

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you are recommended to seek your own advice immediately from a stockbroker, solicitor, accountant or other professional adviser authorised pursuant to the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or transferred all of your Ordinary Shares in the Company, please forward this document together with the Proxy Form without delay 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 where to do so might 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 should be read in conjunction with the enclosed Proxy Form and the definitions set out in Part 3 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 recommendation by the Directors to Shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting.

Stobart Group Limited

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

Notice of Annual General Meeting

and

Approval of the Stobart Energy Incentive Plan

A notice convening the Annual General Meeting of the Company to be held at 10.30 a.m. on 30 June 2016 at St Pierre Park Hotel, Rohais, St Peter Port, Guernsey GY1 1FD is set out in Part 4 of this document. Whether or not you propose to attend the Annual 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 Annual 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 10.30 a.m. on 28 June 2016 (being 48 hours before the time appointed for the holding of the Annual 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 10.30 a.m. on 28 June 2016. 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 Annual General Meeting in person should you wish to do so.

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 except where otherwise stated.

FORWARD-LOOKING STATEMENTS

This document contains certain “forward-looking statements” with respect to certain plans and objectives of the members of the 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 or the 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 and/or the Group’s present and future business strategies and the environment in which it is believed that the 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.

Stobart Group

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Expected Timetable of Events

Last time and date for receipt of Proxy Form for the Annual General Meeting	10.30 a.m. on 28 June 2016
Last time and date for receipt of CREST Proxy Instructions	10.30 a.m. on 28 June 2016
Last time and date for registration in the Register	Close of business on 28 June 2016
Annual General Meeting	10.30 a.m. on 30 June 2016

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.

PART 1: LETTER FROM THE CHAIRMAN OF STOBART

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

Directors:

Iain Ferguson CBE	(Non-Executive Chairman)
Andrew Tinkler	(Chief Executive Officer)
Benjamin Whawell	(Chief Finance Officer)
Richard Butcher	(Executive Director)
Andrew Wood	(Non-Executive Director)
John Garbutt	(Non-Executive Director)
John Coombs	(Non-Executive Director)

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

26 May 2016

Dear Shareholder

Notice of Annual General Meeting and Approval of the Stobart Energy Incentive Plan

1. Notice of Annual General Meeting

Your attention is drawn to the Notice set out in Part 4 of this document (including the explanatory notes) convening the Annual General Meeting to be held at 10.30 a.m. on 30 June 2016 at St Pierre Park Hotel, Rohais, St Peter Port, Guernsey GY1 1FD where the resolutions set out in the Notice will be proposed.

Resolution 14 seeks Shareholder approval for the Company to approve and adopt the Stobart Energy Incentive Plan, details of which are found in Part 2 of this document. Pursuant to Listing Rule 9.4.1, Shareholders are required to approve the Stobart Energy Incentive Plan prior to its implementation.

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

2. Stobart Energy Incentive Plan

You should note that, in addition to the resolutions being proposed, the Company is looking to approve and adopt the new Stobart Energy Incentive Plan. A summary of the principal terms of the Stobart Energy Incentive Plan is set out in Part 2 of this document.

The Stobart Energy Incentive Plan will be available for inspection at the offices of Hill Dickinson LLP (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 end of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

Resolution 14 and the accompanying explanatory notes relate to the Stobart Energy Incentive Plan.

3. Action to be Taken

You are invited to attend the Annual General Meeting. If you would like to vote on the resolutions but cannot attend the Annual General Meeting in person, please fill in the Proxy Form accompanying this document and return it to Capita Asset Services at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible. Capita Asset Services must receive the Proxy Form by 10.30 a.m. on 28 June 2016 (being 48 hours before the time appointed for the holding of the Annual General Meeting).

Resolutions 1 to 14 are to be proposed as ordinary resolutions and resolutions 15 and 16 are to be proposed as special resolutions. The ordinary resolutions 1 to 14 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 resolutions. The special resolutions 15 and 16 will require approval by not less than 75 per cent of those voting in person or by proxy (whether on a show of hands or on a poll) in favour of such resolutions.

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 10.30 a.m. on 28 June 2016 (being 48 hours before the time appointed for the holding of the Annual 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 Annual General Meeting and voting in person should you wish to do so.

4. Further Information

Your attention is drawn to the further information set out in Parts 2 and 3 of this document and the Notice of Annual General Meeting set out in Part 4 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.

5. Recommendation

The Board considers 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 29,334,576 Ordinary Shares, representing 8.5 per cent of the issued share capital of the Company (excluding treasury shares) at the latest practicable date.

