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If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document, together with the enclosed Proxy Form, at once 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. Such documents should not however be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document does not constitute an offer or invitation to any person to subscribe for or purchase any securities in the Company. Cenkos Securities plc, which is authorised and regulated in the United Kingdom by the FCA, is acting for the Company and for no one else in connection with the proposed Transaction. Apart from the responsibilities and liabilities, if any, which may be imposed on Cenkos Securities plc, by FSMA or the regulatory regimes established thereunder, Cenkos Securities plc accepts no responsibility to any person other than the Company for providing the protections afforded to customers of Cenkos Securities plc or for providing advice in relation to the proposed Transaction, the contents of this document or any transaction, arrangement or other matter referred to in this document.

This document should be read in conjunction with the enclosed Proxy Form and the definitions set out in Part 7 of this document. The whole of this document should be read and, in particular, your attention is drawn to the letter from the Chairman of the Company set out in Part 1 of this document which contains the unanimous recommendation by the Directors to Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting.

Stobart Group Limited

(incorporated under the laws of Guernsey with registered number 39117)

Proposed Partial Realisation of the Group's Transport and Distribution Division Proposed Share Buyback Authority and Notice of General Meeting

A notice convening the General Meeting of the Company to be held at 12.00 p.m. on 31 March 2014 at the offices of Morgan Sharpe Administration Ltd, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT is set out in Part 8 of this document. Whether or not you propose to attend the General Meeting, please complete, sign and return the accompanying Proxy Form in accordance with the instructions printed on it as soon as possible. The Proxy Form must be received by the Company's registrar, Capita Asset Services, not less than 48 hours before the time of the holding of the General Meeting. The Proxy Form may be delivered by post or by hand, to Capita Asset Services so that it is received by Capita Asset Services by no later than 12.00 p.m. on 28 March 2014 (being 48 hours before the time appointed for the holding of the General Meeting). CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Capita Asset Services by no later than 12.00 p.m. on 28 March 2014. The time of receipt will be taken to be the time from which Capita Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Completion and return of a Proxy Form or transmitting a CREST Proxy Instruction will not prevent you from attending and voting at the General Meeting in person should you wish.

IMPORTANT NOTICE

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about, and observe, any applicable restrictions or requirements. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This document has been prepared for the purposes of complying with English law and the Listing Rules and the applicable rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England and Wales. The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and publication of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of the Company, the Stobart Group, the Continuing Group or Eddie Stobart Logistics except where otherwise stated.

FORWARD-LOOKING STATEMENTS

This document contains certain “forward-looking statements” with respect to the financial condition, results of operations and business of the Company, the Stobart Group and the Continuing Group and certain plans and objectives of the members of the Stobart Group. In some cases, these forward-looking statements can be identified by the fact that they do not relate to historical or current facts and by the use of forward-looking terminology, including the terms “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “prepares”, “goal”, “target”, “will”, “may”, “should”, “could” or “would” or, in each case, their negative or other variations or comparable terminology. These statements are based on assumptions and assessments made by the Directors in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. Investors should specifically consider the factors identified in this document that could cause actual results to differ before making an investment decision. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company, the Stobart Group or the Continuing Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. They are also based on numerous assumptions regarding the Company’s, the Stobart Group’s and/or the Continuing Group’s present and future business strategies and the environment in which it is believed that the Continuing Group will operate in the future. These forward-looking statements speak only as at the date of this document. Except as required by the FCA, the Listing Rules, the Disclosure and Transparency Rules, the London Stock Exchange or applicable law, the Company expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document.

INFORMATION FOR UNITED STATES AND OTHER OVERSEAS SHAREHOLDERS

The financial information included in this document relating to the Stobart Group and the Continuing Group has been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable to the financial statements of US companies or those of companies incorporated in other jurisdictions. US generally accepted accounting principles (“US GAAP”) differ in certain significant respects from each of UK generally accepted accounting principles (“UK GAAP”) and International Financial Reporting Standards (“IFRS”). None of the financial information in this document has been audited in accordance with auditing standards generally accepted in the United States (or in any jurisdiction other than the UK) or the auditing standards of the Public Company Accounting Oversight Board (United States).

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2014

Last time and date for receipt of Proxy Form for the General Meeting	12.00 p.m. on 28 March
Last time and date for receipt of CREST Proxy Instructions	12.00 p.m. on 28 March
Last time and date for registration in the Register	12.00 p.m. on 28 March
General Meeting	12.00 p.m. on 31 March
Expected completion date of the proposed Disposal on or around	1 April

Notes

1. Reference to times are to London times unless otherwise stated.
2. The dates and times given in this document are based on the Company's current expectations and may be subject to change.
3. Any changes to the timetable set out above will be announced via a Regulatory Information Service.

CORPORATE DETAILS AND ADVISERS

Directors	Iain George Thomas Ferguson CBE (<i>Non-Executive Chairman</i>) William Andrew Tinkler (<i>Chief Executive Officer</i>) Benjamin Mark Whawell (<i>Chief Financial Officer</i>) Paul David Orchard-Lisle CBE (<i>Non-Executive Director</i>) Michael Arthur Kayser (<i>Non-Executive Director</i>) Andrew Richard Wood (<i>Non-Executive Director</i>)
Registered Office and business address of the Company and business address of each of the Directors	Old Bank Chambers La Grande Rue St Martin's Guernsey GY4 6RT
Company Secretary	Richard Edward Charles Butcher Stretton Green Distribution Park Langford Way Appleton Thorn Warrington WA4 4TQ
Financial Adviser and Sponsor	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Auditors and Reporting Accountants	KPMG LLP St James' Square Manchester M2 6DS
Legal Advisers to the Company as to English law	Hill Dickinson LLP No.1 St. Paul's Square Liverpool L3 9SJ
Registrar	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Administrator	Morgan Sharpe Administration Limited Old Bank Chambers La Grande Rue St Martin's Guernsey GY4 6RT

PART 1 – LETTER FROM THE CHAIRMAN OF STOBART

(incorporated in Guernsey with registered number 39117)

Directors

Iain George Thomas Ferguson CBE (*Non-Executive Chairman*)
William Andrew Tinkler (*Chief Executive Officer*)
Benjamin Mark Whawell (*Finance Director*)
Paul David Orchard-Lisle CBE (*Non-Executive Director*)
Michael Arthur Kayser (*Non-Executive Director*)
Andrew Richard Wood (*Non-Executive Director*)

Registered Office
Old Bank Chambers
La Grande Rue
St Martin's
Guernsey
GY4 6RT

11 March 2014

Dear Shareholder,

**Proposed Partial Realisation of the Group's
Transport and Distribution Division
Proposed Share Buyback Authority
and
Notice of General Meeting**

1. Introduction

The Board of Stobart Group Limited has announced that it has reached conditional agreement with DBAY to dispose of a controlling interest in the Group's Transport and Distribution Division.

The proposed Disposal is structured as a sale of 100 per cent. of Eddie Stobart Logistics, the holding company for the business being sold, for total consideration of £280.8 million, comprising:

- £195.6 million in cash;
- £44.1 million in shares in New ESL, the acquiring vehicle, and Finco; and
- approximately £41.1 million in debt and debt like items assumed by the purchaser.

The Consideration Shares will leave the Group with an interest of 49 per cent. of the share capital of each of New ESL and Finco with 51 per cent. owned by funds managed by DBAY. Up to £10.0 million of the cash consideration may be deferred by the issue of the Loan Notes.

Going forward the Group will focus on exploiting the potential of its Infrastructure and Support Services Divisions. The proposed Disposal will position the Group to repay substantially all of its debt, accelerate the growth of the Continuing Group and make a return of capital to Shareholders.

The Board considers that the proposed Disposal represents an important step in the delivery of our strategy of creating and realising value for our Shareholders. The Disposal will generate significant cash proceeds, at an attractive valuation and enable the management team to focus on the Group's Infrastructure and Support Services Divisions, where the Board sees considerable potential for value creation and it will leave the Group with a significant interest in a privately-owned Eddie Stobart Logistics business.

The Group will retain the biomass transport operations of the Transport and Distribution Division comprising approximately 8 per cent. of the existing vehicle fleet, which will be integrated with the Stobart Biomass fuel supply business.

The Group will retain legal ownership of the 'Eddie Stobart' brand, which will be used by ESL and New ESL under a licence arrangement, giving the Group control of its valuable trade mark portfolio. The Group will also retain a number of the freehold property assets of Eddie Stobart Logistics.

The Board has also announced its intention to invest a proportion of the proceeds in wood and waste wood to power and anaerobic digestion to power plants via a new business, Stobart Green Energy. The Board hopes to accelerate the development of this market, bringing not only a strong investment return but also a return on the additional volumes of biomass fuel supplied to these plants by Stobart Biomass.

The proceeds of the proposed Disposal will be used to:

- provide up to £55 million of funding for the Group's proposed investment in Stobart Green Energy;
- fund a share buyback of up to £35 million of Ordinary Shares, to take place over a period of twelve months from Completion; and
- repay the Group's £100 million loan from M&G, leaving the Group with minimal net debt.

William Stobart, who leads Eddie Stobart Logistics and is a key contributor to its success, will focus exclusively on Eddie Stobart Logistics following Completion. He will be CEO of Eddie Stobart Logistics and he proposes to make a substantial long-term investment alongside DBAY and the Group. Accordingly he resigned from the Board on 6 March 2014.

Further details on the principal terms of the proposed Disposal are included in paragraph 3 of this letter and in paragraph A of Part 5 of this document.

Due to its size, the proposed Disposal constitutes a class 1 transaction for the Company under the Listing Rules and therefore is conditional on Shareholder approval at a General Meeting. The General Meeting will be held at the offices of Morgan Sharpe Administration Ltd, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT at 12.00 p.m. on 31 March 2014. Paragraph 14 of this Part 1 summarises the resolutions to be proposed at the General Meeting which includes the resolution to empower the Company to buy back Ordinary Shares, in addition to a resolution to approve the proposed Disposal.

I am writing to give you further information, including the background to and reasons for, the proposed Transaction, and to explain why your Board believes it to be in the best interests of the Company and Shareholders as a whole and accordingly why the Board recommends that Shareholders should vote in favour of the Resolutions to be proposed at the General Meeting, as each member of the Board intends to do in respect of his own beneficial holding of Ordinary Shares.

2. Background to and reasons for the proposed Disposal

The Group's Transport and Distribution Division, which operates under the 'Eddie Stobart' brand, is one of the UK's leading logistics businesses. It has grown significantly both by acquisition and organically since the Group's listing in September 2007. It is now a multi-modal logistics services provider operating across a range of markets.

The Transport and Distribution Division has provided a platform for the Group's development of its Biomass, Air and Estates businesses. The Group's Estates function, which manages the properties occupied by the Group and its investment properties, grew significantly with the acquisition of Moneypenny in February 2012. The acquisitions of Stobart Biomass Products in two tranches in 2010 and 2011 respectively and London Southend Airport in 2008 marked the beginning of the development of Stobart Biomass and Stobart Air, which the Group expects to become substantial, valuable businesses.

The core focus of the Board and senior management team is the identification and exploitation of opportunities to create value for Shareholders, leveraging its expertise in logistics, real estate and related markets. In 2013, at the midpoint of its four year strategic plan, the Board's focus shifted from investment across the Group to the continued development of Stobart Air and Stobart Biomass and the realisation of other assets which have reached maturity and where the potential to create further value within the Group was more limited. Since October 2012, the Group has generated £85 million from property sales and repaid or agreed to repay £69 million of debt, of which approximately £64 million has been repaid since 31 August 2013.

The Directors consider that Eddie Stobart Logistics has reached a point in its development where new expertise and impetus is required in order to continue its growth and their view is that the proposed Disposal is the best way of achieving this.

The Board believes that under the right conditions the strength and reputation of the 'Eddie Stobart' brand and business will support significant growth. The Board considers that the expertise and capital required to achieve this growth will be more readily available following the proposed Disposal and that the risk profile associated with the growth plans will be better managed in an unlisted business. The Board believes that the proposed Disposal will introduce experienced investors and senior managers with a record of creating value in the transport and distribution sector and provide the business with the financial and management resource to increase the value

of the 49 per cent. of the New ESL business that the Group will hold following the proposed Disposal.

The Board has undertaken a rigorous review of options available to the Group to maximise the value of Eddie Stobart Logistics. 'Eddie Stobart' is a nationally recognised and respected brand and it was officially recognised as a Business Superbrand by the British Superbrands Organisation in 2013 and was placed first overall in the Supply Chain Distribution and Freight Services Category. The business has proven its resilience through the UK's economic recession and benefits from long-standing relationships with its key customers. The Board believes that these attributes provide the business with a platform for further growth. However, the Directors also consider that taking Eddie Stobart Logistics to the next stage of its development will require additional capital and investment in the infrastructure of the business and its management team. They consider that the investments required and the associated risk are better undertaken as a private business with the benefit of investment from industry specialists and the involvement of proven logistics industry personnel who will be able to take a longer-term approach to value creation with reduced publicity.

The Board has maintained a dialogue with DBAY since its involvement with TDG, the UK contract logistics company which members of DBAY team invested in and operated from 2008 to 2011, and has been in discussions for some time regarding the possibility of a transaction involving Eddie Stobart Logistics. The Directors have reviewed a range of strategic options, including an outright sale of the business, and elected to develop a structure with DBAY under which the Group will:

- achieve a partial realisation and a significant cash payment at an attractive valuation, enabling the Group to repay substantially all of its existing debt, buy back a proportion of the Ordinary Shares and fund attractive investment opportunities without recourse to Shareholders;
- retain a significant on-going interest in the Eddie Stobart Logistics business;
- retain the biomass transport operations of the Group's Transport and Distribution Division, maintaining the competitive advantage of the Stobart Biomass fuel supply business;
- retain a number of the freehold properties previously owned within the Transport and Distribution Division being the properties at Lillyhall, Normanton, Chelford, Widnes and Runcorn;
- focus its management resource on its growth businesses; and
- retain legal ownership of the 'Eddie Stobart' brand.

The proposed Disposal is expected to provide Eddie Stobart Logistics with:

- additional, highly qualified senior personnel;
- access to new business opportunities and additional capital for growth; and
- a more flexible ownership environment, allowing a longer-term view of value creation,

all of which will benefit the Group when there is an exit from the investment in New ESL or when New ESL starts to pay dividends.

The Stobart Group's biomass transport business will not be included in the sale to New ESL and will be retained by the Group and integrated into Stobart Biomass, the Group's green energy fuel supply business. Retention of the biomass transport business will allow the Group to continue to control all aspects of the supply of biomass fuel. The Board considers that this in addition to the Group's on-going association with Eddie Stobart Logistics, will secure the position of Stobart Biomass as a highly credible fuel supplier. This division will supply biomass material to existing and new plants and is set to grow considerably over the next two to three years, delivering biomass material on long-term contracts, typically in excess of 10 years.

The Board considers the Group's brand portfolio to be a valuable asset capable of supporting a larger business and retention of the ownership of the 'Eddie Stobart' brand, under licence to ESL, allows the Group to control the use of all of its intellectual property to manage the growth of the portfolio of 'Stobart' branded businesses. The Licence Agreement also offers the Group the prospect of achieving additional value from the 'Eddie Stobart' brand in the future.

3. Key terms of the Disposal

The proposed Disposal is being made pursuant to the Disposal Agreement. Under the Disposal Agreement the shares of Eddie Stobart Logistics are valued at £239.7 million. SHL, a wholly-owned

subsidiary of the Company, has agreed to sell the entire issued share capital of Eddie Stobart Logistics to New ESL for consideration of:

- £195.6 million (of which up to £10.0 million may be paid in the Loan Notes and the remainder will be paid in cash on Completion), which will be funded through a mixture of debt and equity as described below; and
- the allotment to SHL of shares in New ESL (the holding company for the New ESL group of companies) and Finco (a special purpose financing company) representing 49 per cent. of each of New ESL's and Finco's enlarged issued share capital.

The Consideration is to be satisfied in full on Completion and is subject to potential customary adjustments, including in relation to the working capital position and indebtedness of Eddie Stobart Logistics at 30 November 2013. The valuation of the share capital of Eddie Stobart Logistics at £239.7 million corresponds to approximately £280.8 million on a debt-free basis after accounting for Eddie Stobart Logistics' working capital facilities and other debt-like items totalling £41.1 million.

