

Proposal for the conversion of the Company into a *Societas Europaea*

THIS PROPOSAL IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if you are outside the United Kingdom, another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Shares, please immediately forward this document 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 Shares please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

Expected timetable of principal events

Event	2011
Latest time and date for receipt of forms of proxy for Annual General Meeting on	11h00 CET on 20 June
Annual General Meeting in the presence of a Luxembourg notary on	11h00 CET on 22 June
Conversion expected to become effective on or around	30 June
Publication of transfer proposal on or around	1 August
Posting of notice of an extraordinary general meeting to consider the transfer proposal on or around	1 August
Extraordinary general meeting in the presence of a Luxembourg notary on or around	3 October
Transfer expected to be completed on or around	17 October

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on AIM.

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

IT IS IMPORTANT THAT SHAREHOLDERS COMPLETE AND RETURN THEIR FORM OF PROXY TO TRY TO ENSURE THAT THE ANNUAL GENERAL MEETING IS QUORATE IN ACCORDANCE WITH THE REQUIREMENTS OF LUXEMBOURG LAW.

Definitions

The following definitions apply throughout the documents running from pages 124 to 140 unless the context otherwise requires:

“AIM”	the market operated by the London Stock Exchange plc known as AIM
“Annual General Meeting”	the annual general meeting of the Company to be held at 11h00 CET on 22 June 2011 in the presence of a Luxembourg notary
“Articles”	the Company's articles of association and memorandum of association
“Board” or “Directors”	the board of directors of the Company whose names are set out on page 128, including any duly constituted committee, from time to time of the Directors
“CET”	Central European Time
“Company” or “Blackstar”	Blackstar Group Plc
“Companies Registry”	the Companies Registry for England and Wales
“Conversion”	the conversion of the Company into a <i>Societas Europaea</i> registered with the name “Blackstar Group SE”
“CREST”	the relevant system (as defined in the Securities Regulations) for the paperless settlement of share transfers and the holding of shares in Uncertificated Form in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Securities Regulations)
“Euro”, “EUR” or “€”	Euro, the official currency of those States which are member of the European Economic and Monetary Union
“Form of Proxy”	the form of proxy to be used by Shareholders in connection with the Annual General Meeting on page 139
“GMT”	Greenwich Mean Time
“Luxembourg”	the Grand Duchy of Luxembourg
“£”	Pounds Sterling, the lawful currency of the United Kingdom
“Mémorial C”	<i>Mémorial C, Recueil des Sociétés et Associations</i> in Luxembourg, the official Luxembourg gazette for company publications
“Notice of Annual General Meeting”	the notice convening the Annual General Meeting which is on page 134
“RCS”	the Luxembourg Trade Registry (the <i>Registre de Commerce et de Sociétés</i>)
“Resolutions”	the resolutions set out in the Notice of Annual General Meeting
“SE”	a European Company or <i>Societas Europaea</i> as provided for in the SE Regulation
“SE Regulation”	Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European Company

Definitions continued

“Securities Regulations”	the Uncertificated Securities Regulations 2001
“Shares”	the ordinary shares in the Company of 67 pence nominal value in issue and admitted to trading on AIM
“Shareholders”	holders of shares of any class in the capital of the Company from time to time
“Statutes”	the statutes to be adopted by Blackstar Group SE to replace the Articles
“Transfer”	the transfer of Blackstar Group SE's registered office from the United Kingdom to another Member State of the European Union
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland

Section 1: Letter from the chairman

BLACKSTAR GROUP 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)*
Andrew David Bonamour *(Non-executive Director)*
Wolfgang Andreas Baertz *(Non-executive Director)*
Marcel Ernzer *(Non-executive Director)*
Charles Taberer *(Non-executive Director)*

Registered office:

Capita Company Secretarial Services
2nd Floor
Ibex House
The Minories
London
EC3N 1DX

Principal place of business:

58 rue Charles Martel
L-2134 Luxembourg

18 May 2011

To: All shareholders

Dear Shareholder

Proposed conversion of Blackstar Group Plc (the “Company” or “Blackstar”) into a Societas Europaea (“SE”)

1. Conversion of the Company into an SE

1.1 Conversion proposal

The Company currently has its registered office in the United Kingdom and its principal establishment and tax residence in Luxembourg. This has led to duplication of accounting, legal and administrative fees as well as inefficiencies and complications arising from being subject to the legal regimes in both countries.