Yours faithfully

Iain Ferguson CBE

Chairman

PART 2: INFORMATION RELATING TO THE STOBART ENERGY INCENTIVE PLAN

Subject to Shareholders voting in favour of resolution 14 in the Notice, the Board intends to implement the Stobart Energy Incentive Plan. The proposed Stobart Energy Incentive Plan has the following features:

1. Grant of SEIP

- 1.1 The Remuneration Committee may from time to time in its absolute discretion select any number of persons who are Eligible Employees and invite each such Eligible Employee to enter into a SEIP.
- 1.2 The SEIP must be duly executed by the Company and the Eligible Employee in question within 14 days of receipt by the Eligible Employee of the invitation referred to at paragraph 1.1 of this Part 2, otherwise the invitation shall lapse.
- 1.3 Upon entry by an Eligible Employee into the SEIP, he becomes a SEIP Holder. No consideration shall be payable by the SEIP Holder for the SEIP.
- 1.4 All Eligible Employees will forego any right to participate in any other long-term incentive programme of the Company or any annual bonus scheme following the Date of Grant. An Eligible Employee will retain the benefit of any awards made under any long-term incentive programme prior to the Date of Grant.

2. Non-assignability

Except as otherwise specifically provided in the rules of the Stobart Energy Incentive Plan, each SEIP shall be only to the SEIP Holder and it may not be transferred, assigned or charged. Any purported transfer, assignment or charge shall entitle the Remuneration Committee to cancel the SEIP and the SEIP Holder shall immediately cease to have any right or entitlement to any SEIP Bonus Payment or any interest in a SEIP Bonus Payment.

3. Calculation of SEIP Bonus Payment

- 3.1 The SEIP Bonus Payment to an individual SEIP Holder shall be the SEIP Holder's Specified Percentage multiplied by the SEIP scheme value less any Advance Payments paid to that individual in accordance with the following formula:

$$\text{SEIP Bonus Payment} = (\text{SV} \times \text{SP}_i) - \text{AP}_i$$

where:

AP is the aggregate value of all Advance Payments paid to the SEIP Holder;

i is the individual SEIP Holder;

SV is the total value of the scheme available to all participants;

SP is the Specified Percentage attributable to the SEIP Holder *i*; and

SV is calculated according to the value added by the Energy Division (**VA**) as follows:

SV = the sum, across all of the bands shown in the table below, of that part of VA falling between the Lower Limit and the Upper Limit, multiplied by the applicable SEIP Percentage set out in column 4 of the following table:

Band	Lower Limit	Upper Limit	SEIP Percentage
1	£0m	£15m	1.50%
2	£15m	£30m	3.00%
3	£30m	£45m	4.50%
4	£45m	£60m	6.00%
5	£60m	£75m	7.50%
6	£75m	£90m	9.00%
7	£90m	£105m	10.50%
8	£105m	£120m	12.00%
9	£120m	£135m	13.50%
10	£135m	£150m	15.00%
11	£150m	£165m	13.75%
12	£165m	£180m	12.50%
13	£180m	£195m	11.25%
14	£195m	£210m	10.00%
15	£210m	£225m	8.75%
16	£225m	£240m	7.50%
17	£240m	£255m	6.25%
18	£255m	£270m	5.00%
19	£270m	£285m	3.75%
20	£285m	and above	2.5%

and

$$VA = X - Y$$

where:

X is

- the Market Value at the date of the Payment Event; plus
- the proceeds of any partial realisation(s) multiplied by the applicable Hurdle Rate; plus
- any Cash Flow payment(s) (a receipt by the Company being positive and a payment by the Company being negative) multiplied by the applicable Hurdle Rate,

Y is

- until 31 August 2016, £170 million;
- between 1 September 2016 and 28 February 2017, £135 million; or
- thereafter, £100 million,

in each case multiplied by the Hurdle Rate.

3.2 If a SEIP Bonus Payment is made as a result of the Payment Event specified at paragraph 4.1.4 of this Part 2:

- 3.2.1 the External Specialist shall have regard to, but shall not be bound by the valuation methodologies and assumptions employed by the Company in arriving at the value of Y and the views of the senior management of the Energy Division and of the Remuneration Committee; and
- 3.2.2 the Market Value shall not be lower than a multiple of 8.0 applied to the most recent audited EBITDA figure for the Energy Division excluding any exceptional or non-recurring items (resulting in an enterprise value) less any applicable debt and debt-like items (resulting in an equity value).

3.3 In the event of a Division Share Sale or an Asset Sale where the total consideration includes deferred or contingent consideration:

- 3.3.1 the Market Value for the purpose of calculating the SEIP Bonus Payment will be the value of consideration payments actually received upon the Payment Event and the calculation will be repeated upon each subsequent receipt of an element of deferred or contingent consideration and a further SEIP Bonus Payment will be made within one month of such receipt; unless
- 3.3.2 the Remuneration Committee, at its discretion, decides to base Market Value at the time of the Payment Event on all of the potential consideration receipts in which case the Market Value will be determined by the External Specialist who will use and communicate to the Company and SEIP Holders clear valuation methodologies and assumptions to derive the total Market Value.