New ESL's total funding requirement for the purchase of the entire issued share capital of Eddie Stobart Logistics is £250.0 million allowing for its transaction expenses. Of the consideration payable to SHL, £160.0 million is being funded from the New ESL group of companies' senior bank facilities with the remainder to be funded in equity from New ESL's shareholders, being funds managed by DBAY and the Continuing Group. Funds managed by DBAY will contribute £45.9 million to acquire their 51 per cent. interest and the Continuing Group will receive the Consideration Shares, valued at £44.1 million, giving the Continuing Group its 49 per cent. interest.

The Disposal Agreement contains certain warranties and indemnities on the part of SHL which are customary for a transaction of this nature. The Company has also agreed to guarantee SHL's obligations pursuant to the Disposal Agreement. Completion is conditional, *inter alia*, on the passing of Resolution 1 at the General Meeting.

Eddie Stobart Logistics will continue to operate under the 'Eddie Stobart' brand subject to the terms of the Licence Agreement.

William Stobart, who heads the Eddie Stobart Logistics business, will become CEO of New ESL group of companies and will make a significant commitment both as an employee and shareholder of New ESL.

In accordance with the requirements of the financial investors in New ESL, William is proposing to make an investment of £5.0 million to acquire an effective stake of approximately 6 per cent. in the share capital of New ESL via Topco. In order to fund this investment, William is proposing to dispose of a proportion of his shareholding in Stobart Group.

In order to focus all of his time on his role with New ESL, William Stobart resigned from the Board on 6 March 2014. There will be no other changes to the Board as a result of the proposed Disposal.

Further details of the terms of the Disposal are set out in paragraph A of Part 5 of this document together with summary details relating to the New ESL Shareholders Agreement, Licence Agreement and Transitional Services Agreement to be entered into on Completion.

4. Information on DBAY

DBAY is a regulated investment manager with registered address at 4th Floor, Derby House, 64 Athol Street, Douglas, Isle of Man IM1 1JD. DBAY is a private limited company incorporated in the Isle of Man with registration number 126150C and is licensed by the Isle of Man Financial Supervision Commission.

DBAY is a European asset management firm and investment adviser that manages capital on behalf of institutional investors, foundations and family offices. DBAY takes a proactive approach for the funds it manages to enhance value and to support companies in which it makes long-term investments. In particular, DBAY aims to develop clear growth opportunities for the funds it manages with an emphasis on creating long-term value by working alongside management teams.

Members of the DBAY team have a record of building businesses and creating value in the logistics sector. Members of the DBAY team participated in the acquisition of TDG, one of Europe's largest logistics services providers, enhancing its new business development function and delivering strong new business wins.

5. Stobart Green Energy

a) Information on the proposed investments

Stobart Green Energy is a new investment business which intends to work in the renewable energy market in partnership with leading investors, operators and advisers to the sector to build on the foundation created by the Group's existing biomass fuel supply business. The biomass electricity generation market is highly specialised. Biomass energy plants promise attractive returns but require the coordination and close cooperation of financiers, plant manufacturers and engineers, fuel suppliers and specialist advisers to develop them. Stobart Group has established close relationships with the key participants in the market and, as a respected, reliable supplier of biomass fuel, has become a key service provider. Stobart Biomass has been taking an increasingly proactive approach to the execution of biomass plant projects in order to secure long-term supply arrangements. In the course of this work, Stobart Biomass has been offered attractive opportunities to invest in the equity of biomass plants.

The Board has taken the decision to capitalise on these opportunities and use up to £55 million of the proceeds of the proposed Disposal to develop or acquire a diversified portfolio of low risk waste infrastructure assets, ideally in partnership with other sector-specialist finance providers and advisers.

Stobart Green Energy intends to invest in energy assets powered by waste wood and other waste products and waste services directly associated with those sectors, such as waste processing sites. It will manage the risks associated with development and operation of the plants by appointing experts at each stage. Risks during the construction phase of new plants will be managed partly by the deployment of the Group's own Infrastructure and Civil Engineering business. The Board believes that the long-term nature of the projects allows matching contracts to be entered into with reputable, financially stable counterparties, ensuring secure and predictable construction, operation and maintenance of the plants, delivery of feedstock and power off-take.

The Board expects Stobart Green Energy to invest in plants at a range of stages of development, some operational, others at the planning stage, and expects the returns on investment to vary according to, among other factors, the maturity of the project. The plants will typically have a life of between 20 and 40 years from commissioning and the financial plans for the plants on which returns expectations are based generally assume a conservative 20 year life. The investments are expected to generate returns in the form of dividends once they are in profitable operation and interest throughout the life of the plant depending on the capital structure of the project. The Board believes that once the portfolio is mature and generating electricity it should provide Stobart Green Energy with strong cash returns and give the Group the option of continuing to hold the investments or restructuring or refinancing the portfolio to release value.

b) Information on the Regulatory Environment for Biomass Power

The DECC currently supports the large-scale generation of biomass electricity and combined heat and power through the Renewables Obligation ("RO").

The RO came into effect in 2002 in England and Wales and Scotland followed by Northern Ireland in 2005. It places an obligation on UK electricity suppliers to source an increasing proportion of the electricity they supply from renewable sources.

ROCs are certificates issued to operators of accredited renewable generating stations for the eligible renewable electricity they generate. ROCs are ultimately used by power suppliers to demonstrate that they have met their obligation. Operators who have too few ROCs can acquire them from other parties at a negotiated price.

Surplus ROCs not sold in this manner are contributed to a fund and suppliers who do not present sufficient ROCs to meet their obligation must compensate for the shortfall by paying into the fund at a pre-determined buy-out price which is increased annually at RPI. The administration cost of the scheme is recovered from the fund and the remainder is distributed back to suppliers in proportion to the number of ROCs they contributed. The ROC selling price at 24 April 2013 was £43.99/MWh (www.e-roc.co.uk) and the Industrial Peak Electricity Price around this time was £49.87/MWh (APX Group.com). A supplier's revenue is the sum of the value of the underlying supply and any associated ROCs.

Under the RO regime, biomass power projects accredited before 31 March 2016 will receive 1.5 ROCs per MWh and if they are accredited between 1 April 2016 and 31 March 2017 they will receive 1.4 ROCs per MWh. Developers are therefore keen to take advantage of the higher

number of ROCs available for biomass projects which are operational and accredited before 31 March 2016.

From 2027 DECC will fix the price of the ROC for the remaining ten years of the RO at its long-term value and buy the ROCs directly from the generators, which will reduce volatility in the final years of the scheme. The long-term value of a ROC is the buyout price plus 10 per cent.

It is proposed that from 1 April 2017, 'Feed-In-Tariffs' will replace the RO regime and in late June 2013 renewable energy strike prices were revealed for the new mechanism and they were subsequently updated in December 2013. The strike price will effectively provide a guaranteed return to generators for all eligible electricity generation. The strike price will operate against a reference wholesale market price – if the reference price is lower than the strike price, the generator will be paid the difference between the two prices. By providing a fixed strike price, the government is seeking to ensure that generators receive a predictable, inflation-linked payment for electricity generation, thereby removing uncertainty arising from wholesale price volatility.

Support for combined heat and power plants is currently provided through an uplift to the number of ROCs awarded (0.5 ROCs per MWh) however this regime closes to new entrants on 31 March 2015. From 1 April 2015 entrants will have a choice between ROCs and the Renewable Heat Incentive with the current level for biomass heat at £10/MWh.

6. Information on the Continuing Group

The proposed Transaction will increase the Group’s focus on its Energy and Air operations. The breadth of the Group’s wholly-owned businesses will reduce considerably and the Continuing Group will be organised into two divisions, Infrastructure and Support Services, operating in the Air, Energy and Rail markets and managing investments:

	Division	
	Infrastructure	Support Services
Air	Airport Estates	Airport Operations Retail
Energy	Green Energy Plants	Biomass Transport Biomass Fuel Supply
Rail	LSA Railway Station	Civil Engineering Plant Hire
Investments	Property	Eddie Stobart – Logistics Airline and Aircraft Leasing

a) Group

Stobart Group provides the operating businesses with senior management support along with a range of legal, HR, insurance, claims management and other support services. Following completion of the proposed Disposal, the Group will continue to provide certain of those support services to New ESL under the Transitional Service Agreement, details of which are provided in paragraph A 3.4 of Part 5 of this document.

b) Air

Following the investment at London Southend Airport, Stobart Air is now well positioned to grow annual passenger numbers from approximately 1 million per annum currently, and with the terminal extension completed in February 2014, London Southend Airport has capacity to handle over five million passengers per annum. With capacity at peak times severely constrained at other London airports, management focus is now on attracting additional airline operators looking to serve London and the South East, thereby enabling the Group to take advantage of the extra terminal capacity to ensure that Stobart Air can meet its planned growth targets in passenger numbers. LSA has recently been voted the UK’s best airport for customer satisfaction by ‘Which?’.

c) Energy

Stobart Biomass is the UK's leading supplier of biomass material, currently supplying in excess of one million tons to the market. As new biomass plants are developed through Stobart Green Energy, described above, the Board expects the growth to create demand for additional biomass fuel. Stobart Biomass will continue to supply fuel to the market as a whole and the Board expects that further supply opportunities will also arise as other new plants come on stream outside of Stobart Green Energy.

d) Rail

The Group's Civil Engineering business will continue to focus on external work, in particular rail-related projects, but also offer project management and support to Stobart Green Energy on new build opportunities, ensuring deliverability and valued engineering. The business also operates and manages the railway station at LSA.

e) Investments

The Group will retain all of its freehold property assets following the proposed Disposal, save for three properties in Autologic Holdings and an Eddie Stobart Logistics transport site in Stoke, and will own a total of 22 properties (including one held in a joint venture) comprising 14 investment properties, 4 development properties and 4 operational properties (including the airport properties). The Group will continue its current asset management initiatives with a view to maximising and realising the value from the investment properties over the next 2-3 years. The development properties comprise four brownfield development sites, including Widnes, for which planning permission has been obtained for the construction of 1.4m sqft of warehousing and a biomass energy plant. A number of opportunities are currently being pursued for the other development sites.

The Group's investments will also include its shareholding in New ESL, Aer Arann and Propius Holdings. These are all non-controlling positions but in each case Stobart Group management will continue to play an active role in the development of the business, leveraging the synergy with other Stobart Group businesses where possible.

Aer Arann, in which the Group has a 45 per cent. shareholding, trades as Aer Lingus Regional under a ten year franchise agreement. This enables the Group to capitalise on the London to North America route via Dublin and is expected to help Stobart Air to drive volume into LSA. Propius Holdings is the aircraft leasing company, 33 per cent owned by the Group, that owns and leases aircraft which are leased to Aer Arann.

7. Information on Eddie Stobart

Eddie Stobart Logistics is the holding company for the Group's Transport and Distribution Division (excluding the biomass transport operations), which operates under the 'Eddie Stobart' brand. Eddie Stobart Logistics, the Group's Transport and Distribution Division, employs around 5,000 people and operates some 2,300 vehicles, 3,200 trailers and over five million square feet of warehousing from more than 50 sites across the UK and Europe. The business is a UK front-runner in the multimodal logistics and warehousing market.

In the year ended 28 February 2013, Eddie Stobart Logistics generated profits before tax of £24.2 million (2012: £20.9 million) on turnover of £476.1 million (2012: £438.0 million). These amounts exclude the results of the biomass transport business, which is being retained by the Group, which contributed £20.8 million (2012: £20.3 million) to turnover and £2.6 million (2012: £2.9 million) to profits before tax.

Further financial information on Eddie Stobart Logistics is contained in Part 3 of this document.

8. Effects of the proposed Disposal

The Directors consider the proposed Disposal to be consistent with the Group's stated objective of realising value in mature assets in order to focus the Group's resources on adding value in its growth businesses.

The proposed Disposal will lead to a shift in the financial profile of the Group from mature earnings and cash generation to growth. The partial realisation of the Group's Transport and Distribution Division and the reduction in gearing as a result of the anticipated repayment of the loan from M&G is expected to lead to a reduction in short-term earnings per share from the figure that would

otherwise have been achieved. This effect is expected to reverse once the investments proposed to be made by Stobart Green Energy reach maturity.

An unaudited *pro forma* statement of the net assets of the Company illustrating the effect of the proposed Disposal on Stobart Group's financial results as at 31 August 2013 as if the proposed Disposal had been completed on that date, which has been prepared for illustrative purposes only, is set out in Part 4 of this document.

The more focused and simplified structure of the Group following completion of the proposed Disposal will enable the Continuing Group to reorganise its management structure and simplify Group functions leading to overhead savings that would not be available in the absence of the proposed Disposal. In addition, certain personnel, marketing and other costs currently borne by the Group will, following Completion, be met by New ESL. In aggregate the Board expects to achieve overhead reductions running at approximately £2.0 million per annum by February 2015 from a pre-interest budget of approximately £7.0 million.

The Board estimates the cost of achieving these annual savings to be less than £1.0 million, the vast majority of which will be incurred in the first financial year following Completion.

The estimated financial benefits of the proposed Disposal set out above reflect both the beneficial elements and relevant costs.

9. The Group's relationship with New ESL

As the 49 per cent. shareholder in New ESL (the holding company for the New ESL group of companies) and Finco (a special purpose financing company), the Board expects the Group to remain actively involved in the governance and development of Eddie Stobart Logistics following Completion. However, the other investor will own 51 per cent. of the share capital of New ESL and Finco and will, in particular, be able to control the major decisions of the board of New ESL. The relationship between the parties is governed by the New ESL Articles and the New ESL Shareholders' Agreement (together with the Finco Articles in respect of Finco). The New ESL Shareholders Agreement is summarised in paragraph A 3 of Part 5 of this document. Finco will carry out no other business and the operations of the New ESL group of companies will be directed by the New ESL board.

10. Current trading and future prospects of Stobart Group

On 17 January 2014, the Group released the following interim management statement:

"The following interim management statement for Stobart Group covers the period from 1 September 2013 to date.

The trend in underlying profitability that we reported with the Group's interim results has continued and underlying EBIT across all of the Group's Divisions for the period to 31 December 2013 was slightly ahead of the same period in the previous year. Our Transport and Distribution business has had a busy Christmas period and has performed in line with the Board's expectations.

In keeping with our strategy of developing Stobart Group's growth businesses and realising value where appropriate, the Group has continued to make profitable investment property disposals. In aggregate, since October 2012 the Group has generated £85.0 million from property sales with the intention of reducing debt. The Group has now reached agreement with its lender to apply the net proceeds of the disposals from the Moneypenny portfolio to prepayment of its property loan, reducing the loan by £64.0 million to £10.9 million and leaving the Group with property in the Moneypenny portfolio with a value (at 31 August 2013 valuations) of £45.3 million. This welcome and significant reduction in the Group's debt has taken longer to negotiate than originally anticipated and, as a result of the delay, the Group's full year results will include a higher interest cost than anticipated as well as costs associated with the prepayment of the fixed rate loan.

All of our businesses are continuing to make steady progress and we remain confident in their potential but there is more work to be done to achieve our longer-term aspirations now that the foundations for growth, in our Air and Biomass Divisions in particular, are in place."

Since that date the Group has continued to trade in line with management expectations and, subject to trading in the final weeks of the year and year end property valuations, the Board expects to report trading results broadly in line with last year.

11. Share buyback

The Company is seeking Shareholder approval to empower the Company to buy back Ordinary Shares. The authority under Resolution 2 is limited to the purchase of up to 10 per cent. of the Ordinary Shares in issue at the Latest Practicable Date. Based on the Company's issued share capital as at the Latest Practicable Date, the maximum number of Ordinary Shares which may be purchased under the authority will be 35,432,883 Ordinary Shares.

The Directors will use the authority to purchase Ordinary Shares only after careful consideration (taking into account market conditions, other investment opportunities, appropriate gearing levels and the overall financial position of the Company). Further, the Directors only intend to use the authority to purchase Ordinary Shares if they believe that to do so will have a positive effect on earnings per Ordinary Share and will be in the best interests of the Shareholders generally.

It is intended that any buy-back of Ordinary Shares would be by market purchases through the London Stock Exchange.

The minimum price (exclusive of expenses) which may be paid for an Ordinary Share shall be 10p.

The maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be not more than the higher of:

- (i) 5 per cent. above the average of the middle market quotations for the Ordinary Shares as derived from the Official List of the London Stock Exchange plc for the five Business Days before the purchase is made; and
- (ii) the higher of the price or the last independent trade, and the highest independent bid at the time of the purchase for the Ordinary Shares.

If Resolution 2 is approved by the Shareholders, and the Directors exercise the authority conferred by Resolution 2, they may consider holding those shares as treasury shares with a view to possible re-issue at a later date. This would give the Company the ability to re-issue treasury shares quickly and cost effectively and would provide the Company with additional flexibility in the management of its capital base. Alternatively, the Company may cancel such Ordinary Shares.

Pending the passing of Resolution 2, the Board will consider making purchases conditional upon the passing of Resolution 2.

The authority will expire on the first anniversary of the passing of Resolution 2.

As at the Latest Practicable Date, there were options over 34,283,488 Ordinary Shares, which represents 9.68 per cent. of the Company's issued share capital. If the authority to purchase the Ordinary Shares were to be exercised in full, these options would, assuming no further Ordinary Shares are issued, represent 8.82 per cent. of the issued share capital of the Company.

Invesco is currently interested in an aggregate of 127,017,083 Ordinary Shares, representing 35.85% of the issued share capital of the Company. If the Company were to re-purchase from persons other than Invesco all Ordinary Shares for which it is seeking authority, Invesco's interest in shares would (assuming no other allotment of Ordinary Shares) increase to 39.65 per cent. of the issued share capital of the Company by virtue of such actions.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 (although a Shareholder who is neither a Director nor acting in concert with a Director will not normally incur an obligation to make a general offer to all Shareholders).

The Panel has confirmed to the Company that the exemption set out in Note 1 of Rule 37.1 of the Takeover Code will apply to the proposed share buy-back on the basis Invesco had not appointed a director to the Board and so any buy-back of Ordinary Shares pursuant to the authority set out in Resolution 2 will not incur an obligation on Invesco to make a mandatory offer under Rule 9 of the Takeover Code.

The Board intends to give all Shareholders, including significant Shareholders and Directors, the opportunity to sell Ordinary Shares pursuant to the authority set out in Resolution 2 to avoid forcing Shareholders into a higher percentage shareholding position.

12. Dividend Policy

The Company intends, subject to the availability of cash, to pay a substantial part of the Group's earnings as dividends and to grow earnings and dividends over time. If there is a short term reduction in earnings and/or cash flow per share, the Board's preference would be to maintain the dividend at its recent level and fund the payment from the proceeds of asset disposals until cover is reinstated.

13. Risk factors

Shareholders should consider fully and carefully the risk factors associated with the proposed Transaction and the operations of the Stobart Group. Your attention is drawn to the risk factors set out in Part 2 of this document.

14. General Meeting

As the proposed Disposal is a class 1 transaction under the Listing Rules completion of the proposed Disposal requires the approval of Shareholders voting in favour of Resolution 1 at the General Meeting. Accordingly, there is set out in Part 8 of this document a notice convening the General Meeting to be held at 12.00 p.m. on 31 March 2014 at the offices of Morgan Sharpe Administration Ltd, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT where the following resolutions will be proposed:

RESOLUTION 1 – An ordinary resolution to approve the proposed Disposal.

RESOLUTION 2 – A special resolution to authorise the Company to buy back up to 35,432,883 Ordinary Shares, being approximately 10 per cent. of the Company's issued share capital at the Latest Practicable Date.

Resolution 1, being an ordinary resolution, will require a simple majority of those voting in person or by proxy (whether on a show of hands or on a poll) in favour of such Resolution. Resolution 2, being a special resolution, will require approval by not less than 75% of those voting in person or by proxy (on a show of hands or on a poll) in favour of such Resolution. Resolution 2 is conditional upon Resolution 1 being passed.

Only holders of Ordinary Shares may vote at the General Meeting.

15. Action to be taken

You are invited to attend the General Meeting. If you would like to vote on the Resolutions but cannot attend the General Meeting in person, please fill in the Proxy Form accompanying this document and return it to Capita Asset Services at Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible. Capita Asset Services must receive the Proxy Form by 12.00 p.m. on 28 March 2014 (being 48 hours before the time appointed for the holding of the General Meeting).

CREST members can appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Capita Asset Services (under CREST participant ID: RA10) by no later than 12.00 p.m. on 28 March 2014 (being 48 hours before the time appointed for the holding of the General Meeting). The time of receipt will be taken to be the time from which Capita Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. Completion and return of a Proxy Form or transmitting a CREST Proxy Instruction will not prevent you from attending the General Meeting and voting in person should you wish to do so.

Further explanation of the procedures in respect of the General Meeting is set out in paragraph B of Part 5 of this document.

16. Irrevocable Undertakings and Letter of Intent

Irrevocable undertakings to vote in favour of the proposed Transaction have been obtained from Iain George Thomas Ferguson, William Andrew Tinkler, Benjamin Mark Whawell, Michael Arthur Kayser, Paul David Orchard-Lisle and Allan Jenkinson, in respect of their Ordinary Shares which, in aggregate, amount to 14.25 per cent. of the Company's issued share capital at the Latest Practicable Date. William Stobart is not able to vote on the Resolution 1 in view of his proposed shareholding in New ESL. Additionally, a letter of intent to vote in favour of the proposed

Transaction has been obtained from Invesco in respect of all of its voting rights on Ordinary Shares which, in aggregate, amount to 35.85 per cent. of the Company's issued share capital at the Latest Practicable Date. Irrevocable undertakings and a letter of intent have, in total, therefore been received in respect of 50.10 per cent. of the Company's issued share capital.

17. Further Information

Your attention is drawn to the further information set out in Parts 2 to 6 (inclusive) of this document and the Notice of General Meeting set out in Part 8 at the end of this document. You are advised to read the whole of this document and not rely on the summary information provided above.

18. Recommendation

The Board, which has received advice from Cenkos Securities, considers the proposed Transaction and the passing of the Resolutions to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders vote in favour of the Resolutions as they intend to do in respect of their beneficial holdings, amounting, in aggregate, to 32,874,507 Ordinary Shares, representing 9.27 per cent. of the issued share capital of the Company at the Latest Practicable Date. For the avoidance of doubt, Resolution 2 is conditional upon Resolution 1 being passed by the Shareholders. In providing their advice to the Board, Cenkos Securities has taken into account the commercial assessment of the Board in relation to the proposed Transaction.

Yours sincerely,

Iain Ferguson CBE

Chairman

PART 2 – RISK FACTORS

The following risk factors should be considered carefully by Shareholders when deciding whether or not to vote in favour of the Resolutions to be proposed at the General Meeting. The risk factors should be read in conjunction with all other information relating to the proposed Disposal, the Stobart Group, the Continuing Group and Eddie Stobart Logistics contained in this document.

The risks and uncertainties set out below are those that the Directors believe are the material risks relating to the proposed Disposal, the Continuing Group and Eddie Stobart Logistics. If any of the circumstances identified in the risk factors were to arise, there could be a material adverse effect on the business, financial condition or results of operations of the Stobart Group, the Continuing Group and/or Eddie Stobart Logistics. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently consider to be immaterial, may also have a material adverse effect on the Stobart Group, the Continuing Group, Eddie Stobart Logistics and/or the proposed Disposal.

a) RISK FACTORS RELATING TO THE PROPOSED TRANSACTION

The proposed Transaction may not proceed

Completion of the proposed Transaction is subject to receipt of Shareholder approval, details of which are set out in paragraph B of Part 5 of this document. If Shareholders do not approve the proposed Transaction, the proposed Transaction will not complete. If the proposed Transaction does not complete the Group will not have the cash surplus to invest in Stobart Green Energy or effect the share buyback referred to in paragraph 11 of Part 1 of this document.

There may be a potential disruptive effect if the proposed Disposal does not complete

The long stop date under the Disposal Agreement for the passing of Resolution 1 to approve the proposed Disposal is 31 March 2014. Uncertainty over Eddie Stobart Logistics's ownership may impact customer and/or employee confidence negatively leading to a failure to secure new orders or retain key employees. If the proposed Disposal does not complete the Board will have to find alternative ways of developing the transport and distribution business, which might require additional expenditure or investment and could have a disruptive effect on the results of the Group.

Warranties and indemnities in the Disposal Agreement

The Disposal Agreement contains customary warranties and indemnities given by SHL in favour of New ESL in respect of Eddie Stobart Logistics, details of which are set out in Part 5 of this document. The Company has agreed to guarantee SHL's obligations pursuant to the Disposal Agreement. The Company and SHL have undertaken extensive due diligence to minimise the risk of liability under the warranties and indemnities. However, any such liability to make a payment arising from a successful claim by New ESL could have a material adverse effect on the Continuing Group's financial condition.

Anticipated benefits of the Disposal

The Disposal may fail to realise anticipated benefits, as described in paragraph 8 of Part 1 of this document. There can be no guarantee that the Continuing Group will realise any or all of the anticipated benefits of the Disposal, either in a timely manner or at all. If that happens, and the Continuing Group incurs significant costs, this could have a material adverse impact on the results of the Continuing Group.

Risks relating to the Consideration Shares

The Consideration Shares will be unlisted shares in a private company. Therefore, the Consideration Shares may prove difficult to realise as there will not be a liquid market for such shares given they will not be listed on a stock market or recognised investment exchange.

b) RISK FACTORS RELATING TO THE CONTINUING GROUP

Risks relating to the Company and the Group

The success of the Continuing Group will, to an extent, depend on its ability to retain key employees and the successful integration and motivation of Stobart personnel. Whilst the Continuing Group seeks to offer its staff competitive remuneration packages, attractive incentives, career development opportunities and a good working environment, there can be no guarantee that the Continuing Group will be able to recruit and retain suitable key personnel. It is possible that

key individuals might leave the Continuing Group, which could adversely affect the ability of the remaining management to manage the Continuing Group efficiently.

The Continuing Group has a number of key customers. A change in the relationship with or performance of any of these key customers may have an adverse effect on the Continuing Group's operations.

The Continuing Group's reputation amongst its customers and suppliers is believed to be fundamental to the future success of the Continuing Group. Failure to meet expectations in terms of the services provided by the Continuing Group or the way the Continuing Group does business could have a material negative impact on the Continuing Group's performance.

The future success of the Continuing Group will depend on the Directors' ability to continue to implement effectively its business strategy. In particular, the pursuit of that strategy may be affected by factors outside of the control of the Directors, including changes in the competitive environment in the markets in which the Continuing Group currently operates or expects to operate. If such changes were to materialise the Directors may decide to change certain aspects of the Continuing Group's strategy. This might entail the development of alternative services, which would place additional strain on the Continuing Group's capital resources and may adversely impact on the revenues and profitability of the Continuing Group.

The Continuing Group derives income from occupied premises from a variety of different sources, including sublease and contract income. Such income is currently only secure for periods shorter than the term of the occupational leases and there is therefore a risk that income derived from the occupied premises may be subject to void periods at sub-lease or contract end and therefore may not be sufficient to cover the Continuing Group's rental commitments. Careful contract planning will mitigate the risk of such shortfalls.

The Continuing Group may face difficulties deploying the proceeds from the proposed Disposal due to development constraints and banking constraints imposed by limits on capital expenditure. The Continuing Group will actively seek to mitigate these factors, including seeking any necessary waivers on capital expenditure, but should deployment of proceeds be delayed this may result in the proceeds of the proposed Transaction remaining as cash on the Continuing Group's balance sheet and this is likely to have a negative impact on the profitability and asset value of the Continuing Group.

Risks relating to Stobart Biomass and Stobart Green Energy

The growth and profitability of the supply and transport activities of the Stobart Biomass Division depend upon the demand from owners of biomass power plants for biomass fuel and their willingness to contract with Stobart Biomass. The biomass energy market is still developing and if the market fails to grow as the Board expects, Stobart Biomass may not achieve the profitability that the Board anticipates.

The biomass power generation market is dependent, to some extent, on the financial support of the UK Government, whose policy influences the price paid for electricity generated by biomass plants. The Board's expectations for the Stobart Biomass fuel supply business and the Stobart Green Energy equity investment business are predicated on UK legislation remaining in force. Retrospective changes to legislation could adversely affect the performance of investments and contracts to which the Continuing Group is committed and changes to Government policy or future legislation could adversely impact the prospects of Stobart Biomass and Stobart Green Energy.

Additionally, specific risks associated with investment in green energy plants and their proposed mitigation are as follows:

- capital expenditure risk, which could result in cost over-runs, will be mitigated through negotiating fixed price, turnkey contracts with detailed specifications and by working with experienced contractors with sufficient balance sheet strength;
- risks associated with delays in plant construction or construction failure will be mitigated by requesting parent company guarantees where appropriate and insisting on contractual penalties for delays. Contracts will be structured with back-end milestone payments together with 7 year performance warranties on plant performance;

- to mitigate technology risk, which might impact the efficacy of the plants, the plants will all operate with proven technology which is already in use, backed up by technical due diligence reports. The intention is to partner with proven EPC providers with significant industry experience which will be backed up by relevant performance and output warranties;
- feedstock risk, which could impact the quantity, quality or price of feedstock supply will be mitigated by entering into long-term feedstock contracts with our own biomass supply business, Stobart Biomass Products with the back-up of transport supply from Stobart Biomass Transport. Material supply contracts will be backed off by Stobart Biomass Products down the supply chain with reliable counterparties, ensuring a good geographical spread of material is always available. Feedstock quality will be monitored via on-site hourly automated testing to ensure the feedstock quality is maintained at all times;
- to mitigate output (volume) risk, which could impact production through reduced operating efficiency will be mitigated via fixed price operations and manufacture (“O&M”) contracts with output guarantees with no major caveats such that the power output risk principally rests on feedstock delivery. Significant performance guarantees, backed by either a strong balance sheet or a bank guarantee, will be required from the O&M contractor; and
- in the case of anaerobic digestion plants, there will be a remote hourly monitoring and testing regime and three chambered plants to minimize plant failure risk.

3. Risk Factors Relating to Ordinary Shares

The Ordinary Share price could be subject to significant fluctuations

The value of an investment in the shares of the Company may go down as well as up. The market value of the Ordinary Shares can fluctuate and may not always reflect the underlying asset value. A number of factors may impact on the share price, including, but not limited to, (i) variations in the Group’s operating results, (ii) possible differences between the actual results and the results that were expected by investors and analysts, (iii) the Group’s implementation of strategic and operational plans, (iv) fluctuations in the trading volume of the Ordinary Shares resulting in changes in the market price for such shares without any apparent correlation to the earnings of the Group, and (v) general market conditions.

Any future non-pre-emptive Ordinary Share issues would dilute Ordinary Shareholders

It is possible that, in the future, the Group may decide to issue/offer Ordinary Shares on a non-pre-emptive basis. Consequently, the proportionate ownership and voting interests of existing Shareholders would be diluted and could have an adverse effect on the market price of Ordinary Shares as a whole.

Dividends

Under company law, a company may pay cash dividends only to the extent that it has distributable reserves and cash available for this purpose. The Group’s ability to pay dividends is affected by its profitability and the extent to which it has distributable reserves out of which dividends may be paid. In the light of these factors, there can be no assurance that the Group will be able to pay a dividend in the future or as to the amount of any such dividend, if paid.

PART 3 – HISTORICAL FINANCIAL INFORMATION ON EDDIE STOBART LOGISTICS

1. Nature of financial statements

The following financial information relating to Eddie Stobart Logistics has been extracted without material adjustment from the consolidation schedules that underlie the audited consolidated financial statements of the Company for the 52 weeks ended 28 February 2011, 29 February 2012 and 28 February 2013 and the unaudited consolidated financial statements of the Company for the 6 months ended 31 August 2013 and represents the financial information relating to the assets, liabilities and trading locations that will be transferred on Completion.

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part 3.

The financial information contained in this Part 3 does not constitute statutory accounts. The consolidated statutory accounts of the Stobart Group in respect of the 52 weeks ended 28 February 2011, 29 February 2012 and 28 February 2013 have been delivered to the UK Listing Authority. The auditor's reports in respect of those statutory accounts for the 52 weeks ended 28 February 2011, 29 February 2012 and 28 February 2013 were unqualified. Ernst & Young LLP was the auditor for the Stobart Group in respect of the 52 weeks ended 28 February 2011 and 29 February 2012. KPMG Audit Plc was the auditor for the Stobart Group in respect of the 52 weeks ended 28 February 2013.