The Board proposes that the Company be converted into an SE pursuant to Article 37(1) of the SE Regulation and be registered with the name “Blackstar Group SE”.

The registered office of Blackstar Group SE will remain in the United Kingdom immediately following the Conversion, but it is the intention of the Directors that the registered office shall subsequently be transferred to a more suitable jurisdiction in the European Union pursuant to Article 8 of the SE Regulation by means of the Transfer. If the Transfer is approved by the Shareholders and proceeds, the Company shall become tax resident in the country to which its registered office is transferred as it shall not retain its principal establishment and tax residency in Luxembourg.

The Directors believe that the Conversion and Transfer will simplify the administration of the Company and avoid the complication and expenses of the Company being subject, simultaneously, to the corporate law of two different jurisdictions. This will simplify and make less expensive, the accounting obligations of the Company. Presently, the Directors consider Malta to be the most appropriate jurisdiction to which to transfer the Company. This is because the Company intends, in the future, to declare dividends or make capital payments to Shareholders. Luxembourg's 15 per cent. withholding tax is likely to be relatively unfavourable for shareholders when compared to Malta's 0 per cent. withholding tax in this regard. Further details on the possible move to Malta are to be found in the Strategic Update to Shareholders released on 11 May 2011. A final decision will be taken once all the necessary advice has been carefully considered by the Board, following which a proposal will be put to the Shareholders for approval.

Resolutions will be proposed at the Annual General Meeting and, if they are passed, the Company will proceed to comply with certain procedural requirements for the Conversion and to file the documents which are required to effect the Conversion at the Companies Registry and the RCS. The Transfer will need to be approved at a subsequent general meeting of the Company. Subject to the Conversion being effected, it is intended to convene a further general meeting to approve the Transfer.

Section 1: Letter from the chairman continued

The draft terms of the Conversion (the "**Terms of the Conversion**") have been filed at the Companies Registry and the RCS and published in the London Gazette and the Mémorial C. A copy of the Terms of Conversion is set out in Section 2 on page 131 below. The Directors have also produced a report explaining the legal and economic aspects of the Conversion. This is set out in Section 3 on page 133 below.

If the resolutions to (i) convert the Company to an SE, (ii) change its name to "Blackstar Group SE", (iii) approve the Statutes to replace the Articles and (iv) redenominate the Company's share capital from GBP to EUR (as, following the Transfer, the Company's share capital will be required to be denominated in EUR), are passed, the Company will file the documents required to effect the Conversion with the Companies Registry and the RCS. The Conversion will become effective when the Companies Registry and the RCS re-register the Company as an SE.

Subject to the provisions of the SE Regulation, an SE is treated as if it were a public limited liability company formed in accordance with the law of the Member State in which it has its registered office. Considering, however, that it has its principal establishment and tax residency in Luxembourg, following the Conversion, but before the Transfer, Blackstar Group SE will therefore be governed by both English and Luxembourg company law. After the Transfer, it will be governed only by the company law of the jurisdiction to which it is decided to effect the Transfer.

1.2 Employee Involvement

The Company and its subsidiaries have no employees affected by the Conversion and so the Conversion will have no implications on employees for the purposes of Article 37(4) of the SE Regulation.

1.3 Statutes of the SE

In order to convert to an SE, the Company must file its Statutes with the Companies Registry and the RCS. These will replace the Articles. A copy of the proposed Statutes together with a copy of the existing Articles marked to show the changes being proposed will be available for inspection at the Company's registered office from the date of this document until the time of the Annual General Meeting and for at least 15 minutes prior to the Annual General Meeting and during the Annual General Meeting.