4. Right to Receive SEIP Bonus Payment

4.1 The Payment Event will occur on the earliest of the following:

- 4.1.1 on the date of a Company Share Sale; or
- 4.1.2 on the date of a Division Share Sale; or
- 4.1.3 on the date of an Asset Sale; or
- 4.1.4 on the third anniversary (or at the option of the Remuneration Committee, the fourth anniversary) of the Date of Grant.

4.2 The SEIP Holder shall be entitled to receive the SEIP Bonus Payment within three months from the date of the Payment Event.

4.3 The Remuneration Committee may in their absolute discretion determine that an Advance Payment should be paid to a SEIP Holder at any time provided the Remuneration Committee is reasonably satisfied that, should a Payment Event occur, the SEIP Holder would not be required to pay a clawback amount to the Company upon the calculation of the SEIP Bonus Payment.

5. Form of SEIP Bonus Payment

5.1 The form of the SEIP Bonus Payment will depend upon the nature of the Payment Event as determined in accordance with the following table:

Payment Event	Form of payment
Division Share Sale	If the consideration for the sale is cash then cash, otherwise cash or Ordinary Shares at the option of the Remuneration Committee
Company Share Sale	The form of consideration paid by the purchaser
Asset Sale	If the consideration for the sale is cash then cash, otherwise cash or Ordinary Shares at the option of the Remuneration Committee
External Specialist valuation on the third or fourth anniversary	Cash and/or Ordinary Shares at the absolute discretion of the Remuneration Committee

5.2 Any Ordinary Shares issued to a SEIP Holder will be subject to an orderly marketing arrangement.

- 5.3 On any date, the aggregate nominal amount of new Ordinary Shares in respect of which share awards may be granted under the Stobart Energy Incentive Plan may not, when added to the nominal amount of new Ordinary Shares allocated in the previous 10 years under all employee share schemes of the Group (excluding awards made prior to listing), exceed 10% of the equity share capital of the Company.

6. Malus and Clawback

- 6.1 If the SEIP Bonus Payment calculated in accordance with paragraph 3.1 of this Part 2 results in a negative figure the SEIP Holder shall repay, at the direction of the Company, an amount in cash equal to the difference between the negative figure and nil up to a maximum of:
- 6.1.1 the aggregate amount of Advance Payments, net of any deduction or withholding paid to HM Revenue and Customs, received by the SEIP Holder; and
 - 6.1.2 any withholding or deduction which either the SEIP Holder is able to recover and does recover from HM Revenue & Customs.
- 6.2 The Remuneration Committee may, notwithstanding that any conditions of the Stobart Energy Incentive Plan are or might be satisfied to any extent, determine and notify the SEIP Holder that their Specified Percentage is, with effect from the date on which such notice is given, reduced to such extent (which could be to zero) as the Remuneration Committee shall determine if the Remuneration Committee (acting fairly and reasonably) is of the view that as a result, either directly or indirectly, of an action or omission on the part of any SEIP Holder:
- 6.2.1 the results or accounts for any period of the Company or Energy Division were materially misstated, incorrect or misrepresented and that such misstatement, error or misrepresentation resulted either directly or indirectly in a larger SEIP Bonus Payment, or any Advance Payment, than would have been the case had that misstatement, error or misrepresentation not been made; or
 - 6.2.2 the SEIP Bonus Payment, or any Advance Payment, was otherwise determined based on an error of any kind and/or on the basis of information or assumption(s) that the Remuneration Committee subsequently discovers to have been inaccurate, misrepresented or misleading; or
 - 6.2.3 the SEIP Holder has committed an act of gross misconduct.
- 6.3 A clawback may be claimed by the Company within 18 months of the SEIP Bonus Payment or any Advance Payment.

7. Cessation of Employment

- 7.1 If a SEIP Holder ceases to be an employee within the Group and they are identified as a Good Leaver, the following shall apply:
- 7.1.1 subject to the discretion of the Remuneration Committee to waive any pro-rating for time, if cessation occurs before the Payment Event, the SEIP shall continue and shall be calculated in accordance with paragraph 3 of this Part 2 as if no cessation had occurred, but shall be reduced pro rata to reflect the proportion which the period from the date of cessation to the Payment Event bears to the period from the Date of Grant to the Payment Event;
 - 7.1.2 the Remuneration Committee may, at its discretion, decide that the Payment Event shall be deemed to have occurred on the date of cessation and the extent to which any SEIP Bonus Payment is due will either be:
 - 7.1.2.1 calculated in accordance with paragraph 3 of this Part 2, using the Market Value of the Company's interests in the Energy Division at that time as determined by the External Specialist. This value shall be reduced pro rata to reflect the proportion which the period from the date of cessation to the Payment Event bears to the period from the Date of Grant to the Payment Event; or
 - 7.1.2.2 in the case of a SEIP Holder identified as a Good Leaver by reason of death, determined by a calculation based on the estimated Market Value of the Company's interests in the Energy Division at that time.
- 7.2 If a SEIP Holder ceases to be an employee within the Group for a reason not specified in paragraph 7.1 of this Part 2 the award will lapse immediately on such cessation if the Payment Event has not yet occurred.

