l) the execution of a Tender Form constitutes such Shareholder's submission to the jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form.

A reference in this paragraph to a Shareholder includes a reference includes a reference to the person or persons executing a Tender Form and in the event of more than one person executing a Tender Form, the provisions of this paragraph will apply to them jointly and severally.

2. ***Electronic Tenders***

The input of the TTE instruction which is treated by Capita and the Company as valid shall constitute the agreement and irrevocable representation by the relevant Shareholder that:

- (a) the input of the TTE instruction shall constitute an offer to sell to the Company such number of New Ordinary Shares as are specified in the TTE instruction or deemed to be tendered, in each case, on and subject to the terms and conditions set out or referred to in this document and the TTE instruction and that, once lodged, such tender shall be irrevocable;

- (b) such Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which the Tender Offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Company, the Company will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after 24 June 2009;
- (c) the input of the TTE instruction which has effect as a tender under the Tender Offer, subject to the Tender Offer becoming unconditional, irrevocably constitutes Capita and/or the Company as such Shareholder's agent, and an instruction to it as such, to complete and execute all or any instruments of transfer and/or other documents or input any instructions into Euroclear at the agent's discretion in relation to the Ordinary Shares referred to in paragraph (a) above in favour of Capita and/or the Company or such other person or persons as the Company may direct and to deliver any documents or input any instructions into Euroclear relating to such Ordinary Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such agent be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in Capita and/or the Company or its nominee or such other person as the Company may direct such Ordinary Shares;
- (d) such Shareholder shall not take any action which would prevent the Company or the Registrars from cancelling the Ordinary Shares tendered under the Tender Offer;
- (e) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any of its directors or any person nominated by the Company or any of its Directors in the proper exercise of their or his powers and/or authorities hereunder;
- (f) if, for any reason, any Ordinary Shares in respect of which a TTE instruction has been made are, prior to 1.00 p.m. BST on 24 June 2009, converted into certificated form, the Electronic Tender in respect of such New Ordinary Shares shall cease to be valid and the Shareholder will need to comply with the procedures for tendering Ordinary Shares in certificated form as set out in this Part 2 in respect of the Ordinary Shares so converted, if he wishes to make a valid tender of such Ordinary Shares pursuant to the Tender Offer;
- (g) such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (h) such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would otherwise result in the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase of Ordinary Shares;
- (i) such Shareholder has not received or sent copies or originals of the Tender Form or any related documents in, into or from the United States, Canada, Australia, New Zealand, the Republic of Ireland, South Africa or Japan and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, New Zealand, the Republic of Ireland, South Africa or Japan, the Tender Form has not been mailed or otherwise sent in, into or from the United States, Canada, Australia, New Zealand, the Republic of Ireland, South Africa or Japan and such Shareholder is accepting the Tender Offer from outside the United States, Canada, Australia, New Zealand, the Republic of Ireland, South Africa or Japan;

- (j) the creation of an assured payment obligation in favour of such Shareholder's payment bank in accordance with the CREST assured payment arrangements as referred to in the paragraph below under the heading "Settlement" will, to the extent of the obligations so created, discharge fully any obligation of the Company to pay to such Shareholder the consideration to which he is entitled under the Tender Offer; and
- (k) the input of the TTE instruction constitutes such Shareholder's submission to the jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer.

A reference in this paragraph to a Shareholder includes a reference includes a reference to the person or persons inputting a TTE Instruction and in the event of more than one person inputting a TTE Instruction, the provisions of this paragraph will apply to them jointly and severally.