A summary of the provisions of the Statutes is set out at paragraph 3 of the Terms of Conversion (see Section 2 on page 131 below). The Statutes are based on the existing Articles of the Company and have been amended only to include those limited provisions which are required by the SE Regulation.

1.4 Transfer

Following the Conversion, Blackstar Group SE can commence the process to effect the Transfer. For this purpose, the administrative organ of the SE (which replaces the Board) will consider and, if thought fit, approve a transfer proposal document setting out the proposed details of the Transfer, including details of the proposed registered office of the SE, the proposed statutes of the SE, any implications the Transfer may have on employees' involvement, the proposed Transfer timetable and any rights provided for the protection of shareholders and/or creditors, with the Companies Registry and the RCS ("**Transfer Proposal**"). For the Transfer to become effective, the Transfer Proposal has to be approved by 75 per cent. of the votes cast at a general meeting. Such general meeting will be convened in due course.

2. Action to be taken in relation to the Annual General Meeting

Shareholders will find enclosed a Form of Proxy for use at the Annual General Meeting. Whether or not Shareholders propose to attend the Annual 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 11h00 CET on 20 June 2011, to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The completion and return of a Form of Proxy will not preclude Shareholders from attending the Annual 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 ANNUAL GENERAL MEETING IS QUORATE IN ACCORDANCE WITH THE REQUIREMENTS OF LUXEMBOURG LAW.

Section 1: Letter from the chairman continued

3. Recommendation

The Board believes that the proposed conversion of the Company into an SE is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Resolutions to be proposed at the Annual General Meeting, as they intend to do in respect of their own holdings of 944,486 shares (representing approximately 1.3 per cent. of the shares in issue).

In addition, Blackstar Managers Limited and funds associated with Andrew Bonamour have indicated that they will vote in favour of the Resolutions in respect of their holdings amounting, in aggregate, to 16,077,993 shares (representing 21.5 per cent. of the shares in issue).

Yours faithfully,

John Mills
Chairman

Section 2: Draft terms of conversion

BLACKSTAR PLC (“BLACKSTAR” OR “THE COMPANY”)

1 Background to the Conversion

- 1.1 The Company is incorporated in England and Wales as a public limited company under the Companies Act 2006 with registered number 2396996 in the United Kingdom and with RCS Registration number B114 318 in Luxembourg and is listed on the market operated by the London Stock Exchange plc known as AIM (“**AIM**”). The Company’s registered office is c/o Capita Company Secretarial Services, 2nd Floor, Ibex House, The Minories, London EC3N 1DX.
- 1.2 Blackstar has an issued share capital of 74,821,193 ordinary shares of 67 pence each.
- 1.3 Blackstar (Cyprus) Investors Limited (“**Blackstar Cyprus**”) with registered number HE177097 and which has its registered office at 199 Arch. Makarios III, Neocleous House, Limassol, Cyprus has been a subsidiary of Blackstar since 20 May 2006. The entire issued share capital of Blackstar Cyprus is held by Blackstar.