8. Damages and Compensation on Dismissal

In the event of the dismissal of an Eligible Employee for whatever reason from his employment by any participating member of the Group in circumstances which could give rise to a claim for wrongful or unfair dismissal, he shall not become entitled to any damages or compensation or any additional damages or compensation in respect of any alteration or loss of his rights or expectations under the Stobart Energy Incentive Plan caused thereby.

9. Administration and Amendment

- 9.1 The Remuneration Committee may from time to time make and vary such rules and regulations as apply to the Stobart Energy Incentive Plan as long as the changes are not materially inconsistent with the aims, intentions and rules of the Stobart Energy Incentive Plan.
- 9.2 No alteration shall be made which would materially increase the liability of any SEIP Holder or which would materially decrease the value of any SEIP Holder's subsisting rights attached to any SEIP award without first obtaining the consent of the majority of the SEIP Holders.
- 9.3 The terms of the Stobart Energy Incentive Plan may only be amended to the advantage of existing or new SEIP Holders with the prior authority of the Company at a general meeting, except for minor amendments to benefit the administration of the Stobart Energy Incentive Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment of existing or new SEIP Holders or for any member of the Group.
- 9.4 Any condition applying to the SEIP may be altered if any event, or series of events, occur as a result of which the Remuneration Committee considers it to be fair and reasonable to make such a change. Any such alteration may not make the conditions of the SEIP as a whole materially easier or harder to satisfy than was originally intended.

10. Termination and Release

- 10.1 The Stobart Energy Incentive Plan may be terminated at any time by a resolution of the Remuneration Committee or by a resolution of the Company in a general meeting and shall in any event terminate on the tenth anniversary of the Commencement Date but any termination shall not affect the outstanding rights of SEIP Holders.
- 10.2 A SEIP Holder may renounce, release or surrender all rights and entitlements under the SEIP by notice in writing to the Company. The renunciation shall be effective from the date of receipt of such notice by the Company upon which date the relevant SEIP shall be deemed to have lapsed.

11. Conversion

The Remuneration Committee may at any time, by a resolution of the Remuneration Committee or by a resolution of the Company in a general meeting determine that the Stobart Energy Incentive Plan should be converted into an arrangement using a specific class of ordinary shares of the Energy Division holding company with arrangements intended to satisfy the requirements of the employee shareholder status legislation of section 205A Employment Rights Act 1996 to deliver an equivalent expected cost to the Company under the Stobart Energy Incentive Plan but any such conversion shall not affect the outstanding rights of SEIP Holders.

12. Pensionability

No benefits under the Stobart Energy Incentive Plan are pensionable.

13. Other

The above description summarises the main features of the Stobart Energy Incentive Plan, but does not form part of the rules of the Stobart Incentive Plan and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the rules.

The Stobart Energy Incentive Plan will be available for inspection at the offices of Hill Dickinson LLP (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 end of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

PART 3: DEFINITIONS

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

“Advance Payment(s)”	such advance(s) (if any) which have been paid to the SEIP Holder since the Date of Grant and specified to be an advanced payment of the SEIP Bonus Payment in accordance with rules of the Stobart Energy Incentive Plan;
“Annual General Meeting”	the annual general meeting of the Company convened for 10.30 a.m. on 30 June 2016, notice of which is set out at Part 4 of this document;
“Asset Sale”	the completion of any transaction or series of transactions whereby any person or group of persons purchase the whole or substantially the whole of the business and assets of the Energy Division;
“Board”	the directors of the Company (or, where the context requires, any duly constituted committee thereof);
“Cash Flow”	a cash payment to the Company from the Energy Division (a payment of surplus cash by whatever means including a return of capital, a dividend or a loan repayment) or a cash payment from the Company to the Energy Division (an investment by whatever means, including an investment in equity or a loan);
“Commencement Date”	the date on which the Stobart Energy Incentive Plan is adopted by the Company;
“Company or Stobart”	Stobart Group Limited, a company incorporated under the laws of Guernsey with registered number 39117;
“Company Share Sale”	the completion of any offer or agreement to purchase all the equity share capital of the Company;
“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;
“Date of Grant”	in relation to any SEIP award the date on which the SEIP is entered into by both the Company and the Eligible Employee;
“Director(s)”	the directors of the Company;
“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;
“Divisional Share Sale”	the completion of any offer or agreement to purchase all the equity share capital of all the companies in the Energy Division;
“Eligible Employee”	any employee of a member of the Energy Division;
“Energy Division”	those companies of the Group who from time to time comprise the division of the Group which conducts the business relating to the biomass energy currently consisting of Stobart Biomass Products Limited (registered in England with company number 07042490), Stobart Biomass Holdings Limited (registered in England with company number 08330188) and Stobart Biomass Transport Limited (registered in England with company number 08331369);
“Euroclear”	Euroclear UK & Ireland Limited, as the CREST operator (as defined in the CREST Regulations);
“External Specialist”	a reputable and experienced firm of accountants, a merchant bank or other corporate finance adviser whom the Remuneration Committee appoint to determine Market Value;
“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;
“Proxy Form”	the form of proxy which accompanies this document, for use at the Annual General Meeting;