2. Income statements

The historical income statements for Eddie Stobart Logistics for the three years ended 28 February 2013 and the six months ended 31 August 2013 are set out below:

	6 months ended 31 August 2013 (unaudited) £'000	Year ended 28 February 2013 (audited) £'000	Year ended 29 February 2012 (audited) £'000	Year ended 28 February 2011 (audited) £'000
Revenue	282,117	476,127	438,045	395,389
Operating expenses	(268,778)	(449,853)	(410,538)	(364,412)
Exceptional costs	(1,879)	(631)	(3,911)	(4,816)
Operating profit	<u>11,460</u>	<u>25,643</u>	<u>23,596</u>	<u>26,161</u>
Finance expense	(778)	(1,429)	(2,693)	(1,390)
Profit before tax	<u>10,682</u>	<u>24,214</u>	<u>20,903</u>	<u>24,771</u>
Tax	(2,061)	(3,771)	(647)	(4,628)
Profit after tax	<u><u>8,621</u></u>	<u><u>20,443</u></u>	<u><u>20,256</u></u>	<u><u>20,143</u></u>

The principal adjustments from the Transport & Distribution segmental results disclosed in the Annual Reports and Interim Statements are (i) the results of the non-core UK Vehicle Services business has been excluded as this business was disposed in January 2013 (ii) the results of the Eddie Stobart Promotions Ltd business have been excluded as this business will be retained (iii) the results of the environmental transport business have been excluded as this business will be retained (iv) share based payment charges have been allocated to the business (v) adjustments have been made in respect of income from properties that are being retained by the Group.

The tax figures included above have been estimated by the Group's tax advisors.

3. Statement of Net Assets

The net asset statements for Eddie Stobart Logistics at 28 February 2013 and 31 August 2013 are set out below:

	At 31 August 2013 (unaudited) £'000	At 28 February 2013 (audited) £'000
Assets		
Non-current assets		
Intangible assets	–	408
Investments in associates and joint ventures	695	625
Property, plant and equipment	54,092	65,209
Other investments	7	7
	<hr/>	<hr/>
	54,794	66,249
Current assets		
Inventories	2,142	2,241
Trade and other receivables	123,165	107,878
Cash and cash equivalents	12,681	3,750
Assets of disposal groups classified as held for sale	–	13,129
	<hr/>	<hr/>
	137,988	126,998
Total assets	<hr/> 192,782	<hr/> 193,247
Current liabilities		
Trade and other payables	(89,955)	(84,540)
Loans and borrowings	(21,859)	(16,854)
Corporation tax	(133)	1,503
	<hr/>	<hr/>
	(111,947)	(99,891)
Non-current liabilities		
Loans and borrowings	(20,035)	(28,880)
Other liabilities	(11,426)	(11,727)
Deferred tax	(975)	(876)
	<hr/>	<hr/>
	(32,436)	(41,483)
Total liabilities	<hr/> (144,383)	<hr/> (141,374)
Net assets	<hr/> 48,399	<hr/> 51,873

The net asset statements for the Transport & Distribution business are not disclosed in the Annual Reports and Interim Statements as this is a division of the whole business. The net asset statements above have been prepared from the consolidation schedules and underlying accounting records of the companies included in the disposal group, adjusted for transfers of assets and liabilities between these companies and the retained group companies.

The tax figures included above have been estimated by the Group's tax advisors.

PART 4 – UNAUDITED PRO FORMA STATEMENT OF NET ASSETS FOR THE COMPANY

A Unaudited Pro Forma Statement of Net assets for the Company

The unaudited *pro forma* statement of net assets of the Stobart Group set out below has been prepared for illustrative purposes only in accordance with Item 13.3.3R of the Listing Rules of the UK Listing Authority, Annex II of the PD Regulation and associated guidance issued in the European Securities and Markets Authority Recommendations and on the basis of the notes set out below. The unaudited *pro forma* statement of net assets has been prepared to illustrate the effect of the proposed Disposal on the net assets of the Company as if the proposed Disposal had occurred on 31 August 2013 and is not intended to reflect the financial position which would have actually resulted had the proposed Disposal been effected on any of the dates indicated. The unaudited *pro forma* statement of net assets by its nature, addresses a hypothetical situation and, therefore, does not represent the actual financial position of the Stobart Group.

	Stobart Group net assets at 31 August 2013 (unaudited) £'000 (note 1)	Eddie Stobart Logistics net assets at 31 August 2013 (unaudited) £'000 (note 2)	Disposal adjustments £'000 (note 3)	Other adjustments £'000 (note 4)	Pro forma net assets of the Continuing Group £'000
Assets					
Non-current assets					
Intangible assets	286,066	–	–	(164,804)	121,262
Investments in associates and joint ventures	16,306	(695)	44,100	–	59,711
Investment property	69,320	–	–	7,401	76,721
Property, plant and equipment	310,394	(54,092)	–	(11,591)	244,711
Other investments	7	(7)	–	–	–
Other receivables	4,226	–	10,000	–	14,226
	<u>686,319</u>	<u>(54,794)</u>	<u>54,100</u>	<u>(168,994)</u>	<u>516,631</u>
Current assets					
Inventories	3,019	(2,142)	–	–	877
Trade and other receivables	127,358	(123,165)	–	19,516	23,709
Cash and cash equivalents	46,684	(12,681)	185,600	–	219,603
Assets of disposal groups classified as held for sale	18,275	–	–	–	18,275
	<u>195,336</u>	<u>(137,988)</u>	<u>185,600</u>	<u>19,516</u>	<u>262,464</u>
Total assets	<u>881,655</u>	<u>(192,782)</u>	<u>239,700</u>	<u>(149,478)</u>	<u>779,095</u>
Current liabilities					
Trade and other payables	(120,611)	89,955	(5,000)	(2,283)	(37,939)
Loans and borrowings	(35,634)	21,859	–	–	(13,775)
Corporation tax	(771)	133	–	13	(625)
	<u>(157,016)</u>	<u>111,947</u>	<u>(5,000)</u>	<u>(2,270)</u>	<u>(52,339)</u>
Non-current liabilities					
Loans and borrowings	(214,009)	20,035	–	–	(193,974)
Other liabilities	(27,186)	11,426	–	(11,417)	(27,177)
Deferred tax	(25,762)	975	–	4,179	(20,608)
	<u>(266,957)</u>	<u>32,436</u>	<u>–</u>	<u>(7,238)</u>	<u>(241,759)</u>
Total liabilities	<u>(423,973)</u>	<u>144,383</u>	<u>(5,000)</u>	<u>(9,508)</u>	<u>(294,098)</u>
Net assets	<u>457,682</u>	<u>(48,399)</u>	<u>234,700</u>	<u>(158,986)</u>	<u>484,997</u>

Notes:

- The consolidated net assets of Stobart Group as at 31 August 2013 have been extracted without material adjustment from the unaudited consolidated interim financial statements for Stobart for the six months ended 31 August 2013 which were prepared under IFRS.
- This adjustment removes the carrying value of the Eddie Stobart Logistics' assets and liabilities which will be disposed of and has been extracted without material adjustment from Part 3.
- This adjustment comprises the gross proceeds of the disposal of Eddie Stobart Logistics of cash of £185.6 million, Loan Notes of £10.0 million plus the value of the retained 49 per cent. interest in the Stobart businesses of £44.1 million less the estimated transaction costs of approximately £5.0 million. The consideration is subject to potential customary adjustments pursuant to a locked box exercise.
- This adjustment comprises other adjustments required to be made in the Continuing Group balance sheet as a result of the disposal transaction. These include (i) elimination of goodwill and intangible assets in respect of the Transport & Distribution business (ii) reclassification of properties from property, plant and equipment to investment properties (iii) elimination of intra group balances via internal dividend distributions (iv) recognition of deferred income in respect of the licence for the brands (v) taxation adjustments including deferred tax on consolidation in respect of fair value adjustments made upon acquisition of businesses within subsidiaries of Eddie Stobart Logistics.
- No account has been taken of the trading of Eddie Stobart Logistics or the Continuing Group since 31 August 2013 or of any other event or transaction save as disclosed above. In the period since 31 August 2013 the Group has realised cash of almost £49 million from disposal of property assets.

The tax figures included above have been estimated by the Group's tax advisors.

B ACCOUNTANT'S REPORT ON PRO FORMA FINANCIAL INFORMATION

KPMG LLP
15 Canada Square
Canary Wharf
E14 5GL

The Directors
Stobart Group Limited
Old Bank Chambers
La Grande Rue
St Martin's
Guernsey
GY4 6RT

11 March 2014

Report on *pro forma* financial information (in accordance with Annex II item 7 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R)

Dear Sirs,

Stobart Group Limited (the "Company")

We report on the *pro forma* financial information (the "Pro forma financial information") set out in Section A of Part 4 of the class 1 circular dated 11 March 2014 (the "Circular"), which has been prepared on the basis described in the notes thereto, for illustrative purposes only, to provide information about how the disposal of Eddie Stobart Logistics might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the six months ended 31 August 2013. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of Stobart Group Limited to prepare the *pro forma* financial information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority. It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the *pro forma* financial information and to report that opinion to you. In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the *pro forma* financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue. Save for any responsibility that we may have to those persons to whom this report is expressly addressed and that we may have to any person as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1(6), consenting to its inclusion in the Circular.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *pro forma* financial information with the directors of Stobart Group Limited.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *pro forma* financial

information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Stobart Group Limited. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

- the *pro forma* financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Stobart Group Limited.

Yours faithfully

KPMG LLP

PART 5 – PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

A The proposed Transaction

1 Introduction

As referred to above, the consideration to be received by SHL for the sale of the entire issued share capital of Eddie Stobart Logistics is £195.6 million (of which up to £10.0 million may be paid by the issue of Loan Notes and the remainder will be paid in cash on Completion) together with the issue of the Consideration Shares. The principal document setting out the principal terms of the proposed Disposal is the Disposal Agreement, a summary of which is set out below in paragraph 2.

In addition to the Disposal Agreement, a shareholders agreement is to be entered into on Completion between, *inter alia*, SHL, Topco and New ESL detailing the shareholder arrangements agreed between *inter alia*, Topco and SHL in relation to the operations of New ESL and the Eddie Stobart Logistics Group after Completion. A summary of the New ESL Shareholders Agreement is also set out below in paragraph 3.

2 Summary of the Principal Terms of the Disposal Agreement

2.1 Proposed Transaction

The Disposal Agreement was entered into on 6 March 2014 between, *inter alia*, SHL, New ESL and the Company to give effect to the proposed Disposal. Pursuant to the Disposal Agreement, SHL has agreed to sell, subject to the condition described in paragraph 2.2 of this Part 5, the entire issued share capital of Eddie Stobart Logistics which operates the Stobart Transport and Distribution Division and is the sole shareholder of each of Autologic, Stobart Transport, Stobart Ireland, O'Connor Transport, O'Connor Storage and Westlink.

2.2 Condition Precedent

Completion is conditional upon approval of the proposed Disposal by the Shareholders.

The Disposal Agreement shall be terminated if the Shareholders have not passed Resolution 1 on or before 31 March 2014. If the Disposal Agreement is terminated by failure to pass Resolution 1, SHL shall be obliged to pay to New ESL up to £1 million (plus irrecoverable VAT) in respect of a contribution towards the costs and expenses incurred by New ESL in connection with the proposed Disposal.

2.3 Consideration

The Consideration for the proposed Disposal is £195.6 million (of which up to £10 million may be paid by the issue of the Loan Notes) together with the issue of the Consideration Shares. For reasons related to New ESL's financing arrangements, the Cash Consideration will initially be satisfied in loan notes within the New ESL Group but will immediately thereafter be satisfied in cash so that, in practical terms, SHL will receive the Cash Consideration in cash on Completion in addition to the Consideration Shares (and potentially the Loan Notes). The Consideration is subject to potential customary adjustments payable pursuant to a locked box exercise.

2.4 Pre-Completion Covenants

SHL has given certain customary covenants in relation to the period between signing of the Disposal Agreement and Completion, including to ensure that the business of Eddie Stobart Logistics Group is carried on in the ordinary course of business and, in all material respects, in accordance with past practice (including in the case of new customer contracts or tenders, past practice with regard to values, revenues, margins and risk profile). In the event of a material breach of the covenants prior to Completion, New ESL may elect not to complete the Disposal Agreement in which case SHL shall be obliged to pay to New ESL the fixed sum of £1 million (plus irrecoverable VAT) as a contribution towards the costs and expenses incurred by New ESL in connection with the proposed Disposal.

2.5 Warranties, Indemnities and Liability Caps

SHL has given warranties relating to, amongst other things, title, capacity, authority and solvency matters, together with additional business warranties as are customary for a transaction of this nature.

No claims may be brought by New ESL under the warranties after the date that is 2 years after Completion, save in respect of (i) the warranties relating to a seller's ownership of the shares in the relevant members of the Eddie Stobart Logistics Group, where there is no time limit to the claim period and (ii) the tax warranties or the tax covenant, where the claim period is 7 years after Completion.

The aggregate liability of SHL under the Disposal Agreement (other than in respect of a very limited set of specified warranties and two paragraphs of the tax covenant) shall not exceed £84.6 million. The aggregate liability of SHL in respect of the limited set of specific warranties referred to above and in respect of one of the tax covenant paragraphs referred to above shall not exceed 100 per cent. of the Consideration whilst in respect of the other paragraph of the tax covenant referred to above liabilities thereunder shall not exceed £130 million.

SHL has also granted indemnities (subject to specific limitations) in respect of:

- (a) subject to certain specified exceptions, tax liabilities arising in the members of the Eddie Stobart Logistics Group that are, broadly speaking, referable to events occurring or income, profits or gains arising prior to Completion;
- (b) any non-permitted leakage/extraction from the Company from the Locked Box Date; and
- (c) a limited set of other matters covered, *inter alia*, during the course of the New ESL due diligence exercise relating to matters such as employee holiday pay claims, certain dilapidation costs in respect of a property at Doncaster, the disposal by the Company of its vehicle services business in January 2013 and certain environmental liabilities.

2.5 Guarantee

Pursuant to the terms of the Disposal Agreement, the Company has agreed to guarantee to New ESL the obligations of SHL thereunder. Other parties with an interest in New ESL have agreed to guarantee to SHL the obligations of New ESL pursuant to the Disposal Agreement.

2.6 Governing Law and Jurisdiction

The Disposal Agreement is governed by English law and by the jurisdiction of the English courts.

3. Summary of the Principal Terms of the Related Documents

3.1 New ESL Shareholders Agreement

On completion of the proposed Disposal, *inter alia*, Topco, SHL and New ESL will enter into a shareholders agreement regulating the activities and operations of New ESL and the Eddie Stobart Group after Completion. Finco will not carry out any other business and its shareholders will be controlled solely by the Finco Articles. A short summary is set out below of the material provisions within the New ESL Shareholders Agreement:

- New ESL will have an operating board consisting of eight directors, six of whom will be nominated by Topco with two nominated by Stobart as long as it holds 20% of the shares in New ESL (with SHL having the ability to nominate one director if it ever holds less than 20% but at least 5%);
- the operating board will be the main policy-making board of the New ESL group of companies and shall hold a minimum of 4 meetings per annum with at least four executive review meetings also to be held each year;
- in addition to the operating board, there will also be a holding board which is to be the main policy making and oversight board of the New ESL group of companies in respect of New ESL's capital structure and its capital requirements. The holding board will consist of 4 directors with DBAY having the right to appoint up to three directors whilst SHL shall have the right to appoint one director as long as it owns 5% or more of the shares in New ESL;

- for so long as Stobart beneficially owns 5% or more of the shares in New ESL, SHL's prior consent will be required before New ESL can carry out certain matters. Examples include entering into non-arm's length agreements, guaranteeing the obligations of a person which is not a member of the New ESL Group, the declaration of dividends and the entering into of any arrangement, contract or commitment or the incurring of any obligations which are directly or indirectly unfair and prejudicial to SHL or the Stobart Group but not Topco;
- in certain agreed circumstances, SHL will also have the ability in the event of a breach of any material banking covenant of the New ESL, to serve a notice of its proposal for the management of New ESL to be changed in which case a process is to be followed by Topco and SHL after which changes to the management can be implemented;
- general pre-emption rights are set out in favour of SHL (subject to certain limited exceptions) whilst SHL also has the ability to dispose of its shareholding in New ESL to a financial purchaser without requiring the prior consent of Topco;
- SHL also has the benefit of tag along rights in the event of an offer being made to Topco for in excess of 50% of the shares in New ESL with Topco having corresponding drag along rights in its favour;
- in relation to any proposed initial public offering or sale of New ESL, certain rights are set out in SHL's favour including an obligation on all the shareholders to consult and co-operate with each other and provide all such information as is reasonably requested in order to keep the shareholders fully and regularly informed as to the process and relevant position; and
- standard shareholder restrictive covenants are to be granted by SHL in favour of New ESL and Topco whilst SHL remains a shareholder of New ESL and for the two year period after SHL ceases to hold any shares in New ESL.