2 Terms of the Conversion

- 2.1 It is proposed that the Company convert to a *Societas Europaea* (an “**SE**”) in accordance with Council Regulation EC No 2157/2001 (the “**SE Regulation**”) and, where applicable, the European Public Limited Liability Company Regulations 2004 (SI 2004 No. 2326) (the “**UK Regulations**”) and the Luxembourg Law of 10th August 1915 (the “**1915 Law**”). The SE shall adopt the one-tier system referred to in Article 38 of the SE Regulation and an administrative organ whose members shall be the current directors of the Company shall be the body responsible for the management of the Company (the “**Administrative Organ**”), in much the same way as the Company’s board of directors is currently responsible for its management.
- 2.2 Under Article 2(4) of the SE Regulation (which is replicated in the UK Regulations and the 1915 Law) a public limited liability company formed under the law of a member state of the European Union (a “**Member State**”) with its registered office and head office within the European Community may be transformed into an SE if for at least two years it has had a subsidiary company governed by the law of another Member State. Blackstar satisfies this requirement due to its subsidiary Blackstar Cyprus.
- 2.3 The Conversion is subject to approval by the Company’s shareholders by way of a special resolution (“**Shareholders’ Approval**”). For a special resolution to be validly passed it needs to be approved by at least three quarters of the votes cast at the relevant shareholders’ meeting. Shareholders’ Approval will be sought at the Annual General Meeting of the Company on 22 June 2011 (the “**Annual General Meeting**”) to, amongst other things, approve the Conversion and adopt new statutes (the “**Statutes**”) to replace the existing Memorandum and Articles of Association of the Company (the “**Articles**”) which comply with the requirements under the UK Regulations, the SE Regulation and the 1915 Law. In accordance with Luxembourg law, the Annual General Meeting cannot be adjourned if there is no quorum. Accordingly, if at the Annual General Meeting the quorum requirement of more than half of the issued ordinary shares of £0.67 each in the capital of the Company by value is not present, the special resolutions will not be proposed and will, therefore, not be capable of being passed.
- 2.4 In accordance with Article 37(6) of the SE Regulation, an independent expert will be appointed. As a prerequisite for the Conversion, the independent expert will submit a report certifying that the Company has net assets at least equivalent to its capital plus those reserves which must not be distributed. Such report will be available for inspection prior to and at the Annual General Meeting.
- 2.5 Neither the Company nor any of its subsidiaries has any employees affected by the Conversion in Europe. As such, the Conversion will have no implications for employees.

3 Summary of the terms of the Statutes of the Company following the Conversion

- 3.1 Subject to Shareholders’ Approval being obtained, the Articles will be replaced at the time the Conversion comes into effect with the Statutes. The Statutes contain provisions necessary to enable compliance with

Section 2: Draft terms of conversion continued

the SE Regulation. None of the proposed changes between the Articles and the Statutes adversely affect the rights of shareholders. The changes merely:

- 3.1.1 ensure that the name of the Company and the currency of its share capital are changed to comply with the SE Regulation;
- 3.1.2 replace the current Board of Directors with a one-tier Administrative Organ;
- 3.1.3 reinforce that resolutions affecting different classes of shares require the assent of each such affected class;
- 3.1.4 allow for members holding one tenth of the subscribed share capital to request the Directors to convene a general meeting;
- 3.1.5 allow for members holding at least 5 per cent. of the subscribed capital of the Company to place items on the agenda of any general meeting;
- 3.1.6 clarify when directors are disqualified from serving on the Board; and
- 3.1.7 clarify the transactions which require the express decision of the Board.

Section 3: Report justifying the legal and economic aspects of the conversion

This report is produced pursuant to Article 37(4) of the SE Regulation to explain the legal and economic aspects of the Conversion and to indicate the implications for shareholders of the adoption of the form of an SE. It should be read in conjunction with Sections 1 and 2 on pages 128 and 131 respectively.

The Directors propose that the Company be converted into an SE pursuant to Article 2(4) of Council Regulation (EC) No 2157/2001 and be registered with the name "Blackstar Group SE". The registered office of the Company will remain in the UK immediately following the Conversion, but it is the intention of the Directors that it shall subsequently be transferred to a more suitable jurisdiction pursuant to Article 8 of the SE Regulation.

Currently, Blackstar is subject to the corporate law of two different jurisdictions: the United Kingdom (where it has its registered office) and Luxembourg (where it has its tax residency and principal establishment). This creates inefficiencies and complications. Its audit, legal and administrative costs are, for example, as a result, more expensive than they could be, due to duplications arising from being present in two jurisdictions. In addition, Blackstar intends in the future to declare dividends or make capital payments to Shareholders. In its current form, due to its tax residency in Luxembourg, such dividends or payments may well attract a 15 per cent. withholding tax in Luxembourg, unless Shareholders are able to make use of an exemption.