“Good Leaver”	<p>means any SEIP Holder who ceases to be an Eligible Employee as a result of</p> <ul style="list-style-type: none"> a) the death of that Eligible Employee; b) disability or incapacity through ill health (other than where such ill health arises from the abuse of alcohol or drugs) or injury where such ill health or injury is preventing, or is likely to prevent, the Eligible Employee from performing his normal duties under the terms of his employment contract, service agreement, letter of appointment or consultancy agreement (as appropriate); c) the (partial or full) sale or disposal of the Company its Group (or the business of the Company or its Group) by which he is engaged or employed, which does not otherwise result in a payment under the mechanism described in paragraph 3 of Part 2; d) the Eligible Employee being made redundant by the Company or its Group; e) the SEIP Holder ceasing to be an Eligible Employee but remaining an employee of the Group; f) retirement or early retirement as agreed with the Board; g) being capriciously dismissed or dismissal for a highly unreasonable reason, <p>provided always that the Board shall be entitled to resolve that a SEIP Holder is a Good Leaver for these purposes;</p>
“Group or Stobart Group”	the Company, the Subsidiaries and all other subsidiary undertakings of the Company from time to time;
“Hurdle Rate”	<p>means:</p> <ul style="list-style-type: none"> a) in relation to Market Value, such multiplier as is equivalent to an increase in market value of 12% per annum since the Date of Grant; b) in relation to Cash Flow, such multiplier as is equivalent to an increase in Cash Flow of 12% per annum since the date of the Cash Flow payment concerned; and c) in relation to the proceeds of the realisation of any part of the Energy Division prior to a Payment Event, such multiplier as is equivalent to an increase in those proceeds of 12% per annum since the date of receipt of the proceeds by the Company;
“Listing Rules”	the listing rules made by the UK Listing Authority under section 73A of FSMA, as amended from time to time;
“London Stock Exchange”	London Stock Exchange plc;
“Market Value”	is identified as X in the formula set out in paragraph 3 of Part 2 and has the meaning provided in clause 1.1 of the rules of the Stobart Energy Incentive Plan;
“Notice”	the notice of the Annual General Meeting set out in Part 4 of this document;
“Ordinary Shares”	the issued ordinary shares of the Company;
“Payment Event”	an event in accordance with paragraph 4.1 of Part 2;
“Remuneration Committee”	the Remuneration Committee of the Company or such other committee comprising a majority of non-executive directors of the Company to which the Directors delegate responsibility for overseeing the operation of the Stobart Energy Incentive Plan;
“SEIP”	a written agreement between the Company and the Eligible Employee to whom a right (for the time being subsisting) to receive a SEIP Bonus Payment in accordance with the Stobart Energy Incentive Plan is granted;
“SEIP Bonus Payment”	SEIP Bonus Payment means an amount calculated in accordance with paragraph 3 of Part 2;
“SEIP Holder”	a person who has entered into a SEIP or where appropriate, his personal representatives;
“Specified Percentage”	the percentage determined by the Company at the Date of Grant and set out in the SEIP entered into with the SEIP Holder;
“Shareholder”	a registered holder of a Share;
“Share”	ordinary shares of 10 pence each in the capital of the Company.

PART 4: NOTICE OF ANNUAL GENERAL MEETING

STOBART GROUP LIMITED

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 10.30 a.m. on 30 June 2016 at St Pierre Park Hotel, Rohais, St Peter Port, Guernsey GY1 1FD. Shareholders are asked to consider and, if thought fit, pass resolutions 1 to 14 as ordinary resolutions and resolutions 15 and 16 as special resolutions.