3.2 Licence Agreement

The Stobart Group trade marks and designs (including the 'Eddie Stobart' trade marks and designs) are held by Stobart Brands. On Completion the Eddie Stobart Logistics Group will not have any interest in Stobart Brands which will instead be owned by members of the Continuing Group, namely SHL, Stobart Rail, Westlink, London Southend Airport Company Limited and Stobart Biomass. Pre-Completion, ESL entered into a 15 year licence agreement with Stobart Brands for the use by ESL and the Eddie Stobart Logistics Group of the 'Eddie Stobart' trade marks and designs solely for warehousing, freight forwarding, transport and logistics applications. In particular:

1. in consideration of the grant of the licence agreement, ESL paid a premium of £13.7 million to Stobart Brands;
2. in further consideration of the grant of the licence, ESL shall pay the licence fee of £3 million to Stobart Brands from year 7 subject to certain financial targets being achieved by Eddie Stobart Logistics which could result in the fee, instead, being accrued and paid at a later date;
3. ESL will have the ability to terminate the licence agreement on the fourth anniversary of the agreement being entered into;
4. ESL shall, after the fourth anniversary of the agreement being entered into, have options to acquire the 'Eddie Stobart' trade marks and designs with a fee of £50 million being payable should it want to use the 'Eddie Stobart' trade mark for unlimited use or £15 million should it wish to use the 'Eddie Stobart' trade marks and design solely for warehousing, freight forwarding, transport and logistics applications; and
5. at the end of the initial 15 year period ESL shall have the option to extend the licence for a further 10 years.

3.4 Transitional Services Agreement

SHL and New ESL will enter into a Transitional Services Agreement on behalf of their respective groups. Each party will provide a limited set of services to assist with the migration of Eddie Stobart Logistics from the Continuing Group to New ESL. As at the date of this document, a detailed set of transition principles have been agreed in relation to the Transitional Services Agreement which provides, *inter alia*, that:

- New ESL will provide IT support, IT infrastructure support, business systems, training and induction support and health and safety services to the Continuing Group;
- the Continuing Group will provide *ad hoc* financial support services, HR, insurance and claims management support to New ESL. Each service will be provided for up to a 12 month period; and
- the charges for each service will be calculated on a cost plus 5% basis.

3.5 Deed of Restrictive Covenant

A deed of restrictive covenant is also to be entered into by, *inter alia*, the Company and New ESL, for the benefit of Stobart Biomass Transport, with such document restricting New ESL and the Eddie Stobart Logistics Group from carrying out the specialist bulk carriage of materials for supply to the biomass, renewable and alternative energy market.

3.6 Loan Notes

Up to £10 million of the consideration is to be satisfied in loan notes in one of New ESL's group companies, Greenwhitestar DVLN UK Limited. The Loan Notes will be redeemable on the eighth anniversary of Completion (or earlier in the event of a sale of the New ESL group of companies). No interest will be payable on the Loan Notes for the first two months after Completion whereafter interest will accrue on the Loan Notes at a rate of 5% until six months from Completion, 8% until the first anniversary of Completion and 11% thereafter will accrue on the notes and be paid in the form of promissory notes as and when the Loan Notes are redeemed.

B The General Meeting and voting information

1. Voting information

The General Meeting is being convened for 12.00 p.m. on 31 March 2014 at the offices of Morgan Sharpe Administration Ltd, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT, to ask Shareholders to consider, and if they think fit, pass the Resolutions. As noted in paragraph A2 of this Part 5, at the General Meeting Resolution 1 will be proposed to seek approval of the proposed Disposal as a class 1 transaction for the purposes of Chapter 10 of the Listing Rules. The passing of Resolution 1, being an ordinary resolution, will require a simple majority of those voting in person or by proxy (whether as a show of hands or on a poll) in favour of the Resolution. Resolution 2 will be proposed to authorise the Company to buy back up to 35,432,883 million Ordinary Shares, being approximately 10 per cent. of the Company's issued share capital at the Latest Practicable Date. The passing of Resolution 2, being a special resolution, will require approval by not less than 75% of those voting in person or by proxy (whether on a show of hands or on a poll) in favour of the Resolution. Shareholders have the right to attend, speak and vote at the General Meeting (or, if they are not attending the General Meeting, to appoint someone else as their proxy to attend, speak and vote on their behalf) if they are on the Register at the voting record time. Changes to entries in the Register after that time will be disregarded in determining the rights of any person to attend and/or vote at the General Meeting. If the General Meeting is adjourned, only those Shareholders on the Register at 12.00 p.m. on the day which is two days before the date of the adjourned General Meeting are entitled to attend, speak and vote or to appoint a proxy. The number of Ordinary Shares a Shareholder holds as at the above deadline will determine how many votes a Shareholder or his/her proxy will have in the event of a poll.

2. Shareholders not attending the General Meeting

Shareholders may appoint a proxy, that is, someone who will attend the General Meeting on their behalf to speak and vote, by completing and returning the accompanying Proxy Form or by utilising the CREST electronic proxy appointment service. For Shareholders' convenience, the appointment of the chairman of the General Meeting as proxy has already been included, although

Shareholders may appoint someone else as their proxy if they so wish. A proxy need not be a Shareholder of the Company. Please return the Proxy Form to Capita Asset Services by post or by hand, to Capita Asset Services so as to be received by not later than 12.00 p.m. on 28 March 2014 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

In order for a proxy appointment made by means of CREST to be valid, the CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The CREST Proxy Instruction must be transmitted so as to be received by Capita Asset Services (ID: RA10) by 12.00 p.m. on 28 March 2014 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time from which Capita Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. Completion and return of a Proxy Form or transmitting a CREST Proxy Instruction will not prevent you from attending the General Meeting and voting in person should you wish to do so.

In the event that a Shareholder votes in person, any proxy votes lodged with Capita Asset Services by that Shareholder will be excluded.

3. Joint Shareholders

All joint Shareholders may attend and speak at the General Meeting or appoint a proxy. If more than one joint Shareholder votes or appoints a proxy, the only vote or appointment which will count is the vote or appointment of the first joint Shareholder listed on the Register.

4. Overseas Shareholders

This document does not constitute an offer to sell or issue or a solicitation of an offer to buy or subscribe for any security, nor shall there be any sale, issuance or transfer of the securities referred to in this document in any jurisdiction in contravention of applicable law.

PART 6 – ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation of the Company

- 2.1 The Company was incorporated and registered in Guernsey on 10 January 2002 as a non-cellular company limited by shares under the Companies (Guernsey) Laws, 1994 to 1996, (as amended), with the name “The Westbury Property Fund Limited” and with registered number 39117. The Company’s name was changed to “Stobart Group Limited” on 28 September 2007.
- 2.2 The registered office of the Company is at Old Bank Chambers, La Grande Rue, St. Martin’s, Guernsey GY4 6RT. Its telephone number is 01481 735 540.
- 2.3 The Companies (Guernsey) Law, 2008 (as amended) comprises the principal legislation under which the Company operates. The liability of the members of the Company is limited.

3. Directors of Stobart

Directors

- 3.1 Details of the names, functions and relevant expertise, experience and length of service of the Directors are set out below. The business address of each of the Directors is Old Bank Chambers, La Grande Rue, St.Martin’s, Guernsey GY4 6RT.

Iain George Thomas Ferguson CBE (age 58) (Non-Executive Chairman)

Iain joined the Board as Chairman on 1 October 2013. He also serves as Chairman of Berendsen plc and a Non-Executive Director on the Board of Balfour Beatty plc and Gregg’s plc. Iain’s experience includes a 26 year career with Unilever, which he joined following his graduation from the University of St Andrews. In the June 2003 Queen’s Birthday Honours List, Iain was awarded a CBE for services to the food industry. He served as CEO of Tate & Lyle plc from 2003 until the end of 2009. Iain has also been a member of the PWC (UK) LLP Advisory Board (2009-2011), President of the Food and Drink Federation (FDF) and of the Institute of Grocery Distribution (IGD), a member of the Council of Food Policy Advisors (Defra) and The Foresight Global Food and Farming Project and a Non-Executive Director on the Boards of Companies House, Rothamsted Research and Sygen plc. Outside of the City, Iain is Chairman of Wilton Park (FCO Agency), the Lead Non-Executive Director for Defra, a member of the Better Regulation Strategy Group (BIS) and the Honorary Vice-President of the British Nutrition Foundation.

William Andrew Tinkler (age 50) (Chief Executive Officer)

Andrew joined the Board as Chief Executive in September 2007. Andrew started his career as a cabinet maker and fitter for Everest Double Glazing. In 1988, Andrew founded W.A. Tinkler Building Contractor which later became W.A. Developments Limited, where he focused on civil engineering in the railway infrastructure industry. In 2004, WADI Properties (a company ultimately controlled by Andrew Tinkler and William Stobart) acquired the Group. Andrew became executive Chairman of the Group and led the Group to the merger between The Westbury Property Fund Limited and Stobart Holdings Limited in 2007. In 2011, Andrew was named the CBI North West Business Leader of the Year.

Benjamin Mark Whawell (age 41) (Chief Financial Officer)

Benjamin joined the Board as Chief Financial Officer in September 2007. Benjamin started his career in Grant Thornton in 1996 and is a qualified Chartered Accountant. He joined Stobart in 2004 after advising on the acquisition of the Group by W.A. Developments Limited. Since joining Stobart, Benjamin has managed the International Division of the business, led a number of other areas in Stobart, has implemented financial and information technology changes and oversaw the merger with The Westbury Property Fund Limited in 2007.

Benjamin has been instrumental in the acquisition growth of the Group and securing the funding to deliver the strategic plan. Benjamin received the North West Financial Director of the Year Award in 2009, 2012 and 2013.

Michael Arthur Kayser (age 58) (Non-Executive Director)

Michael joined the Board in March 2008. Michael is a fellow of the Chartered Institute of Management Accountants. He started his career in Unilever and joined Guinness plc in 1987 becoming Finance Director of Guinness Brewing Worldwide in 1993. Michael has extensive experience in corporate transactions both in the quoted and private markets. He has held a variety of senior finance appointments including Group Finance Director of Laporte plc, Doncasters Limited, Amey Plc and Lloyd's Register. Michael is currently the senior independent director of Biome Technologies plc, Non-Executive Director and chair of the audit committee of Transport Systems Catapult Limited and is Finance Director of Malachite Advisors Limited.

Paul David Orchard-Lisle CBE (age 75) (Non-Executive Director)

Paul was appointed to the Stobart Group Board on 23 May 2011 and has over fifty years' experience in the property sector. He joined Healey & Baker in 1961 where he was Head of Investment between 1986-1998 and Senior Partner between 1987-1999. He oversaw the company's merger with Cushman & Wakefield in 1998, forming a global company, covering the entire commercial property spectrum with a turnover in excess of \$700m. Paul was previously President of The Royal Institution of Chartered Surveyors and Chairman of Slough Estates (now Segro plc) and executive chairman of the Falcon Property Trust. He is Chairman of Standard Life Investments Property Income Trust and Chairman of Apache Capital LLP. Previously Paul was a director of Powerleague Limited and a Senior Advisor to Patron Capital.

Andrew Richard Wood (age 62) (Non-Executive Director)

Andrew was appointed to the Stobart Group Board as a Non-Executive Director on 1 November 2013 and serves as the Board's Senior Independent Director. Andrew also holds Non-Executive Directorships and the positions of Audit Committee Chairman at Berendsen plc, Lavendon plc and Air Partner plc (where he is also Chair of the Remuneration Committee). He was previously Group Finance Director of BBA Aviation plc, a position he held from 2001 until 2011, when he retired from the role. Throughout his career Andrew has held numerous finance director and financial controller positions across the electronics and aviation sectors and he has been a member of the Chartered Institute of Management Accountants since 1975.

4. Directors' interests in Ordinary Shares

4.1 As at the Latest Practicable Date the interests of each Director, any member of their immediate families, related trusts and any other persons connected with them (within the meaning of section 252 of the 2006 Act) in the share capital of the Company and which have been notified by each Director to the Company pursuant to the Disclosure and Transparency Rules were as follows:

Director Name	Number of Ordinary Shares	Percentage of Existing Share Capital
Iain George Thomas Ferguson	140,000	0.040
William Andrew Tinkler	32,396,988	9.143
Benjamin Mark Whawell	183,576	0.052
Paul David Orchard-Lisle	39,777	0.011
Michael Arthur Kayser	114,166	0.032
Andrew Richard Wood	Nil	0

- 4.2 As at the Latest Practicable Date, the following share options/awards granted to certain Directors under the Share Option Schemes are outstanding:

Name of Director	No. of Ordinary Shares over which options granted	Exercise price (pence)	Issue date
William Andrew Tinkler	16,335,088	Nil	8 December 2011
Benjamin Mark Whawell	2,000,000	Nil	8 December 2011
Michael Arthur Kayser	62,500	Nil	3 November 2011
Paul David Orchard-Lisle	39,771	Nil	23 May 2011

5. Directors' Service Agreements and Letters of Appointments

- 5.1 No Director has a service contract with the Company, nor are any such contracts proposed.
- 5.2 The following Directors have service contracts with the Stobart Group:
- 5.2.1 an agreement dated 21 September 2007 pursuant to which William Andrew Tinkler was appointed Chief Executive Officer of SHL. The agreement will continue until terminated by either party giving to the other not less than 12 months' notice in writing. William Andrew Tinkler receives an annual salary of £200,000 to be reviewed in March/April of each year together with a bonus, each to be reviewed by the remuneration committee. William Andrew Tinkler receives an additional payment equivalent to 15 per cent. of annual salary in lieu of pension contributions, death in service benefits of 8 times annual salary together with standard executive medical benefits. William Andrew Tinkler is also entitled to a company car of a size and type deemed appropriate for the proper performance of his duties or, at William Andrew Tinkler's discretion, a company car allowance of £20,000 per annum; and
- 5.2.2 an agreement dated 21 September 2007 pursuant to which Benjamin Mark Whawell was appointed Chief Financial Officer of SHL. The agreement will continue until terminated by either party giving to the other not less than 12 months' notice in writing. Benjamin Mark Whawell receives an annual salary of £200,000 to be reviewed in March/April 2014 together with a bonus each to be reviewed by the Company's remuneration committee. Benjamin Mark Whawell receives a contribution to a personal pension scheme of 15 per cent. of annual salary, death in service benefits of 8 times annual salary together with standard executive medical benefits. Benjamin Mark Whawell is also entitled to a company car of a size and type deemed appropriate for the proper performance of his duties or, at Benjamin Mark Whawell's discretion, a company car allowance of £20,000 per annum.
- 5.3 The Company has entered into the following letters of appointment with the non-executive Directors:
- 5.3.1 a letter of appointment dated 1 October 2013 pursuant to which Iain George Thomas Ferguson was appointed as a non-executive director of the Company. The appointment was for an initial fixed term of 12 months. The letter of appointment contains early termination provisions, *inter alia*, in the event of a serious or repeated breach of the terms of the appointment. Iain receives an annual fee of £150,000, such fee to be reviewed annually;
- 5.3.2 a letter of appointment dated 10 March 2008 pursuant to which Michael Arthur Kayser was appointed as a non-executive director of the Company. The appointment was for an initial fixed term of 12 months. The letter of appointment contains early termination provisions, *inter alia*, in the event of a serious or repeated breach of the terms of the appointment. Michael receives an annual fee of £50,000, such fee to be reviewed annually;
- 5.3.3 a letter of appointment dated 23 May 2011 pursuant to which Paul David Orchard-Lisle was appointed as a non-executive director of the Company. The appointment was for an initial fixed term of 12 months. The letter of appointment contains early termination provisions, *inter alia*, in the event of a serious or repeated breach of the terms of the appointment. Paul receives an annual fee of £60,000, such fee to be reviewed annually; and

5.3.4 a letter of appointment dated 1 November 2013 pursuant to which Andrew Richard Wood was appointed as a non-executive director of the Company. The appointment was for an initial fixed term of 12 months. The letter of appointment contains early termination provisions, *inter alia*, in the event of a serious or repeated breach of the terms of the appointment. Andrew receives an annual fee of £55,000, such fee to be reviewed annually.