The Board is therefore deliberating as to which jurisdiction will best offer Blackstar the benefits of lower administrative, legal and audit costs as well as an optimal tax regime.

The Directors accordingly believe that the Conversion and the subsequent Transfer will simplify the administration of the Company and its subsidiaries (the "**Group**"). In particular the Directors believe that the Conversion and Transfer will lead to a reduction in administrative expenses and professional fees, including without limitation the costs of carrying out the audit for the Group. Presently, the Directors favour transferring Blackstar's registered office and its tax residency to Malta, due to its zero per cent withholding tax, corporate law climate and lower administrative, legal and audit costs, but a final decision has not yet been taken. The Directors are seeking further advice and a final decision will be taken in this regard once all the necessary advice has been carefully considered by the Board, following which a proposal will be put to the Shareholders for approval.

Subject to the approval by shareholders, the Conversion will become effective when the Companies Registry in the UK and the RCS in Luxembourg re-register the Company as an SE. Subject to the provisions of the SE Regulation, an SE is treated as if it were a public limited liability company formed in accordance with the law of the Member State in which it has its registered office. Following the Conversion, but before the Transfer, the Company will still be governed by English company law and Luxembourg law and the same corporate law provisions (subject to the SE Regulation) will apply to the Company as before the Conversion.

In order to convert to an SE, the Company must file the Statutes with the Companies Registry and the RCS which set out the rights and restrictions attaching to shares in the Company following the Conversion. These will replace the existing Articles. A summary of the provisions of the Statutes is set out at paragraph 3 of the Terms of the Conversion in Section 2 on page 131. The Statutes are based on the existing Articles and contain those provisions which are required by the SE Regulation.

Neither the Company nor any of its subsidiaries has any employees affected by the Conversion in Europe. As such, the Conversion will have no implications for employees. There will also be no negative implications for Shareholders. Instead, it is anticipated that the Conversion, coupled with the subsequent Transfer, will be beneficial to Shareholders.

Notice of annual general meeting

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 HEREBY GIVEN THAT the Annual General Meeting of Blackstar Group Plc (the "Company") will be held at 58, rue Charles Martel, L-2134 Luxembourg on 22 June 2011 at 11h00 CET (or as soon thereafter as it may be held) in the presence of a Luxembourg notary for the purpose of considering and, if thought fit, passing the following resolutions:

AMENDMENT OF THE ARTICLES OF ASSOCIATION ("ARTICLES") IN RELATION TO ROTATING APPOINTMENT OF DIRECTORS

That the Articles be amended as follows:

Appointment of Directors, Election of Directors, Fill Casual Vacancy

1. That the current Article 41.1 be deleted in its entirety and replaced with the following new Article 41.1:

"The directors are required to retire upon the later of the expiry of their term of appointment or the annual general meeting in the year of the expiry of their term of appointment, whereupon such retiring directors may be put forward for re-election by the Members."

ORDINARY BUSINESS

2. To receive and consider the accounts and reports of the directors, statutory auditor and the independent auditors, and any other documents required by law to be attached or annexed to the stand-alone accounts of the Company for the year ended 31 December 2010 and to the consolidated accounts for the Company and its subsidiaries (the "Group") for the year ended 31 December 2010.
3. To adopt the Company's audited stand-alone annual accounts for the financial year ended 31 December 2010.
4. To adopt the Group's audited consolidated annual accounts for the financial year ended 31 December 2010.
5. To re-elect Wolfgang Baertz, who retires from office pursuant to the Articles, as a director of the Company for a period not exceeding one year.
6. To re-elect Andrew Bonamour, who retires from office pursuant to the Articles, as a director of the Company for a period not exceeding three years.
7. To re-elect Marcel Ernzer, who retires from office pursuant to the Articles, as a director of the Company for a period not exceeding two years.
8. To re-elect John Mills, who retires from office pursuant to the Articles, as a director and Chairman of the Company for a period not exceeding three years.
9. To re-elect Charles Taberer, who retires from office pursuant to the Articles, as a director of the Company for a period not exceeding two years.
10. To re-elect John Kleynhans as the Company's statutory auditor and to authorise the directors to determine his remuneration.
11. To re-elect BDO LLP as the Company's independent auditors and to authorise the directors to determine their remuneration.