Ordinary Business:

1. To receive the Company's Annual Accounts for the financial year ended 29 February 2016, the Directors' Report and the Auditor's Report on those accounts.
2. To declare a final dividend for the year ended 29 February 2016 of 4 pence per ordinary share of 10 pence each in the capital of the Company.
3. To re-elect Iain Ferguson CBE under article 75 of the articles of incorporation of the Company, who retires by rotation pursuant to article 74(1) of the articles of incorporation of the Company and provision B.7.1 of the UK Corporate Governance Code and who, being eligible, offers himself for re-election as a Director.
4. To re-elect Andrew Tinkler under article 75 of the articles of incorporation of the Company, who retires by rotation pursuant to article 74(1) of the articles of incorporation of the Company and provision B.7.1 of the UK Corporate Governance Code and who, being eligible, offers himself for re-election as a Director.
5. To re-elect Ben Whawell under article 75 of the articles of incorporation of the Company, who retires by rotation pursuant to article 74(1) of the articles of incorporation of the Company and provision B.7.1 of the UK Corporate Governance Code and who, being eligible, offers himself for re-election as a Director.
6. To re-elect Richard Butcher under article 75 of the articles of incorporation of the Company, who retires by rotation pursuant to article 74(1) of the articles of incorporation of the Company and provision B.7.1 of the UK Corporate Governance Code and who, being eligible, offers himself for re-election as a Director.
7. To re-elect Andrew Wood under article 75 of the articles of incorporation of the Company, who retires by rotation pursuant to article 74(1) of the articles of incorporation of the Company and provision B.7.1 of the UK Corporate Governance Code and who, being eligible, offers himself for re-election as a Director.
8. To re-elect John Coombs under article 75 of the articles of incorporation of the Company, who retires by rotation pursuant to article 74(1) of the articles of incorporation of the Company and provision B.7.1 of the UK Corporate Governance Code and who, being eligible, offers himself for re-election as a Director.
9. To re-elect John Garbutt under article 75 of the articles of incorporation of the Company, who retires by rotation pursuant to article 74(1) of the articles of incorporation of the Company and provision B.7.1 of the UK Corporate Governance Code and who, being eligible, offers himself for re-election as a Director.
10. To reappoint KPMG LLP as auditors of the Company.
11. To authorise the Directors to fix the auditors' remuneration.
12. To approve the Directors' Remuneration Report (other than the Directors' Remuneration Policy) for the financial year ended 29 February 2016.

Special Business:

13. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

"THAT, for the purposes of article 7(1) of the articles of incorporation of the Company, the Directors of the Company be and they are hereby generally and unconditionally authorised to exercise all or any of the powers of the Company to issue shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company (such shares and rights being together referred to as 'Relevant Securities') up to an aggregate nominal value of £11,477,404 to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the articles of incorporation of the Company), provided that this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company or on 31 August 2017 (if earlier) save that the Directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Relevant Securities to be issued after the expiry of such period and the Directors of the Company may issue Relevant Securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired."

14. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

“THAT with effect from the date of this resolution, the rules of the Stobart Energy Incentive Plan (as defined and summarised within the circular to the Shareholders in the form produced to the Annual General Meeting and initialled by the Chairman of the Annual General Meeting for the purposes of identification, the principal features of which are summarised in Part 2 of this document, be and hereby approved and adopted and the Directors be and are authorised to do all acts and things which they may consider necessary or expedient to give effect to the Stobart Energy Incentive Plan.”

15. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

“THAT, subject to the passing of resolution 13, the Directors of the Company be and are hereby generally and unconditionally authorised to issue shares for cash, whether under the authority given by resolution 13, or under section 292 of the Companies (Guernsey) Law 2008 as amended, as if article 7(2)(b) of the articles of incorporation of the Company did not apply to any such issue, provided that this power shall be limited to (a) the issue of shares in connection with an offer of shares by way of a rights issue only to (i) the holders of ordinary shares of 10 pence each in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares, and (ii) holders of other shares as required by the rights of those shares or as the Directors otherwise consider necessary, and so that the Directors may impose any limits or restrictions and make any arrangements as the Directors may otherwise consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and/or (b) the issue otherwise than pursuant to (a) above of shares up to an aggregate nominal value equal to £1,721,611; and such power shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company or on 31 August 2017 (if earlier) save that the Directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require shares to be issued after the expiry of such period and the Directors of the Company may issue shares in pursuance of such offer or agreement as if such power had not expired.”

16. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

“THAT in accordance with the Companies (Guernsey) Law 2008 as amended, and in substitution for all existing authorities, the Company be, and hereby is generally, and unconditionally authorised to make one or more market acquisitions as defined in section 316 of the Companies (Guernsey) Law, 2008 of its ordinary shares of 10 pence each, provided that:

- a) the maximum aggregate number of ordinary shares hereby authorised to be acquired does not exceed 34,432,213 ordinary shares of 10 pence each;*
- b) the minimum price (exclusive of expenses) which may be paid for an ordinary share shall be 10 pence;*
- c) 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;*
- d) the authority conferred shall expire at the conclusion of the next annual general meeting of the Company or on 31 August 2017 (if earlier);*
- e) notwithstanding paragraph (d), 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*
- f) any ordinary shares bought back may be held as treasury shares in accordance with the Companies (Guernsey) Law, 2008 or be subsequently cancelled by the Company.”*

By order of the Board

Richard Laycock
Company Secretary
Stobart Group Limited

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

Registered in Guernsey with registered number 39117

26 May 2016

Explanatory Notes to the Resolutions

Resolution 1 – Report and Accounts

The Directors are obliged to lay the Directors' and Auditor's Reports and audited financial statements for the year ended 29 February 2016 before Shareholders at a general meeting.

Resolution 2 – Declaration of Dividend

A final dividend can only be paid after it has been approved by the Shareholders. A final dividend of 4 pence per share in respect of the year ended 29 February 2016 is recommended by the Directors for payment to the Shareholders who are on the register of members at the close of business on 17 June 2016, and if approved, the date of payment of the final dividend will be 8 July 2016.

Resolutions 3 to 9 Inclusive – Reappointment of Directors

Under the UK Corporate Governance Code, the Directors of a FTSE 350 company should be subject to annual re-election by the Shareholders. Ben Whawell, Andrew Tinkler and Richard Butcher each offer themselves for reappointment as Executive Directors. Iain Ferguson CBE, Andrew Wood, John Coombs and John Garbutt each offer themselves for reappointment as Non-Executive Directors. The Board recommends that the Shareholders support these reappointments. Having reviewed the recommendations of the Nomination Committee concerning these reappointments, the Board concluded that each of the Directors listed above continue to make an effective and valuable contribution and demonstrate commitment to their roles as Directors.

Resolutions 10 and 11 – Auditors' Appointment and Remuneration

The auditors of a company must be reappointed at each general meeting at which accounts are presented. Resolution 10 proposes the reappointment of the Company's existing auditors, KPMG LLP, until the next annual general meeting of the Company to be held in 2017. In accordance with current best practice, resolution 11 is a separate resolution which gives authority to the Directors to determine the auditors' remuneration.

Resolution 12 – Directors' Remuneration Report

The Board seeks Shareholder approval of the Directors' Remuneration Report 2016 (excluding the Directors' Remuneration Policy) which gives details of the Directors' remuneration for the year ended 29 February 2016 and which is included from pages 58 to 70 of the Annual Report and Accounts 2016 sent with this Notice. In line with legislation, this vote will be advisory and the Directors' entitlement to remuneration is not conditional on the resolution being passed.

Resolution 13 – Directors' Authority to Issue Shares

This resolution authorises the general issue of shares up to an aggregate nominal value of £11,477,404, which is equal to approximately one-third of the nominal value of the current issued share capital of the Company (excluding treasury shares). Such authority will expire at the conclusion of the next annual general meeting of the Company or 31 August 2017 (whichever is the earlier). The Directors have no current intention to exercise this authority. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to issue Relevant Securities but without prejudice to any issue of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

Resolution 14 – Approval and Adoption of the Stobart Energy Incentive Plan

This resolution seeks Shareholder approval for the Company to approve and adopt the Stobart Energy Incentive Plan, details of which are found at Part 2 of this document. Pursuant to Listing Rule 9.4.1, Shareholders are required to approve the Stobart Energy Incentive Plan prior to its implementation.

Resolution 15 – Disapplication of Pre-emption Rights

This resolution authorises the Directors to issue ordinary shares of 10 pence each in the Company for cash without first offering them to the existing Shareholders in proportion to their existing shareholdings up to an aggregate nominal amount of £1,721,611 (representing 17,216,106 ordinary shares of 10 pence each). This represents approximately 5 per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 26 May 2016 (being the latest practicable date prior to publication of this notice) and is in accordance with the Pre-Emption Group Guidelines which provide that the power to issue shares on a non-pre-emptive basis should be limited to an aggregate nominal amount equivalent to 5 per cent of existing issued share capital. In accordance with the Pre-Emption Group Guidelines, the Board confirms its intention that no more than 7.5 per cent of the issued share capital of the Company will be issued for cash on a non-pre-emptive basis during any rolling three-year period.

Resolution 16 – Authority to Purchase Own Shares

This resolution seeks Shareholder approval for the Company to make market purchases of up to 34,432,213 ordinary shares of 10 pence each, being approximately 10 per cent of the issued share capital of the Company (excluding treasury shares) as at 26 May 2016 (being the latest practicable date prior to publication of this notice) and specifies the minimum and maximum prices at which the ordinary shares may be bought.