3. ***Settlement***

Settlement of the consideration to which any Shareholder is entitled pursuant to tenders accepted by the Company as complete in all respects will be made by the dispatch of cheques or CREST Messages as follows:

(a) *Shares in uncertificated form (that is, in CREST)*

Where a purchase relates to Ordinary Shares held by Shareholders in uncertificated form, the cash consideration will be paid through CREST, by the Receiving Agent (on behalf of the Company) procuring the creation of an assured payment obligation on or by 3 July 2009 in favour of the payment banks of accepting Shareholders in accordance with the CREST assured payment arrangement; and

(b) *Shares in certificated form*

Where a purchase relates to Ordinary Shares held by Shareholders in certificated form cheques for the consideration will be despatched by first class post on or by 3 July 2009, at the risk of the person entitled thereto. All cash payments will be made in pounds sterling by cheque, drawn on a branch of a UK clearing bank.

PART 4

ADDITIONAL INFORMATION

Share capital

- 1.1 The authorised and issued and fully paid share capital of the Company as the date of this document as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
Existing Ordinary Shares	150,000,000	150,000,000	73,259,510	73,259,510

- 1.2 The authorised and issued and fully paid share capital of the Company following the Capital Reorganisation and the issue of the Subscription Shares but before implementation of the Tender Offer will be as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
New Ordinary Shares	150,000,000	100,500,000	86,601,361	58,022,911

- 1.3 The authorised and issued and fully paid share capital of the Company immediately following the issue and allotment of the Subscription Shares to BML and completion of the Tender Offer (assuming full take up under the Tender Offer) will be as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
New Ordinary Shares	150,000,000	100,500,000	79,138,675	53,022,912

Agreements to be available for inspection

Copies of the Market Purchase Contract will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document up to and including the date of the General Meeting and will also be available for inspection at the General Meeting.

PART 5

NOTICE OF GENERAL MEETING

Blackstar Investors Plc

(in the process of changing its name to Blackstar Group Plc)

(Incorporated in England and Wales under the Companies Act 1985 with registered number 2396996)

(R.C.S. Luxembourg number B114318)

Notice is given that a general meeting of Blackstar Investors Plc will be held at 58 rue Charles Martel, L-2134 Luxembourg at 5.00 p.m. CET on Thursday 25 June 2009 in the presence of a Luxembourg notary to consider and, if thought fit, pass the following resolutions, namely that:

1. ACQUISITION OF BLACKSTAR FUND MANAGERS (PROPRIETARY) LIMITED AND TERMINATION OF THE INVESTMENT ADVISORY AGREEMENT

subject to the passing and implementation of Resolutions 2, 3, 4, 5 and 6, in accordance with the terms of section 190 of the Companies Act 2006, the Company's entry into the following agreements be and is hereby approved:

- 1.1 an acquisition agreement with The Aimeth Trust, William Marshall-Smith, Andrew Bonamour and Metier Investment and Advisory Services (Proprietary) Limited (the "BFM SPA") pursuant to which the Company will agree to acquire the entire issued share capital of Blackstar Fund Managers (Proprietary) Limited ("BFM") (including the acquisition of 4,494 ordinary shares in BFM from The Aimeth Trust) and that the Directors be and they are hereby authorised to do all such acts and things as they may consider necessary or desirable to carry the same into effect, the BFM SPA being in the form produced to the meeting and for the purpose of identification initialled by the chairman, save that the Directors shall be empowered to make such minor amendments to the BFM SPA as they think fit without further authorisation from Members of the Company; and
- 1.2 a termination agreement with BML, Novatrust (in its capacity as trustee to the Treger Family Settlement) ("Novatrust") and Julian Treger (the "Termination Agreement") pursuant to which the investment advisory agreement between the Company and BML will be terminated and certain obligations of the Company to Novatrust and Julian Treger shall be settled fully and finally and that the Directors be and they are hereby authorised to do all such acts and things as they may consider necessary or desirable to carry the same into effect, the Termination Agreement being in the form produced to the meeting and for the purpose of identification initialled by the chairman, save that the Directors shall be empowered to make such minor amendments to the Termination Agreement as they think fit without further authorisation from Members of the Company.