Notice of annual general meeting continued

COMPANY'S AUTHORITY TO PURCHASE ITS OWN SHARES

12. That the Company be and is generally and unconditionally authorised pursuant to section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares of 67 pence each (the "Ordinary Shares") on such terms and in such manner as the directors shall determine, provided that:

12.1 the maximum number of Ordinary Shares hereby authorised to be purchased is 11,215,696;

12.2 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);

12.3 the minimum price which may be paid for each Ordinary Share shall be one penny; and

12.4 this authority (unless previously revoked, varied or renewed) shall expire on 8 October 2012 or, if sooner, at the end of the Annual General Meeting of the Company to be held in 2012 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 the Ordinary Shares bought back in terms of this resolution be cancelled at the relevant time 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 the cancellation of any Ordinary Shares bought back in accordance with the terms of this resolution.

SPECIAL BUSINESS

13. To the extent permitted by law, and in accordance with Article 37 of the Articles, to grant a discharge to the directors in respect of the execution of their mandates to 31 December 2010.

14. To the extent permitted by law, and in accordance with Article 37 of the Articles, to grant a discharge to the statutory auditor in respect of the execution of his mandate to 31 December 2010.

15. To the extent permitted by law, and in accordance with Article 37 of the Articles, to grant a discharge to the independent auditors in respect of the execution of their mandate to 31 December 2010.

16. To approve the continuation of the current investment policy as set out on page 38 of the Company's Annual Report.

17. That the Articles be amended by deleting all the provisions of the Company's memorandum of association which, by virtue of s.28 Companies Act 2006, are to be treated as part of the Articles.

CONVERSION OF THE COMPANY INTO A SOCIETAS EUROPAEA

18. That:

18.1 the conversion (the "**Conversion**") of the Company into a *Societas Europaea* ("**SE**") in accordance with Article 37(1) of Council Regulation EC No 2157/2001 (the "**Regulation**") on the terms set out in the draft terms of conversion in respect of the Company, which were published by the Registrar of Companies for England and Wales in the London Gazette on 18 May 2011 and by Luxembourg's *Registre de Commerce et des Sociétés* in the *Mémorial C, Recueil des Sociétés et Associations* on 17 May 2011 be approved;

18.2 subject to and effective from the Conversion, the Company's name be changed to "Blackstar Group SE";

Notice of annual general meeting continued

18.3 subject to and effective from the Conversion, the Company's share capital be redenominated from GBP into EUR in accordance with section 622 of the Companies Act 2006. The conversion shall be made at the spot rate of exchange (as quoted on Bloomberg) prevailing at the close of business on the day immediately preceding the Conversion; and

18.4 subject to and effective from the Conversion, the draft statutes, a copy of which is produced to the Meeting and signed by the Chairman for the purposes of identification, be approved for adoption as the statutes of the Company in substitution for the current Articles.

For the draft terms of conversion referred to in Resolution 18 as well as for a letter from the chairman and a report justifying the legal and economic aspects of the Conversion, please refer to the documents commencing from page 124 of the annual report.

Resolutions 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15 and 16 are to be proposed as ordinary resolutions and Resolutions 1, 12, 17 and 18 as special resolutions. Resolutions 1, 12, 17 and 18 require a 75 per cent. majority by value of the Ordinary Shares present or represented at the Annual General Meeting. In addition, in order to pass Resolutions 1, 12, 17 and 18 under Luxembourg law, a quorum of more than half of the issued Ordinary Shares by value is required to be present or represented at the Annual General Meeting. Resolutions 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15 and 16 may be passed at the Annual General Meeting by a simple majority representing more than 50 per cent. by value of the Ordinary Shares present or represented at the Annual General Meeting. The quorum requirement in relation to Resolutions 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15 and 16 is at least two Members present or represented at the Annual General Meeting.