6. Details of Key Individuals for Stobart Transport and Distribution

The following individuals are deemed by Stobart Group to be key to the operations of Stobart Transport and Distribution:

Name	Position
William Stobart	Chief Executive
David Pickering	Managing Director
David Meir	Finance Director

7. Major interests in shares

The Company has received notifications in accordance with paragraph 5.1.2R of the Disclosure and Transparency Rules of the following interests in 3 per cent. or more of the voting rights attaching to the Company's issued share capital as at the Latest Practicable Date:

Notifier	Number of voting rights	Percentage of voting rights
Invesco Asset Management	127,017,083	35.85
M&G Investments	46,557,408	13.14
William Andrew Tinkler	32,179,442	9.08
Allan Wilson Jenkinson	17,694,647	4.99
William Stobart	12,009,864	3.39
Laxey Partners	11,972,316	3.38

8. Related party transactions

Details of related party transactions (which for these purposes are set out in the standards adopted according to Regulation (EC) No 1606/2002) that the Company has entered into during the period commencing 1 March 2010 and up to the date of this document are set out as follows:

- 8.1 during the financial year ended 28 February 2011 such transactions as are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note (m) on page 81, of the Stobart Group's consolidated financial statements for the year ended 28 February 2011;
- 8.2 during the financial year ended 29 February 2012, such transactions as are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note (m) on page 89 of the Stobart Group's consolidated financial statements for the year ended 29 February 2012;
- 8.3 during the financial year ended 28 February 2013, such transactions as are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note (m) on page 92 of the Stobart Group's consolidated financial statements for the year ended 28 February 2013;
- 8.4 during the six month period ended 31 August 2013, such transactions as are disclosed in accordance with the respective standard adopted according to Regulation (EC) No. 1606/2002 in note 11 on page 33 of the Stobart Group's consolidated interim financial statements for the six months ended 31 August 2013; and
- 8.5 between 1 September 2013 and 28 February 2014 (being the latest practicable date before the date of this document):

8.5.1 Relationships of Common Control or Significant Influence

- 8.5.1.1 W.A. Developments International is owned by William Andrew Tinkler and William Stobart. The Group made purchases totalling £32,000 from and sales totalling £119,000 to W.A. Developments International Limited;

- 8.5.1.2 Apollo Air services Limited (previously VLL Limited) is part owned by William Andrew Tinkler. During the period, the Group made purchases of £147,000 relating to the provision of passenger transport;
- 8.5.1.3 the Group made purchases of £324,000 from Ast Signs Limited, a company in which William Stobart holds a 27% shareholding;
- 8.5.1.4 the Group made sales of £48,000 and purchases of £51,000 from Mega Pink Horse Ltd, a company in which William Stobart holds a 73% shareholding; and
- 8.5.1.5 the Group made sales of £46,000 and purchases of £94,000 from Oakfield Manor Estates Limited, a company in which William Stobart holds a 100% shareholding.

8.5.2 Associates and Joint Ventures

- 8.5.2.1 the Group made sales of £629,000 to a 100% subsidiary of Everdeal Holdings Limited;
- 8.5.2.2 the Group made purchases of £106,000 from Stobart Barristers Limited;
- 8.5.2.3 the Group made sales of £51,000 to its joint venture interest, Transport Service Klingels Willems NV;
- 8.5.2.4 the Group made sales of £1,442,000 to its joint venture interest, Vehicle Logistics Corporation BV;
- 8.5.2.5 the Group made sales of £38,000 to its joint venture interest, European Holding Group NV; and
- 8.5.2.6 the Group made sales of £45,000 to its joint venture interest, Transport Service & Releasing Iberia SL.

9. Material Contracts

Stobart Group

The following contracts (not being contracts entered into in the ordinary course of business) have either (i) been entered into by the Company or one of its subsidiary undertakings within the two years immediately preceding the date of this document and are or may be material; or (ii) been entered into by the Company or one of its subsidiary undertakings and contain a provision under which a member of the Stobart Group has an obligation or entitlement which is or may be material, in each case as at the date of this document:

- 9.1 the Disposal Agreement;
- 9.2 the Licence Agreement, details of which are set out in Part 5 above;
- 9.3 on 29 August 2013, Stobart Group engaged Cenkos Securities as financial adviser, sponsor and broker in connection with the proposed Transaction, pursuant to the terms of an engagement letter between Stobart Group and Cenkos Securities. The services of Cenkos Securities will comprise, *inter alia* (i) advising on corporate strategy, including in relation to the proposed Transaction, and managing communications with institutional Shareholders and (ii) managing the execution of the proposed Transaction from a UKLA perspective including acting as sponsor, managing the preparation, UKLA review and approval of any circular required to be published to obtain Shareholder approval for the proposed Transaction. Cenkos Securities' fee will be contingent on the success of the proposed Transaction. Cenkos Securities has received indemnification from Stobart Group in connection with the engagement;
- 9.4 the M&G Facility Agreement, as entered into on 28 May 2010 and amended on 9 August 2010 and on 30 May 2013, under which a loan for the principal amount of £100 million (Facility) was made available for the purpose of:
 - 9.4.1 repaying certain facilities existing at such time, namely (a) all outstanding indebtedness owed to The Royal Bank of Scotland plc by the Company, (b) the redemption of income shares by the Company, (c) the repayment of vendor loan notes issued by Stobart Airports Limited, (d) the repayment of contingent consideration on LSA by Stobart Airports Limited to Regional Airports Limited and (e) financial indebtedness owed to BLME by London Southend Airport Company Limited incurred in connection with Phase 2 of the development of LSA;

9.4.2 funding capital expenditure on the development of Phase 2 of LSA;

9.4.3 funding the consideration payable in respect of the acquisition of 50 per cent. of the issued shares in A.W. Jenkinson Biomass Limited; and

9.4.4 general corporate purposes of the Group up to a maximum of £11.5 million.

The loan advances under the M&G Facility Agreement are repayable in £5m quarterly instalments as from 31 May 2014 meaning that the facility is to be fully repaid by 28 May 2019. The interest rate payable under the loan is LIBOR plus a margin of 4.25 per cent.

The M&G Facility Agreement contains a guarantee and indemnity whereby certain members of the Stobart Group guarantee the performance of the Company's obligations under the M&G Facility Agreement and also provide an indemnity for losses suffered to Prudential/M&G UK Companies Financing Fund LP, M&G and Prudential Trustee Company Limited.

As mentioned in Part 1 of this document, the Facility is to be repaid in full by the Company on Completion out of the proceeds of the Disposal;

- 9.5 the BLME Facility under which a Sharia' compliant revolving loan facility of principal amounts of up to £20 million in total at any one time, was entered into by the Stobart Group on 18 February 2013 to be used for general corporate and working capital requirements of the Stobart Group. The original availability of the BLME Facility is 3 years and at any one time up to 10 individual loans can be outstanding for the periods of 1, 3 or 6 months (with the possibility of roll overs in certain circumstances). The profit rate/cost of funds payable under any loans advanced pursuant to the BLME facility are LIBOR plus a margin of 4%. The non-utilisation fee payable under the BLME facility is 1%. The BLME Facility contains a guarantee and indemnity pursuant to which certain members of the Stobart Group guarantee the performance of the Company's obligations under the BLME Facility and also provide an indemnity for losses suffered to BLME and Prudential trustee Company Limited;
- 9.6 the Amendment and Restatement Agreement dated 28 February 2012 amending and restating the Initial GE Agreement so as to make the Company party to arrangements with GE and setting out GE's consent to the Moneypenny Acquisition in consideration for the payment by WADI Properties to GE of a restatement fee of £2.80 million. Pursuant to the Amendment and Restatement Agreement, GE consented to the WADI Properties facility of £88.85 million remaining within WADI Properties notwithstanding the acquisition of the entire issued share capital of WADI Properties by the Group, through its wholly owned subsidiary Hamsard 3213 Limited. A restatement fee of £2.80 million was payable by WADI Properties to GE and the Group provided a guarantee and indemnity to GE in line with the guarantees and indemnities set out in the Initial GE Agreement in respect of an obligation to top up rent receipts to £1.875 million on a quarterly basis. There was no guarantee to be provided by the Group in respect of the principal. A *pro rata* ratchet reduction is in the Amendment and Restatement Agreement for as and when any assets which are the subject of the Amendment and Restatement Agreement are disposed of by the Group. GE was also granted security over the Lutterworth site which was transferred to Westbury Properties. The interest payable in respect of the facility is 1 per cent. over LIBOR though £74.9 million is fixed at a rate of 5 per cent. per annum. In addition, a margin top up fee of 1 per cent. per annum is payable if the loan to value ratio is less than 70 per cent. If the loan to value ratio is more than 70 per cent. a margin top up fee of 1.50 per cent. per annum is payable increasing to 1.75 per cent. in April 2012, 2.00 per cent. in April 2013, 2.50 per cent. in April 2014, 3.00 per cent. in April 2015 and 3.50 per cent. in April 2016. No repayments are due in relation to the facility if the loan to value ratio is less than 70 per cent. If the loan to value ratio is more than 70 per cent. there is an obligation that all net rent receipts are utilised to pay interest and capital. The debt facilities pursuant to the Amendment and Restatement Agreement will mature on 15 April 2017. GE also agreed in principle to a security substitution provision within the Amendment and Restatement Agreement which would allow the Group to sell assets and replace them with unencumbered assets elsewhere within the Group or other assets which the Group acquires with the prior consent of GE;
- 9.7 SHL acquired the entire issued share capital of WADI Properties from W.A. Developments International on 28 February 2012 for an aggregate consideration of £12.35 million. WADI Properties had net debt of £88.85 million which GE agreed could remain within WADI Properties. Completion of the WADI Properties share purchase agreement (WADI SPA) was conditional upon the entering into and completion of the Amendment and Restatement

Agreement (as defined below) and the consent of M&G pursuant to the M&G Facility Agreement which was duly provided. WADI Properties owned the entire issued share capital of Westbury Properties which in turn owned the entire issued share capital of Money Penny which owned a portfolio of 18 freehold and leasehold properties. Prior to completion of the WADI SPA, WADI Properties was owned by W.A. Developments International, a company ultimately owned by William Andrew Tinkler and William Stobart. William Andrew Tinkler and William Stobart guaranteed the obligations of W.A. Developments International to the Stobart Group under the WADI SPA subject to a maximum aggregate limit of £1 million and any liability being notified to such guarantors by 28 February 2013. The WADI SPA contained usual and customary warranties for a transaction of that nature with non-tax warranty claims to be notified prior to 28 February 2014 and tax claims notified prior to 28 February 2019. 41.666% of the consideration under the WADI SPA (amounting to £5.1 million) was satisfied in cash with the remaining £7.2 million satisfied by the issue to W.A. Developments International of Ordinary Shares at an issue price which equated to the average middle market closing price of an Ordinary Share over the 5 Business Days prior to 28 February 2012;

- 9.8 on 20 December 2012 Stobart Group, through one of its subsidiary companies SAI 1, acquired the shares held in Everdeal (the top company within the group of companies holding the Aer Arann air transport business) not already held by SAI 1 from Pdraig O'Ceidigh and Main Street Letterkenny (Guernsey) Limited for an aggregate consideration of €1,782,500 and immediately thereafter issued shares in Everdeal Holdings (a newly incorporated company to which the shares in Everdeal were transferred) to each of Invesco, Cenkos Securities and Pdraig O'Ceidigh pursuant to a shareholders agreement dated 20 December 2012. This resulted in Stobart Group holding 45% of the shares in Everdeal Holdings with each of Invesco, Cenkos Securities and Mr O'Ceidigh holding 40%, 10% and 5% respectively. The Aer Arann Shareholders Agreement documents the agreement reached between each of Stobart, Invesco, Cenkos Securities and Mr O'Ceidigh relating to the operations of the Aer Arann airline;
- 9.9 on 20 December 2012 a joint venture agreement was entered into between (1) Aer Lingus, (2) SHL, (3) Invesco and (4) Propius Holdings pursuant to which each of Stobart, Invesco and Aer Lingus became equal shareholders in Propius Holdings. Each of the three shareholders committed to providing funding of up to US\$14.24 million into Propius Holdings to enable Propius Holdings to acquire up to 12 aeroplanes which it would lease to third parties, including, but not limited to the Aer Arann Group; and
- 9.10 in relation to property sales by the Estates Division, the following material sales have been completed:
- the sale by Money Penny to GE CIF Property Nominee Company No. 1 Limited/GE CIF Property Nominee Company No. 2 Limited of 22 Soho Square, London for £11.27 million;
 - the sale by Money Penny to Clerical Medical Managed Funds Limited of property at Admiral Retail Park, Eastbourne for £25.25 million;
 - the sale by Money Penny of 4 flats and one commercial unit at 37 Soho Square, London for an aggregate £14.36 million;
 - the sale by Money Penny to Threadneedle Property Unit Trust of The Whitbread Centre, Southampton for £7.40 million; and
 - the sale and leaseback by ESGL and Money Penny of two sites at Appleton Thorn, Warrington to Ropemaker Properties Limited for £16.25 million.

Eddie Stobart Logistics

- 9.11 The following contracts (not being contracts entered into in the ordinary course of business) have either (i) been entered into by Eddie Stobart Logistics or one of its subsidiary undertakings within the two years immediately preceding the date of this document and are or may be material; or (ii) been entered into by Eddie Stobart or one of its subsidiary undertakings and contain a provision under which a member of the Eddie Stobart Group has an obligation or entitlement which is or may be material, in each case as at the date of this document:

- 9.11.1 on 9 August 2012 the Stobart Group completed the acquisition of Autologic Holdings pursuant to a recommended cash offer effected by way of a scheme of arrangement under Part 26 of the 2006 Act. Pursuant to the terms of the scheme of arrangement, the Stobart Group, through SHL, acquired the entire issued and to be issued ordinary share capital of Autologic Holdings. Autologic Holdings shareholders received 20p in cash for each Autologic Holdings share held therefore valuing the entire issued and to be issued ordinary share capital of Autologic Holdings at approximately £12.4m. Autologic Holdings delivered a wide range of automotive services to car manufacturers, importers, rental operations, contract hire companies and dealers specialising in particular in new vehicle preparation, technical enhancement, handling, storage and distribution through its commercial vehicle enhancement, used vehicle refurbishment and a range of other related services;
- 9.11.2 on 21 January 2013 Walon (a company within the Autologic Holdings part of the Stobart Group), disposed of the entire issued share capital of Stobart Vehicle Services (a special purpose vehicle incorporated for the purposes of this particular transaction) to Paragon. Stobart Vehicle Services was renamed Paragon Vehicle Services Limited immediately after completion. The division disposed of had provided support for automotive manufacturers and retailers dealing with the receipt, storage, inspection, repair, refurbishment, modification and preparation for delivery of vehicles. The Stobart Group (through Walon), retained the transport element of its business with regard to the transportation of vehicles. The aggregate consideration paid by Paragon to the Stobart Group pursuant to the transaction was £11.59 million. The Stobart Vehicle Services SPA contains a specific indemnity from Stobart Group in favour of Paragon in relation to any loss, liability or expenses incurred or suffered by Stobart Vehicle Services prior to the hive down of the business and assets of the vehicle and services division into Stobart Vehicle Services together with a specific pensions indemnity relating to the Autologic Holdings Group pension scheme. Otherwise the Stobart Vehicle Services SPA contained usual and customary warranties for a transaction of this nature with non-tax warranty claims to be notified prior to 21 July 2014 and tax claims notified prior to 21 January 2020; and
- 9.11.3 on 15 November 2013 Walon completed the disposal to Walters Land Limited of freehold property known as land lying to the south west of Royal Portbury Dock Road, Easton-in-Gordano for the sum of £9.12 million.