2. SUBDIVISION AND CONVERSION OF SHARE CAPITAL

subject to the passing of Resolutions 1, 3, 4, 5 and 6:

- 2.1 with effect from the close of the General Meeting, each ordinary share of £1.00 each in the share capital of the Company then in issue shall be subdivided and converted into sixty-seven new ordinary shares of 1 penny each in the capital of the Company having the same rights as each ordinary share of £1.00 each had prior to such subdivision and conversion ("New 1p Ordinary Shares"), and thirty-three deferred shares of 1 penny each in the capital of the Company having the rights attached to deferred shares as set out in the articles of association of the Company (the "Articles") (as amended by this resolution) (the "Deferred Shares");
- 2.2 with effect from the close of the General Meeting, each authorised but unissued ordinary share of £1.00 each in the capital of the Company shall be subdivided and converted into sixty-seven New 1p Ordinary Shares forming a uniform class of shares with the New 1p Ordinary Shares created pursuant to sub-paragraph 2.1 of this Resolution 2 and 33 Deferred Shares forming a uniform class of shares with the Deferred Shares created pursuant to sub-paragraph 2.1 of this Resolution 2;

- 2.3 the Articles be and are hereby amended by deleting the existing articles 5.1 and 5.2 and by substituting therefor the new articles 5.1, 5.2, 5.3 and 5.4 in the form set out below:
- “5.1 The Company has an issued capital of £73,259,510 divided into 4,908,387,170 ordinary shares having a par value of 1 penny each and 2,417,563,830 deferred shares with a par value of 1 penny each (the “Deferred Shares”).
- 5.2 The Company shall have an authorised capital of £150,000,000 divided into 10,050,000,000 New 1p Ordinary Shares and 4,950,000,000 Deferred Shares.
- 5.3 The rights attached to the Deferred Shares are as follows:
- (a) if the Company shall be wound up, the surplus assets remaining after payment of all creditors shall be applied:
 - (i) first in payment to the holders of all shares in the capital of the Company other than the Deferred Shares (and whether or not such shares shall have been created or issued before or after the creation of the Deferred Shares) the sum of £100,000 for every 10 pence paid or credited as paid up on each such share;
 - (ii) second in payment to the holders of all shares in the capital of the Company other than Deferred Shares (and whether or not such shares shall have been created or issued before or after the creation of the Deferred Shares) the sum of 10 pence per share;
 - (iii) third in payment to the holders of the Deferred Shares the sum of 1 penny per Deferred Share;
 - (iv) subject thereto, the balance of such assets (if any) shall be distributed amongst the holders of all shares in the capital of the Company other than the Deferred Shares (and whether or not such shares shall have been created or issued before or after the creation of the Deferred Shares) in proportion to the nominal amounts paid up or credited as paid up on the shares held by them, and the Deferred Shares shall have no right to participate in such assets beyond the amount aforesaid; and
 - (b) the holders of the Deferred Shares shall be entitled to receive notice of, or to attend, speak or vote at, general meetings of the Company.
- 5.4 The Deferred Shares shall also be subject to the following terms:
- (a) save as provided below, holders of Deferred Shares may not transfer, mortgage, pledge, charge or otherwise encumber any Deferred Shares, nor create or dispose of, or agree to create or dispose of, any interest whatsoever in any Deferred Shares;
 - (b) holders of Deferred Shares shall not be entitled to receive any share certificate in respect of their holdings;
 - (c) any cancellation of the Deferred Shares for no consideration by way of reduction of capital or following the purchase by the Company of its own shares shall not involve a variation or abrogation of the rights attaching thereto;
 - (d) the Company shall be irrevocably appointed as agent and/or attorney of the holders of Deferred Shares and in such capacity shall be authorized to, or to appoint any person to, execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same, in either case, to Blackstar Group Limited, a company registered in England and Wales with Company Number 6590609 or such other person as the Board may determine and to execute any other documents which the Board or such person may consider necessary or desirable to effect such transfer, in each case without obtaining the sanction of the holder(s) and without any payment being made in respect of such transfer;
 - (e) the Company shall be authorised to acquire and/or cancel all or any Deferred Shares and in connection with any such cancellation and/or acquisition to appoint any person on

behalf of any holder of Deferred Shares person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same in favour of the Company and to execute any other documents which the Board may consider necessary or desirable to effect such transfer, in each case without obtaining the sanction of the holder(s) and without any payment being made in respect of such cancellation and/or acquisition; and

- (f) the rights attached to the Deferred Shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or *pari passu* with or subsequent to such shares or by any amendment or variation to the rights of any other class of shares of the Company.