In accordance with Luxembourg law, the Annual General Meeting cannot be adjourned if there is no quorum. Accordingly, if at the Annual General Meeting (the "**First Meeting**") the aforesaid quorum requirement of more than half of the issued Ordinary Shares by value is not present, Resolutions 1, 12, 17 and 18 will not be proposed and will, therefore, not be capable of being passed. The Board of Directors may then decide to convene a subsequent General Meeting (the "**Second Meeting**") to re-consider Resolutions 1, 12, 17 and 18 (and any other Resolutions not passed at the First Meeting), 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 Resolutions 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15 and 16 are not passed at the First Meeting, they 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 at the Second Meeting.

At the Second Meeting Resolutions 1, 12, 17 and 18 can be validly adopted by a majority of 75 per cent. by value of the Ordinary Shares present or represented.

By order of the Board

18 May 2011

Registered Office:

Capita Company Secretarial Services
2nd Floor
Ibex House
The Minories
London
EC3N 1DX

Notice of annual general meeting continued

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. To appoint more than one proxy, you may photocopy the enclosed Form of Proxy. Please indicate in the Form of Proxy the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
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 (PXS), 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. If you prefer, you may return the proxy form to the Registrar in an envelope addressed to FREEPOST RSBH-UXKS-LRBC, Capita Registrars (PXS), 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
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 0300 or from overseas +44 208 639 3399. Calls cost 10p per minute plus network charges, lines are open 8.30 am – 5.30 pm (GMT) Monday – Friday.
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 Annual 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 Annual General Meeting is 11h00 (CET) on 20 June 2011 (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 Annual 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 Annual General Meeting to be held on the above date and 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

Notice of annual general meeting continued

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.

Form of proxy

BLACKSTAR GROUP PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 2396996
and registered office at Capita Company Secretarial Services, 2nd Floor, Ibex House, The Minories, London EC3N 1DX)
(R.C.S. Luxembourg number B114318)

FORM OF PROXY

For use at the Annual General Meeting to be held in the presence of a Luxembourg notary at 58, rue Charles Martel, L-2134 Luxembourg, on 22 June 2011 at 11h00 (CET)

Please read the notice of Annual General Meeting and the explanatory notes below before completing this form.

I/We

(Please insert full name in block capitals)

of

(Please insert address in block capitals)

being (a) member(s) of Blackstar Group Plc (the "Company"), hereby appoint the Chairman of the Meeting,

or (see Note 1)

as my/our proxy in relation to all/ of my/our shares, to attend and vote for me/us at the Annual General Meeting of the Company to be held on 22 June 2011 at 11h00 (CET) and at any adjournment of that meeting. I/We direct the proxy to vote in relation to the resolutions referred to below as follows:

Please indicate by ticking the box if this proxy appointment is one of multiple appointments being made

For the appointment of one or more proxy (see Note 1).