10. Corporate Governance

- 10.1 As a company with a premium listing on the Official List, the Company is required to comply, or explain its non-compliance, with the UK Corporate Governance Code.
- 10.2 The Directors consider that as at the date of this document and throughout the previous financial year, the Company was not fully in compliance with the UK Corporate Governance Code in relation to Board composition and committee membership. The UK Corporate Governance Code recommends that at least half of the board (excluding the Chairman) should be non-executive directors who are independent in character and judgment and free from relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment. The UK Corporate Governance Code also recommends that the Board should appoint one of its independent non-executive directors to be the senior independent director. The senior independent director should be available to shareholders if they have concerns that contact through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve or for which such contact is inappropriate.
- 10.3 Following the retirement of a previous Chairman on 15 May 2013 and subsequent appointment of Paul Orchard-Lisle as Interim Non-Executive Chairman from that date, the Company had two non-executive directors and three executive directors, which is not in compliance with UK Corporate Governance Code. Further the position of Senior Independent Director remained vacant following the retirement of Alan Kelsey on 23 April 2013. Following these retirements, recruitment of a new Chairman and non-executive director began and was concluded with the appointment of Iain Ferguson as Chairman on 1 October 2013 and Andrew Wood as new Senior Independent Director on 1 November 2013 following which the Company is in compliance with the UK Corporate Governance Code.

10.4 As detailed below, the Board has an audit committee, a remuneration committee and nomination committee. The Board meets at least six times a year and may meet at other times at the request of any Director. Resolutions of the Board are adopted by majority vote of those present at the meeting. Each Director has one vote. The Articles contain procedures to deal with any conflict of interest which may arise in the proceedings of the Board. Each Director is required to disclose to the Board any interest which that Director has in any proceedings of the Board and, except as otherwise provided by the Articles, the Director shall not vote at a meeting of the Board or a committee of the Board on any resolution concerning any contract, arrangement or other proposals in which he has an interest.

10.4.1 **Audit Committee**

- (a) The UK Corporate Governance Code recommends that all members of the audit committee should be non-executive directors, all of whom are independent in character and judgment and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgment and also that at least one member should have recent and relevant financial experience.
- (b) The audit committee shall review the external auditor's independence and the effectiveness of the audit process together with the engagement of external auditors to supply non-audit services. The audit committee also has primary responsibilities for making recommendations on the appointment, reappointment and removal of the external auditors. The audit committee shall also review the Group's annual and interim reports (and any announcements relating to financial performance) and provide a forum through which the Group's external auditors report to the Board. Members of the executive management and the Group's auditors will also be invited to attend audit committee meetings as appropriate. At least once a year, the audit committee meets with the auditors with no executive Directors present.
- (c) The audit committee shall meet at least three times a year to review the scope and results of the audit and the Group's accounting policies and financial reporting. The audit committee and the Board have considered the need for an internal audit function and have concluded that, for the Group at its current state of development, such a function is not required. The provision of non-audit services by the external auditors shall be subject to the prior approval of the audit committee and, where appropriate, to a tendering process. The audit committee shall take sufficient steps to ensure that it is satisfied with the independence of the auditors.
- (d) The audit committee comprises Michael Arthur Kayser (as chairman of the audit committee), Iain George Thomas Ferguson, and Andrew Richard Wood. The Board is satisfied that the members of the audit committee have recent and relevant financial experience.

10.4.2 **Remuneration Committee**

The UK Corporate Governance Code recommends that at least three members of the remuneration committee should be non-executive Directors, all of whom are independent in character and judgment and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgment.

- (a) The remuneration committee is responsible for determining the Group's overall policy on executive remuneration and for deciding the specific remuneration benefits and terms of employment for executive Directors. The remuneration committee shall also have regard to remuneration packages for senior executives who are not Directors but have a significant influence over the Group's ability to meet its strategic objectives.
- (b) Fees paid to the Chairman and the non-executive Directors shall be determined by the Board as a whole and no Director shall be responsible for approving his own remuneration. The remuneration committee, in its deliberations on the remuneration policy for the Directors, shall seek to give full consideration to the UK Corporate Governance Code.

- (c) The remuneration committee comprises Paul David Orchard-Lisle (as chairman of the remuneration committee), Iain George Thomas Ferguson, Michael Arthur Kayser and Andrew Richard Wood.

10.4.3 **Nominations Committee**

- (a) The UK Corporate Governance Code recommends that a majority of the members of the nominations committee should be non-executive Directors, all of whom are independent in character and judgment and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgment.
- (b) The nominations committee shall assist the Board in discharging its responsibilities relating to the composition and performance of the Board in relation to general corporate governance. The nominations committee shall be responsible for reviewing, from time to time, the structure and performance of the Board, determining succession plans for the Chairman and Chief Executive Officer, the Board and senior management, identifying and recommending suitable candidates for appointment as directors and reviewing the Company's corporate governance procedures.
- (c) The nominations committee comprises Iain George Thomas Ferguson (as chairman of the nomination committee), Michael Arthur Kayser, Paul David Orchard-Lisle and Andrew Richard Wood.

11. **Litigation**

Stobart Group

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period covering the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the Company's or the Stobart Group's financial position or profitability.

Eddie Stobart Logistics

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period covering the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on Eddie Stobart Logistics' or the Eddie Stobart Logistics Group's financial position or profitability.

12. **Significant change**

Stobart Group

- a) There has been no significant change in the financial or trading position of the Stobart Group which has occurred since 31 August 2013, being the date to which the Stobart Group prepared its last published unaudited half yearly financial report.

Eddie Stobart Logistics

- b) There has been no significant change in the financial or trading position of the Eddie Stobart Logistics which has occurred since 31 August 2013, being the date to which the information in Part 3, "Historical financial information on Eddie Stobart Logistics" has been prepared.

13. **Working capital**

The Company is of the opinion that following the proposed Transaction the Stobart Group has sufficient working capital available to it for its present requirements, that is, for at least the next twelve months following the date of this document.

14. **United Kingdom Taxation**

14.1 The following information is based upon the law and practice currently in force in the United Kingdom.

The comments are of a general nature only, are not a full description of all relevant tax considerations and may not apply to persons who do not hold their shares as investments. Any person who is in any doubt as to his tax position should consult a professional adviser

concerning his tax position in respect of the acquisition, holding or disposal of Ordinary Shares. Shareholders who are resident for tax purposes in a country other than the United Kingdom should consult their own adviser as to the tax consequence of the acquisition, holding or disposal of Ordinary Shares.

Taxation of Income

The tax treatment in relation to dividends paid by the Company should be as set out below.

Individual Shareholders resident for tax purposes in the United Kingdom should generally be entitled to a tax credit in respect of any dividend received equal to one-ninth of the amount of the net dividend. Such an individual Shareholder's liability to United Kingdom income tax is calculated on the sum of the dividend and the tax credit (the gross dividend) which will be regarded as the top slice of the individual's income and which will be subject to United Kingdom income tax at the rates described below. The tax credit is equal to 10 per cent. of the gross dividend. The tax credit will be available to offset such Shareholder's liability (if any) to income tax on the dividend.

Individual Shareholders resident for tax purposes in the United Kingdom liable to tax at the lower or basic rate will be liable to tax on dividend income received at the rate of 10 per cent. This means that the tax credit will satisfy the income tax liability of a United Kingdom resident individual shareholder liable to pay income tax at the lower or basic rate.

The rate of income tax applied to United Kingdom company dividends received by United Kingdom resident individuals liable to income tax at the higher rate will be 32.5 per cent. After taking into account the 10 per cent. tax credit, a higher rate taxpayer will be liable to additional income tax of 22.5 per cent. of the gross dividend. The rate of income tax applied to United Kingdom company dividends received by United Kingdom resident individuals liable to income tax at the 45 per cent. rate will be 37.5 per cent. After taking into account the 10 per cent. tax credit, a 45 per cent. rate taxpayer will be liable to additional income tax of approximately 27.5 per cent. of the gross dividend.

With limited exceptions individual Shareholders who are resident for tax purposes in the United Kingdom cannot claim payment of the tax credit from HM Revenue & Customs (HMRC).

A corporate Shareholder resident for tax purposes in the United Kingdom will not normally be liable to corporation tax on any dividend received.

Individual Shareholders who are resident for tax purposes in countries other than the United Kingdom but who are Commonwealth citizens, nationals of states which are part of the European Economic Area, residents of the Isle of Man or the Channel Islands or certain other persons are entitled to a tax credit which they may set off against their total United Kingdom income tax liability. Such Shareholders will generally not be able to claim payment of the tax credit from HMRC. The right of other non-resident individual Shareholders to claim payment from HMRC in respect of part of the tax credit attaching to the dividends to which they are entitled will depend on the provisions of any relevant double tax treaty. Such Shareholders will not, generally, be entitled to receive any payment from HMRC. Shareholders who are resident for tax purposes in countries other than the United Kingdom should consult their own tax advisers concerning their tax liabilities on dividends received.

Save as set out below in relation to dividends paid to Guernsey residents, there is no requirement on the Company to withhold tax payable in relation to dividend income.

Stamp Duty

UK stamp duty (at a rate of 0.5 per cent. of the amount of the consideration of the transfer) rounded up where necessary to the nearest £5 is payable on any instrument of transfer of the Ordinary Shares executed within, or brought within, the UK. Provided that the Ordinary Shares are not registered in any register of the Company kept in the UK, the agreement to transfer the Ordinary Shares should not be chargeable to UK stamp duty reserve tax.

Taxation of Capital Gains

An individual Shareholder who is either resident or ordinarily resident in the United Kingdom (whether or not domiciled there) may be liable to capital gains tax on any disposal of their

Ordinary Shares in the Company. A United Kingdom corporate Shareholder may be liable to corporation tax on chargeable gains on any disposal of its Ordinary Shares in the Company.

The rate applicable will be 18 per cent. or 28 per cent depending on the individual's total taxable income and gains and subject to certain reliefs or exemptions.

A Shareholder who is not resident (nor in the case of an individual ordinarily resident) in the United Kingdom, will not normally be liable to United Kingdom tax on capital gains on any disposal of Ordinary Shares in the Company unless the Shareholder carried on a trade, profession or vocation in the United Kingdom through a branch or agency and the Ordinary Shares are, or have been used, held or acquired for the purpose of such trade, profession or vocation, branch or agency.

14.2 Guernsey Taxation

The Company is treated as being resident in Guernsey for Guernsey taxation purposes and is subject to income tax in Guernsey at the standard rate of income tax of zero (0) per cent. The Company is also treated as being resident in the UK for UK corporation tax purposes and is subject to corporation tax in the UK at the standard rate of 25% (falling to 21% at 1 April 2014).

The Company will be taxed at the standard rate of income tax provided the income of the Company does not include income from:

- (a) banking business;
- (b) domestic insurance business;
- (c) fiduciary business;
- (d) insurance intermediary business;
- (e) insurance manager business;
- (f) trading activities regulated by the Office of the Director General of Utility Regulation; or
- (g) the ownership of land and buildings situate in Guernsey.

Shareholders do not suffer any capital gains tax in Guernsey on the sale, transfer, redemption or disposal of their Ordinary Shares. Shareholders who are not tax resident in Guernsey receive dividends without deduction of Guernsey income tax provided that such non-Guernsey resident individuals or companies do not carry on a business in Guernsey through a permanent establishment situate in Guernsey and provided that the shares are not beneficially owned by a person resident in Guernsey for tax purposes.

The Company may, in certain circumstances, be required to, deduct tax at the rate of 20 per cent from any dividend payments it makes to Guernsey resident Shareholders.

No Guernsey stamp duty will be payable upon the issue of new Ordinary Shares. In the event of the death of a sole holder of Ordinary Shares a Guernsey grant of probate or administration may be required in respect of which certain fees will be payable to the Ecclesiastical Registrar in Guernsey.

General

Guernsey does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties, save for an *ad valorem* fee for the grant of probate or letters of administration.

15. Information incorporated by reference

The table below sets out the sections of documents which contain information incorporated by reference into, and forming part of, this document. Only information in the parts of the documents identified in the list below is incorporated into and forms part of this document. Information in other parts of the documents are either covered elsewhere in this document or is not relevant to the Shareholders in making a properly informed assessment of how to vote on the Resolutions. Shareholders should, therefore, ignore cross references in the parts of the document listed below to parts of the documents not listed below.

**Information incorporated into this document
by reference**

Annual Report and Accounts 2011 (see page 81)

Annual Report and Accounts 2012 (see page 89)

Annual Report and Accounts 2013 (see page 92)

Interim report for six months ended 31 August 2013
(see page 33)

Location of incorporation

Paragraph 8 of Part 6 of this document
“Related party transactions” (see pages
35 and 36)

Paragraph 8 of Part 6 of this document
“Related party transactions” (see pages
35 and 36)

Paragraph 8 of Part 6 of this document
“Related party transactions” (see pages
35 and 36)

Paragraph 8 of Part 6 of this document
“Related party transactions” (see pages
35 and 36)

16. Consents

16.1 Cenkos Securities has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which it is included.

16.3 KPMG has given and not withdrawn its written consent to the inclusion of its report on the *pro forma* statement of net assets in paragraph B of Part 4 of this document, in the form and context in which it appears.

17. Documents available for inspection

Copies of the following documents will be available for inspection at the London offices of Hill Dickinson LLP at Broadgate Tower, 20 Primrose Street, London EC2A 2EW and the registered office of the Company during normal business hours on any weekday (Saturday, Sunday and public holidays in the United Kingdom excepted) from the date of this document until the conclusion of the General Meeting (including at the General Meeting itself, from half an hour before its commencement until its conclusion):

- a) the memorandum and articles of association of the Company;
- b) the unaudited *pro forma* statement of net assets for the Stobart Group and KPMG’s report thereon as set out in paragraph B of Part 4 of this document;
- c) the service contracts, letters of appointment and/or side letters of the Directors (as applicable) referred to in paragraph 5 of this Part 6;
- d) the consent letters referred to in paragraph 16 of this Part 6;
- e) the material contracts referred to in paragraph 9 of this Part 6;
- f) a copy of this document;
- g) the annual report and accounts of the Stobart Group for the financial periods ended 28 February 2011, 29 February 2012 and 28 February 2013; and
- h) the unaudited interim financial statements of the Stobart Group for the six months ended 31 August 2013.