In the event of any inconsistency between any other of these Articles and these Articles 5.1 to 5.4, the provisions of these Articles 5.1 to 5.4 shall apply and the other Articles with which these Articles 5.1 to 5.4 would appear to conflict shall be construed as amended accordingly.”

3. COMPANY’S AUTHORITY TO PURCHASE AND CANCEL DEFERRED SHARES FOR ENGLISH LAW PURPOSES/CANCELLATION OF DEFERRED SHARES PURSUANT TO CAPITAL REDUCTION FOR LUXEMBOURG LAW PURPOSES

subject to the passing and implementation of Resolution 2 and the passing of Resolutions 1, 4, 5 and 6:

- 3.1 the terms of the proposed contract between the Company and Blackstar Group Limited, a company registered in England and Wales with Company Number 6590609 (“BGL”) (the “Purchase Contract”), under which the Company will purchase all of the Deferred Shares it holds at the price paid for them by BGL (such price not to exceed £500) plus an amount equal to the total stamp duty and stamp duty reserve tax (if applicable) paid by BGL in respect of such Deferred Shares (a copy of which is produced to the meeting and initialed for the purposes of identification by the Chairman) be and are hereby approved and authorised for the purposes of section 164 of the Companies Act 1985 (the “Act”), but so that such approval and authority shall expire on 28 August 2009;
- 3.2 the Company be and is generally authorized pursuant to section 164 of the Act to make off-market purchases (within the meaning of section 163(3) of the Act) of Deferred Shares in accordance with the terms of the Purchase Contract, provided that:
 - (i) the price to be paid for the Deferred Shares shall be equal to the price paid for the Deferred Shares by BGL (such price not to exceed £500); and
 - (ii) the Deferred Shares bought back in terms of this Resolution 3 be considered, for English law purposes, as cancelled immediately following the buy-back of such shares;
- 3.3 for Luxembourg law purposes, the issued share capital of the Company be reduced by £24,175,638.30 to £49,083,871.70 through the cancellation of all the issued Deferred Shares, which cancellation proceeds will not be distributed to the Members of the Company, but will be transferred from the Company’s Share Capital to a Capital Redemption Reserve Account;
- 3.4 subject to the purchase by the Company of all the Deferred Shares in issue and the cancellation thereof, the authorised share capital of the Company be reduced by £49,500,000 by the cancellation of all of the Deferred Shares in the capital of the Company in accordance with section 121 of the Act; and
- 3.5 any employee of Maitland Luxembourg S.A. or of M Partners be hereby appointed to appear before a public notary in Luxembourg for the purpose of amending the Articles to reflect the changes resulting from the cancellation of all the Deferred Shares and for the purpose of recording any transactions effected pursuant to this Resolution 3 in one or several notarial deeds.

4. CONSOLIDATION OF ORDINARY SHARES

subject to the passing and implementation of Resolution 2 and the passing of Resolutions 1, 3, 5 and 6:

- 4.1 with effect from the time that the cancellation of the Deferred Shares as set out in Resolution 3 takes effect, every sixty-seven ordinary shares of 1 penny each in the share capital of the Company then in issue be consolidated into one new ordinary share of 67 pence each in the capital of the Company having the same rights as each ordinary share of 1 penny each had prior to such consolidation;
- 4.2 with effect from the time that the cancellation of the Deferred Shares as set out in Resolution 3 takes effect, every sixty-seven authorised but unissued ordinary shares of 1 penny each in the capital of the Company be consolidated into one new ordinary share of 67 pence each in the capital of the Company forming a uniform class of shares with the new ordinary shares of 67 pence each in the capital of the Company created pursuant to Resolution 4.1;
- 4.3 any employee of Maitland Luxembourg S.A. or of M Partners be hereby appointed to appear before a public notary in Luxembourg for the purpose of amending the Articles to reflect the changes resulting from the consolidation of ordinary shares in accordance with Resolutions 4.1 and 4.2 and for the purpose of recording any transactions effected pursuant to this Resolution 4 in one or several notarial deeds.