Resolutions	For	Against	Vote Withheld*
1 To amend the Articles of Association in order to allow for rotating appointments of directors			
2 To receive and consider the accounts and reports of the directors, statutory auditor and the independent auditors and any other documents required by law to be attached or annexed to the stand-alone accounts of the Company for the year ended 31 December 2010 and to the consolidated accounts for the Group for the year ended 31 December 2010.			
3 To adopt the Company's audited stand-alone annual accounts for the financial year ended 31 December 2010.			
4 To adopt the Group's audited consolidated annual accounts for the financial year ended 31 December 2010.			
5 To re-elect Wolfgang Baertz as a director of the Company.			
6 To re-elect Andrew Bonamour as a director of the Company.			
7 To re-elect Marcel Ernzer as a director of the Company.			
8 To re-elect John Mills as a director of the Company.			
9 To re-elect Charles Taberer as a director of the Company.			
10 To re-elect the Company's statutory auditor and to authorise the directors to determine his remuneration.			
11 To re-elect the Company's independent auditor and to authorise the directors to determine its remuneration.			
12 To authorise the Company to purchase its own shares and that the shares bought back in terms of Resolution 12 be cancelled at the relevant time and that any employee of Maitland Luxembourg S.A. or M Partners be appointed to appear before a public notary in Luxembourg for the purpose of amending the Company's Articles to reflect the changes resulting from the cancellation of any shares bought back in accordance with the terms of Resolution 12.			

Form of proxy continued

Resolutions	For	Against	Vote Withheld*
13 To grant a discharge to the directors in respect of the execution of their mandates to 31 December 2010.			
14 To grant a discharge to the statutory auditor in respect of the execution of his mandate to 31 December 2010.			
15 To grant a discharge to the independent auditors in respect of the execution of their mandate to 31 December 2010.			
16 To approve the continuation of the current investment policy.			
17 To delete the memorandum of incorporation the provisions of which have been incorporated into the Articles.			
18 To convert the Company into a <i>Societas Europaea</i> with the name "Blackstar Group SE", to redenominate the Company's share capital from GBP to EUR and to approve the adoption of the draft statutes.			

If you want your proxy to vote in a certain way on the resolutions specified, please place an "X" in the appropriate box. If you fail to select any of the given options your proxy can vote as he/she chooses or can decide not to vote at all. The proxy can also do this on any other resolution that is put to the meeting.

* The "Vote Withheld" option is to enable you to abstain on any particular resolution. However, it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.

Please indicate below whether or not you intend to be present at the meeting. This information is sought for administrative purposes only and will not affect your right to attend the meeting, notwithstanding any indication to the contrary.

I will be attending the Meeting

I will not be attending the Meeting

Signature

Date2011

Notes:

- To appoint as a proxy a person other than the Chairman of the meeting insert the full name in the space provided. A proxy need not be a member of the Company. You can also appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. The following options are available:
 - To appoint the **Chairman** as your **sole proxy** in respect of all your shares, simply fill in any voting instructions in the appropriate box and sign and date the Form of Proxy.
 - To appoint a **person other than the Chairman as your sole proxy** in respect of all your shares, delete the words 'the Chairman of the meeting (or)' and insert the name and address of your proxy in the spaces provided. Then fill in any voting instructions in the appropriate box and sign and date the Form of Proxy.
 - To appoint **more than one proxy**, you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. If you wish to appoint the Chairman as one of your multiple proxies, simply write 'the Chairman of the Meeting'. All forms must be signed and should be returned together in the same envelope.
- If no voting indication is given, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.
- The Form of Proxy above must arrive at Capita Registrars (PXS), 34 Beckenham Road, Beckenham, Kent BR3 4TU accompanied by any Power of attorney under which it is executed (if applicable) no later than 48 hours before the time set for holding the meeting or, if the meeting is adjourned, such time being no later than 48 hours before the time fixed for the adjourned meeting at which the person named in the Form of Proxy proposes to vote.
- A corporation must execute the Form of Proxy under either its common seal or the hand of a duly authorised officer or attorney.
- The Form of Proxy is for use in respect of the shareholder account specified above only and should not be amended or submitted in respect of a different account.
- The 'Vote Withheld' option is to enable you to abstain on any particular resolution. Such a vote is not a vote in law and will not be counted in the votes 'For' and 'Against' a resolution.
- Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.
- Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the Meeting should you subsequently decide to do so.
- If you prefer, you may return the proxy form to the Registrar in an envelope addressed to FREEPOST RSBH-UXKS-LRBC, Capita Registrars (PXS), 34 Beckenham Road, Beckenham, Kent, BR3 4TU.