11 March 2014

PART 7 – DEFINITIONS

The following definitions apply to words and phrases used in this document except where the context requires otherwise:

2006 Act	the Companies Act 2006, as amended;
Aer Arann	Aer Arann, the regional airline based in Dublin or Everdeal Holdings Limited, the owner of the airline, as the context requires;
Aer Arann Shareholders Agreement	the shareholder agreements entered into between, <i>inter alia</i> , (1) SAI 1, (2) Invesco, (3) Cenkos Securities, (4) Pdraig O’Ceidigh and (5) Everdeal on 20 December 2012 relating to the operation of the Aer Arann airline;
Aer Lingus	Aer Lingus Limited, a private company limited by shares incorporated and registered in Ireland with company number IE9215;
Amendment and Restatement Agreement	the amendment and restatement agreement entered into on 28 February 2012 between (1) WADI Properties, (2) Westbury Properties, (3) Money Penny, (4) Westbury Schools Limited and (5) GE amending and restating the Initial GE Agreement;
Articles	the articles of incorporation of the Company as at the date of this document;
Autologic Holdings	Autologic Holdings Limited, a private company limited by shares incorporated and registered in England with company number 03252504;
BLME	Bank of London and Middle East;
BLME Facility	the £20.0 million revolving master murabaha agreement entered into by BLME and Stobart Group on 18 February 2013;
Board	the board of directors of the Company;
Brand Promotion Agreement	the brand promotion agreement to be entered into by (1) Stobart Brands, (2) New ESL and (3) the Company on Completion;
Business Day	a day other than a Saturday or Sunday on which banks generally are open for business in the City of London;
Capita Asset Services	Capita Asset Services;
Cash Consideration	the cash payment from New ESL to SHL on Completion of £195.6 million less up to £10.0 million paid in the form of Loan Notes;
Cenkos Securities	Cenkos Securities plc, financial adviser, sponsor and broker to the Company;
Company or Stobart	Stobart Group Limited, a limited company incorporated and registered in Guernsey with company number 39117;
Completion	completion of the proposed Transaction in accordance with its terms;
Completion Date	the day on which Completion takes place;
Consideration	the total consideration to be paid by New ESL to SHL under the terms of the Disposal Agreement, as further described in Part 5 of this document;
Consideration Shares	the shares of £1 each in the share capital of each of New ESL and Finco, representing 49 per cent. of the enlarged issued share capital of both companies, to be allotted to SHL on Completion;

Continuing Group	the Company, SHL and each of the Subsidiaries other than Eddie Stobart Logistics, Autologic Holdings, Stobart Transport, Stobart Ireland, O'Connor Transport, O'Connor Storage and Westlink;
CREST	the Relevant System (as defined in the CREST Regulations), in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
CREST Manual	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as subsequently amended);
CREST member	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);
CREST participant	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
CREST Proxy Instruction	an appropriate and valid CREST message appointing a proxy by means of CREST;
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
CREST sponsor	a CREST participant admitted to CREST as a CREST sponsor;
DBAY	DBAY Advisors Limited, a private limited company incorporated and registered in the Isle of Man with company number 126150C; or a consortium of investors led by DBAY Advisors Limited as the context may require;
DECC	the Department of Energy and Climate Change;
Deed of Restrictive Covenant	the deed of restrictive covenant to be entered into, <i>inter alia</i> , by the Company and New ESL on Completion for the benefit of the biomass transport operations of the Group;
Directors	the directors of the Company whose names are set out on page 5 of this document;
Disclosure and Transparency Rules	the Disclosure Rules and Transparency Rules made by the FCA under Section 73A of FSMA, as amended from time to time;
Disposal	the disposal by SHL of the entire issued share capital of Eddie Stobart Logistics to New ESL, as more particularly described in Part 5 of this document;
Disposal Agreement	the conditional sale and purchase agreement dated 6 March 2014 between, <i>inter alia</i> , the (1) New ESL, (2) SHL and (3) the Company relating to the sale and purchase of the entire issued share capital of Eddie Stobart Logistics, further details of which are set out in Part 5 of this document;
EBITDA	earnings before interest, tax, depreciation and amortisation;
Eddie Stobart Logistics	Eddie Stobart Logistics Limited, a limited company incorporated and registered in Guernsey with company number 57959 and the holding company of the Group's Transport and Distribution Division, excluding its biomass transport operations;
Eddie Stobart Logistics Group	Eddie Stobart Logistics and any of its subsidiaries as at the date of this document;
ESL	Eddie Stobart Limited, a private company limited by shares incorporated and registered in England with company number 995045;

Everdeal	Everdeal Limited, a private unlimited company incorporated and registered in Ireland with company number IE489923;
Everdeal Holdings	Everdeal Holdings Limited, a private company limited by shares incorporated and registered in Ireland with company number IE520459;
Euroclear	Euroclear UK & Ireland Limited, as the CREST operator (as defined in the CREST Regulations);
FCA	the Financial Conduct Authority of the United Kingdom, and any of its successor authorities;
FSMA	the Financial Services and Markets Act 2000, as amended from time to time;
Finco	Greenwhitestar Finance Ltd, a private company limited by shares, incorporated and regulated in the Isle of Man with registered number 010842V;
Finco Articles	the articles of association of Finco, to be adopted on Completion;
GE	GE Real Estate Finance Limited, a private company limited by shares incorporated and registered in England with company number 6420016;
General Meeting	the general meeting of the Company to be held at 12.00 p.m. on 31 March 2014 at the offices of Morgan Sharpe Administration Ltd, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT, a notice of which is set out in Part 8 of this document, and any adjournment thereof;
Group Company	in relation to any company, any body corporate which is from time to time a holding company of that company, a subsidiary of that company or a subsidiary of a holding company of that company;
Initial GE Agreement	the facility agreement dated 15 August 2007 entered into between (1) GE, (2) WADI Properties, (3) Westbury Properties and (4) Moneypenny relating to facilities provided by GE to WADI Properties;
Invesco	Invesco Asset Management Limited;
KPMG	KPMG LLP;
Latest Practicable Date	10 March 2014 (being the latest practicable date before the date of this document);
LIBOR	the offered rate quoted in the London Inter-Bank Market on the first day of any applicable interest period for sterling deposits of an amount comparable to the relevant loan note for a period of one month, as reported in the Financial Times or derived from such other source as Eddie Stobart may reasonably determine; provided that if at any time LIBOR cannot be ascertained, a substitute rate of interest as reasonably determined by Eddie Stobart shall apply;
Licence Agreement	the variation to the licence agreement to be entered into on Completion by (1) Stobart Brands and (2) ESL relating to the use by ESL and the Eddie Stobart Logistics Group of the "Eddie Stobart" brand and varying the terms of the original licence agreement entered into by Stobart Brands and ESL on 28 February 2014;
Listing Rules	the listing rules made by the UK Listing Authority under section 73A of FSMA, as amended from time to time;
Loan Notes	the loan notes issued in part consideration for the Disposal, as described in paragraph 3.6 of Part 5 of this document;
Locked Box Date	30 November 2013;

London Stock Exchange	London Stock Exchange plc;
LSA	London Southend Airport;
M&G	M&G Investment Management Limited, a private company limited by shares incorporated and registered in England with company number 00936683;
M&G Facility Agreement	the term loan facility agreement dated 28 May 2010 between, amongst others, (1) the Company, (2) Prudential/M&G UK Companies Financing Fund LP, (3) M&G and (4) Prudential Trusts Company Limited as amended by a letter of amendment dated 9 August 2010;
Money Penny	Money Penny Limited, a private company limited by shares incorporated and registered in England with company number 03320572;
Money Penny Acquisition	the acquisition by the Stobart Group of the entire issued share capital of WADI Properties from W A Developments International on 28 February 2012;
MWh	Megawatt hour, a measure of power output of electricity generating plants;
New ESL	Greenwhitestar Holding Company 1 Ltd, a private company limited by shares incorporated and registered in Isle of Man with Company number 010841V, being the proposed purchaser of Eddie Stobart Logistics, to be renamed Eddie Stobart Holdings Limited;
New ESL Articles	the New ESL articles of association to be adopted by New ESL on Completion;
New ESL Shareholders Agreement	the shareholders agreement to be entered into on Completion between, <i>inter alia</i> , (1) Topco, (2) SHL and (3) New ESL;
Notice of General Meeting	the notice of the General Meeting set out in Part 8 of this document;
O'Connor Storage	O'Connor Container Storage Limited, a private company limited by shares incorporated and registered in England with company number 04277628;
O'Connor Transport	O'Connor Container Transport Limited, a private company limited by shares incorporated and registered in England with company number 02232850;
Official List	the official list of the UK Listing Authority;
Ordinary Shares	ordinary shares of 10 pence each in the capital of the Company;
Overseas Shareholders	Shareholders who are resident in, or ordinarily resident in, located in or citizens of locations outside the UK;
Panel	The Panel on Takeovers and Mergers;
Paragon	Paragon Automotive Limited, a private company limited by shares incorporated and registered in England with company number 05377252;
Propius Holdings	Propius Holdings Ltd, a private company limited by shares incorporated and registered in the Cayman Islands with company number MC272996;
Proxy Form	the form of proxy enclosed with this document for use at the General Meeting;
Register	the register of members of the Company;
Resolution 1	resolution 1 as set out in the Notice of General Meeting;
Resolution 2	resolution 2 as set out in the Notice of General Meeting;

Resolutions	the resolutions set out in the Notice of General Meeting to be proposed at the General Meeting and Resolution shall mean any one of them;
ROC	Renewable Obligation Certificate;
SAI 1	SAI 1 Limited, a private company limited by shares incorporated and registered in England with company number 07401088;
Shareholder Documents	the New ESL Shareholders Agreement and the New ESL Articles;
Shareholders	holder(s) of Ordinary Shares;
Share Option Schemes	the Executive Directors' Long Term Incentive Plan and the Non-Executive Directors' Share Scheme of the Stobart Group;
SHL	Stobart Holdings Limited, a private company limited by shares incorporated and registered in England with company number 07246663;
SPL	Stobart Properties Limited, a private company limited by shares incorporated and registered in England with company number 06420708;
Stobart Biomass	Stobart Biomass Products Limited, a private company incorporated and registered in England with company number 07042490 being a wholly-owned subsidiary of the Company;
Stobart Brands	Stobart Group Brands LLP, a limited liability partnership incorporated and registered in England with company number OC370326;
Stobart Green Energy	Stobart Green Energy Limited, a private limited company incorporated and registered in England with company number 8929196 being a newly-formed, wholly-owned subsidiary of the Company;
Stobart Group or Group	the Company, the Subsidiaries and all other subsidiary undertakings of the Company from time to time;
Stobart Ireland	Stobart (Ireland) Limited, a private company limited by shares incorporated and registered in Ireland with company number 453663;
Stobart Rail	Stobart Rail Limited, a private company limited by shares;
Stobart Vehicle Services	Paragon Vehicle Services Limited, a private company limited by shares incorporated and registered in England with company number 04031608;
Stobart Vehicle Services SPA	the sale and purchase agreement entered into between (1) Walon and (2) Paragon on 21 January 2013 relating to the sale and purchase of the entire issued share capital of Stobart Vehicle Services;
Subsidiaries	the subsidiary undertakings of the Company;
subsidiary undertaking	a subsidiary undertaking, as that term is defined in section 1162 of the 2006 Act;
Takeover Code	The City Code on Takeovers and Mergers;
TDG	TDG Limited;
Topco	Greenwhitestar Topco Limited, a private company limited by shares incorporated and registered in Isle of Man with company number 010843V being the investment vehicle managed by DBAY, which, it is proposed, will own 51% of New ESL;
Transaction	the Disposal, the debt repayment, the investment in Stobart Green Energy and the share buy-back as more particularly described in Part 1 of this document;

Transitional Services Agreement	the transitional services agreement to be entered into on Completion of the proposed Disposal by (1) SHL, (2) New ESL and (3) the Company relating to transitional service arrangements agreed between the parties;
UK Listing Authority	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland;
US or United States	the United States of America;
W.A. Developments International	W.A. Developments International Limited, a private company limited by shares incorporated and registered in England with company number 4163442;
WADI Properties	WADI Properties Limited, a private company limited by shares incorporated and registered in England with company number 6300151;
Walon	Walon Limited, a private company limited by shares incorporated and registered in England with company number 01398125; and
Westbury Properties	Westbury Properties Limited, a limited company incorporated in Guernsey and registered with number 39089; and
Westlink	Westlink Storage & Shipping Company Limited, a private company incorporated and registered in England with company number 0307077.

All times referred to in this document are to London time, unless otherwise stated.

PART 8 – NOTICE OF GENERAL MEETING

Stobart Group Limited

(a non-cellular limited liability company incorporated and registered in Guernsey, registered number 39117)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Stobart Group Limited (the **Company**) will be held at 12.00 p.m. on 31 March 2014 at the offices of Morgan Sharpe Administration Ltd, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT for the purpose of considering and, if thought fit, passing the following resolutions. For the avoidance of doubt, the passing of Resolution 2 is conditioned upon Resolution 1 having been passed:

ORDINARY RESOLUTION

1. That the proposed disposal by Stobart Holdings Limited, a wholly owned subsidiary of the Company of the entire issued share capital of Eddie Stobart Logistics Limited (the **Disposal**) (as described in the circular to the Company's shareholders dated 11 March 2014 (the **Circular**) and being a class 1 transaction under the Listing Rules) on the terms and subject to the conditions of the sale and purchase agreement dated 6 March 2014 (the **Disposal Agreement**) and entry by the Company into the Licence Agreement, (each as described in the Circular and copies of which are produced to the meeting and, for identification purposes, initialled by the chairman of the meeting) and the ancillary agreements required to give effect to the terms of the Disposal Agreement and the Licence Agreement be and are hereby approved and that the directors of the Company (or any duly authorised committee thereof) be and they are hereby authorised to do or procure to be done all such acts and things and execute or procure the execution, on behalf of the Company or any of its subsidiaries, of all such deeds and documents as they consider necessary or appropriate to implement and complete the Disposal and to agree such variations or amendments to, or waivers of, the Disposal Agreement or the Licence Agreement or the ancillary agreements as the Directors (or any duly authorised committee thereof) may in their absolute discretion think fit provided that such variations, amendments or waivers are not material in the context of the Disposal as a whole.

SPECIAL RESOLUTION

2. THAT in accordance with the Companies (Guernsey) Law, 2008 (as amended) (**Law**), the Company be, and hereby is generally, and unconditionally authorised to make one or more market acquisitions as defined in section 316 of the Law of its Ordinary Shares (as defined in the Circular), provided that:
 - (i) the maximum aggregate number of Ordinary Shares hereby authorised to be acquired does not exceed 35,432,883 Ordinary Shares, being approximately 10 per cent of the Company's issued share capital as at the Latest Practicable Date (as defined in the Circular);
 - (ii) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share shall be 10 pence;
 - (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be not more than the higher of: (i) 5 per cent. above the average of the middle market quotations for the Ordinary Shares as derived from the Official List of the London Stock Exchange plc for the five Business Days before the purchase is made; and (ii) the higher of the price or the last independent trade, and the highest independent bid at the time of the purchase for the Ordinary Shares;
 - (iv) the authority conferred shall expire on the first anniversary of the passing of this resolution;
 - (v) notwithstanding paragraph (iv), the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed wholly or partly after the expiration of such authority, and may make a purchase of Ordinary Shares pursuant to any such contract; and

- (vi) any Ordinary Shares bought back may be held as treasury shares in accordance with the Law or be subsequently cancelled by the Company.

Registered office:
Old Bank Chambers
La Grande Rue
St. Martin's
Guernsey, GY4 6RT

By Order of the Board
Richard Butcher
Company Secretary

Dated 11 March 2014

Notes:

1. A member of the Company is entitled to appoint a proxy to exercise all or any of his or her rights to attend and to speak and vote on his or her behalf at the meeting. A member of the Company may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
2. A form of proxy that may be used to make such appointment and give proxy instructions accompanies this notice. Instructions for use are shown on the form. Lodging a completed form of proxy or any CREST Proxy Instruction (as described in paragraphs 8 to 11 below) will not prevent the member from attending and voting in person if he/she wishes to do so.
3. To be valid, the form of proxy, together with any power of attorney or other authority under which it is signed, or a duly certified or office copy thereof, must be (a) received by post or (during normal business hours only) by hand at the offices of the Company's Registrar, Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or (b) the proxy must be lodged using the CREST Proxy Voting Service (in accordance with notes 8-10 below) in each case so as to be received not later than 12.00 p.m. on 28 March 2014 or if the meeting is adjourned, no later than 48 hours before the time fixed for the adjourned meeting. If you have not previously used the Portal, you will first be asked to register as a new user, for which you will require your investor code (which can be found on the form of proxy), family name and postcode (if resident in the UK).
4. Any person to whom this notice is sent who is a person nominated under section 146 of the 2006 Act to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
5. The statement of the rights of members in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by members of the Company.
6. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company as at 12.00 p.m. on 28 March 2014 or, in the event that the meeting is adjourned, in the register of members at 12.00 p.m. on the date two days before the date of any adjourned meeting. Changes to entries on the register of members after the relevant deadline shall be disregarded in determining the rights of any persons to attend or vote at the meeting.
7. As at 10 March 2014 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 354,328,831 ordinary shares of 10 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 10 March 2014 are 354,328,831. The Company does not currently hold any treasury shares.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so 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.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 (CREST participant ID:RA10) not later than 12.00 p.m. on 28 March 2014, or if the meeting is adjourned, not later than 48 hours before the time fixed for the adjourned 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 Application 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.

10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. 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 or her 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.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the CREST Regulations.
12. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position and the Company's articles of incorporation.
13. If you have any questions relating to the completion and return of the form of proxy, please telephone Capita Asset Services between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0300 (calls cost 10p per minute plus network extras) from within the UK, or +44 208 639 3399 if calling from outside the UK. The helpline cannot provide advice on the merits of the proposed Transaction or give any financial, legal or tax advice.
14. The following documents will be available for inspection at the London offices of Hill Dickinson (at Broadgate Tower, 20 Primrose Street, London EC2A 2EW) during usual business hours on any weekday (Saturday, Sunday and public holidays in the United Kingdom excluded) from the date of this notice until the meeting and will be available for inspection at the place of the meeting for at least 15 minutes prior to and during the meeting: (a) the Disposal Agreement and (b) the Licence Agreement.