5. FURTHER AMENDMENT OF ARTICLE 5 OF THE ARTICLES

subject to the passing and implementation of Resolutions 2, 3 and 4 and the passing of Resolution 6, the Articles be amended in the presence of a public notary in Luxembourg (to which effect any employee of Maitland Luxembourg S.A. or of M Partners is hereby appointed to appear before the said notary for the purpose of having the amendments to the Articles effected) by deleting articles 5.1 to 5.4 and by substituting therefor the new articles 5.1 and 5.2 in the form set out below:

- “5.1 The Company has an issued capital of £49,083,871.70 divided into 73,259,510 ordinary shares having a par value of 67 pence each.
- 5.2 The Company shall have an authorised capital of £100,500,000 divided into 150,000,000 ordinary shares having a par value of 67 pence each.”

6. ALLOTMENT AND ISSUE OF SHARES TO BLACKSTAR MANAGERS LIMITED AND NOVATRUST AND DISAPPLICATION OF PRE-EMPTION RIGHTS IN RESPECT THEREOF

- 6.1 subject to the passing and implementation of Resolutions 2, 3, 4 and 5, for the purpose of section 80 of the Act, the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot and issue in consideration for cash (i) 10,214,356 ordinary shares to Blackstar Managers Limited (a company incorporated in the British Virgin Islands with registered number 629747) (“BML”) at a price of 67 pence per shares, and (ii) 3,127,495 ordinary shares to Novatrust (in its capacity as trustee to the Treger Family Settlement) at a price of 67 pence per share in accordance with section 95 of the Act as if section 89(1) and sub-sections (1) to (6) of section 90 of the Act did not apply to such allotment and issue (i.e. the statutory pre-emption rights normally applying to the allotment and issue of equity securities for cash be disappplied).
- 6.2 any employee of Maitland Luxembourg S.A. or of M Partners be hereby appointed to appear before a public notary in Luxembourg for the purpose of amending the Articles to reflect the changes resulting from the issue of shares in accordance with Resolution 6.1 and for the purpose of recording any transactions effected pursuant to this Resolution 6 in one or several notarial deeds.

7. COMPANY’S SPECIFIC AUTHORITY TO PURCHASE UP TO 7,462,686 OF ITS OWN SHARES

subject to the passing and implementation of Resolutions 1 to 6, the Company be and is generally authorized pursuant to section 166 of the Act to make one or more market purchases (within the meaning of section 163(3) of the Act) of its ordinary shares of 67 pence each on such terms and in such manner as the Directors shall determine, provided that:

- 7.1 the maximum number of ordinary shares hereby authorised to be purchased is 7,462,686;
- 7.2 the price which shall be paid for each ordinary share shall be 67 pence per share; and
- 7.3 this authority shall expire on 28 August 2009 and that, for Luxembourg law purposes, the ordinary shares bought back in terms of this Resolution 7 be cancelled as soon as practicable thereafter and that any employee of Maitland Luxembourg S.A. or of M Partners be hereby appointed to appear before a public notary in Luxembourg for the purpose of amending the Articles to reflect the changes resulting from any cancellation of any ordinary shares bought back in accordance with the terms of this Resolution 7 and for the purpose of recording any transactions effected pursuant to this Resolution 7 in one or several notarial deeds.