In certain circumstances it may be advantageous for the Company to purchase its own shares and the Directors consider it to be desirable for the general authority to be available to provide flexibility in the management of the Company's capital resources. Purchases of the Company's own shares will be made if to do so would be in the best interests of the Company and of its Shareholders generally, and would result in an increase in earnings per share. The Company may either retain any of its own shares which it has purchased as treasury shares with a view to possible use at a future date or cancel them. Holding the shares as treasury shares gives the Company the ability to use them quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base. No dividends will be paid on and no voting rights will be exercised in respect of treasury shares. It is the Company's current intention that if any shares repurchased under this authority, a sufficient number will be held in treasury to meet the requirements, as they arise, of the Company's share incentive arrangements, with the remainder being cancelled.

The total number of awards and options to subscribe for ordinary shares outstanding as at 26 May 2016 (being the latest practicable date prior to the publication of this notice), was 8,995,707 representing approximately 2.6 per cent of the issued share capital (excluding treasury shares) at that date. If the authority being sought under this resolution was utilised in full, the issued share capital would be reduced by an equivalent amount and the outstanding awards and options would represent approximately 2.9 per cent of the issued share capital as at 26 May 2016. No warrants over ordinary shares in the capital of the Company are in existence as at 26 May 2016.

Invesco Perpetual Asset Management Limited ('Invesco') is currently interested in an aggregate of 97,153,248 ordinary shares, representing 28.2 per cent of the issued share capital of the Company (excluding treasury shares) as at 26 May 2016 (being the latest practicable date prior to the publication of this notice). 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 31.4 per cent of the issued share capital of the Company by virtue of such action (excluding treasury shares).

Under Rule 37 of the City Code on Takeovers and Mergers ('City 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 of the City Code. The Panel on Takeovers and Mergers has confirmed to the Company that the exemption set out in Note 1 of Rule 37.1 of the City Code will apply to any share buy-back pursuant to the authority set out in resolution 15 on the basis Invesco has not appointed a Director to the Company's board and so any buy-back of ordinary shares will not incur an obligation on Invesco to make a mandatory offer under Rule 9 of the City Code.

General Notes to the Notice

1. A member of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to exercise any of his rights to attend, speak and vote at that meeting on his behalf. If a member appoints more than one proxy each proxy must be entitled to exercise the rights attached to different shares. A proxy need not be a member of the Company.
2. A proxy may only be appointed using the procedures set out in these notes and the notes to the Proxy Form. To appoint a proxy, a member may complete, sign and date the enclosed Proxy Form and deposit it at the office of the Company's Registrars, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by 10.30 a.m. on 28 June 2016. Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be enclosed with the Proxy Form.
3. In order to revoke a proxy appointment, a member must sign and date a notice clearly stating his intention to revoke his proxy appointment and deposit it at the office of the Company's Registrars, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by 10.30 a.m. on 28 June 2016.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so in relation to the meeting, and any adjournment(s) thereof, by utilising the procedures described in the CREST Manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's Registrars, Capita Asset Services (whose CREST ID is RA10) by the latest time for receipt of proxy appointments specified in Note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
5. CREST members and, where applicable, their CREST sponsors, or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular 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 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 provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. As at 26 May 2016, being the latest practicable date prior to publication of this notice, the Company's issued share capital consists of 344,322,131 ordinary shares of 10 pence each, carrying one vote each, 10,006,700 treasury shares in respect of which the Company is not permitted to exercise voting rights (such treasury shares equate to approximately 2.9 per cent of the Company's issued share capital (excluding treasury shares)), and 1,000 non-voting deferred shares of 0.1 pence each. Therefore, the total voting rights in the Company as at 26 May 2016 are 344,322,131.
7. Any corporation which is a member of the Company may authorise one or more persons (who need not be a member of the Company) to attend, speak and vote at the meeting as the representative of that corporation. A certified copy of the board resolution of the corporation appointing the relevant person as the representative of that corporation in connection with the meeting must be deposited at the office of the Company's Registrars prior to the commencement of the meeting.
8. The right to vote at the meeting shall be determined by reference to the register of members of the Company. Only those persons whose names are entered on the register of members of the Company at close of business on 28 June 2016 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.
9. Members who wish to communicate with the Company by electronic means in connection with the matters set out in this notice may do so by contacting the Company Secretary at company.secretary@stobartgroup.com on or before the close of business on 28 June 2016.
10. As soon as practicable following the Annual General Meeting, the results of the voting at the meeting and the number of votes cast for and against and the number of votes withheld in respect of each resolution will be announced via a Regulatory Information Service and also placed on the Company's website www.stobartgroup.com.
11. A copy of this notice and the Company's Annual Report and Accounts for the financial year ended 29 February 2016 will also be placed on the website.