8. DIRECTORS' AUTHORITY TO ALLOT AND ISSUE SHARES

subject to the passing and implementation of Resolutions 1 to 6 (for the avoidance of doubt, including the allotment and issue of shares to BML and Novatrust authorised by Resolution 6), and in place of all existing powers, for the purposes of section 80 of the Act (and so that expressions used in this resolution shall bear the same meanings as in the said section 80):

- 8.1 the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot and issue relevant securities up to an aggregate nominal amount of £19,340,000 to such persons and at such times and on such terms as they think proper during the period expiring (unless previously revoked, varied or renewed) on 25 September 2010 or, if sooner, at the end of the annual general meeting of the Company to be held in 2010; and
- 8.2 the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require relevant securities to be allotted after this expiry of the said period and the directors may allot and issue relevant securities in pursuance of such offer or agreement notwithstanding the expiry of the authority given by this resolution, so that all previous authorities of the directors pursuant to the said section 80 be and are hereby revoked and that the Articles be amended to reflect the effect of this resolution; and
- 8.3 that any employee of Maitland Luxembourg S.A. or of M Partners be hereby appointed to appear before a public notary in Luxembourg for the purpose of amending the Articles to reflect the changes resulting from this Resolution 8 and for the purpose of recording any transactions effected pursuant to this Resolution 8 in one or several notarial deeds.

9. DISAPPLICATION OF PRE-EMPTION RIGHTS

subject to the passing and implementation of Resolutions 1 to 6 (including for the avoidance of doubt, the allotment and issue of shares to BML and Novatrust authorised by Resolution 6) and the passing of Resolution 8 above, and in place of all existing powers, the Directors be and are empowered in accordance with section 95 of the Act to allot and issue equity securities (as defined in section 94 of the Act) for cash, pursuant to the authority conferred on them to allot and issue relevant securities (as defined in section 80 of the Act) by Resolution 8, as if section 89(1) and sub-sections (1) to (6) of section 90 of the Act did not apply to such allotment and issue (i.e. the statutory pre-emption rights normally applying to the allotment and issue of equity securities for cash be disapplied) provided that the power conferred by this Resolution 9 shall be limited to:

- 9.1 the allotment and issue of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment subject only to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal, or practical problems arising in connection with the laws, or requirements of any recognised regulatory body or stock exchange in any territory; and

- 9.2 the allotment and issue (otherwise than pursuant to sub-paragraph 9.1 above) of equity securities up to an aggregate nominal value not exceeding £2,900,000;

and this power, unless renewed, shall expire on 25 September 2010 or, if sooner, at the end of the annual general meeting of the Company to be held in 2010, but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot and issue equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired and that the Articles be amended to reflect the effect of this Resolution 9.

10. COMPANY'S GENERAL AUTHORITY TO PURCHASE ITS OWN SHARES

subject to the passing and implementation of Resolutions 1 to 6, the Company be and is generally authorized pursuant to section 166 of the Act to make one or more market purchases (within the meaning of section 163(3) of the Act) of its ordinary shares of 67 pence each on such terms and in such manner as the Directors shall determine, provided that:

- 10.1 the maximum number of ordinary shares hereby authorized to be purchased is 10,981,600, less the number of shares bought back by the Company pursuant to Resolution 7 above multiplied by 14.99 per cent. (the maximum of such possible deduction therefore being 1,118,656 ordinary shares);
- 10.2 the maximum price which may be paid for each ordinary share shall be 5 per cent. above the average of the middle market quotations for an ordinary share (as derived from the AIM appendix to the Daily Official List of the London Stock Exchange plc) for the five business days immediately before the day on which the purchase is made (in each case exclusive of expenses);
- 10.3 the minimum price which may be paid for each ordinary share shall be 1 pence; and
- 10.4 this authority (unless previously revoked, varied or renewed) shall expire on 25 June 2010 or, if sooner, at the end of the annual general meeting of the Company to be held in 2010 except in relation to the purchase of ordinary shares the contract for which was concluded before such date and which will or may be executed wholly or partly after such date and that, for Luxembourg law purposes, the ordinary shares bought back in terms of this Resolution 10 be cancelled as soon as practicable thereafter and that any employee of Maitland Luxembourg S.A. or of M Partners be hereby appointed to appear before a public notary in Luxembourg for the purpose of amending the Articles to reflect the changes resulting from any cancellation of any ordinary shares bought back in accordance with the terms of this Resolution 10 and for the purpose of recording any transactions effected pursuant to this Resolution 10 in one or several notarial deeds.

11. AUTHORITY TO RECORD TRANSACTIONS AT LUXEMBOURG NOTARY

Pursuant to the authorities given in resolutions 1 to 10, any Director of the Company or any employee of Maitland Luxembourg S.A. or of M Partners be and are hereby appointed to appear before a public notary in Luxembourg for the purpose of recording any of the transactions effected pursuant to resolutions 1 to 10 in one or several notarial deeds.

Resolutions 2 to 11 are to be proposed as special resolutions and Resolution 1 as an ordinary resolution. Resolutions 2 to 11 require a 75 per cent. majority by value of the Ordinary Shares present or represented at the General Meeting. In addition, in order to pass Resolutions 2 to 11 a quorum of more than half of the issued Ordinary Shares by value is required to be present or represented at the General Meeting. Resolution 1 may be passed at the General Meeting by a simple majority representing more than 50 per cent. by value of the Ordinary Shares. The quorum requirement in relation to Resolution 1 is at least two Members present or represented at the General Meeting.

In accordance with Luxembourg law, the General Meeting cannot be adjourned if there is no quorum. Accordingly, if at the General Meeting (the "First Meeting") the aforesaid quorum requirement of more than half of the issued Ordinary Shares by value is not present the Resolutions will not be proposed and will, therefore, not be capable of being passed. The Directors may then decide to convene a subsequent General Meeting (the "Second Meeting") to re-consider the Resolutions, for which a further notice of meeting will be sent to the Members in accordance with the Articles.

The quorum requirement in relation to all the Resolutions at the Second Meeting will be at least two Members present or represented at the Second Meeting.

If Resolution 1 is not passed at the First Meeting, it can be passed at the Second Meeting by a simple majority representing more than 50 per cent. by value of the Ordinary Shares present or represented. If Resolutions 2 to 11 are not passed at the First Meeting, they can be passed at the Second Meeting by a majority of 75 per cent. by value of the Ordinary Shares present or represented.

By order of the Board

5 June 2009

Blackstar Investors Plc
Registered Office
7th Floor
Phoenix House
18 King William Street
London EC4N 7HE

NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote at the meeting instead of him. The proxy need not be a member of the Company but must attend the meeting in order to represent his appointor. A member entitled to attend and vote at the meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.
2. A member entitled to attend and vote at the meeting is entitled to appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares held by that member.
3. To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours before the time appointed for taking the poll, or where the poll is taken not more than 48 hours after it was demanded, the document(s) must be delivered at the meeting at which the demand is made.
4. A Form of Proxy which may be used to appoint a proxy and give proxy directions accompanies this notice. If you do not receive a proxy form and believe that you should have one, or if you require additional proxy forms in order to appoint more than one proxy, please contact Capita Registrars on 0871 664 0321. Calls cost 10p per minute plus network charges.
5. The register of interests of the directors and their families in the share capital of the Company and copies of contracts of service of directors with the Company or with any of its subsidiary undertakings will be available for inspection at the registered office of the Company and at the principal place of business of the Company in Luxembourg during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the General Meeting.
6. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the General Meeting is 6.00 p.m. BST on 23 June 2009 (being

not more than 48 hours prior to the time fixed for the meeting) or, if the meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.

7. Any corporation that is a member of the Company may, by resolution of its directors or other governing body, authorise any person it thinks fit to act as its representative at the General Meeting.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on the above date and at any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent, Capita Registrars, (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

